

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:384
ANSWERED ON:24.02.2010
LOSS MAKING COAL COMPANIES
Pangi Shri Jayaram

Will the Minister of COAL be pleased to state:

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

Answer

MINISTER OF STATE (IC) IN THE MINISTRY OF COAL AND MINISTER OF STATE (IC) IN THE MINISTRY OF STATISTICS & PROGRAMME IMPLEMENTATION (SHRI SRIPRAKASH JAISWAL)

(a)&(b) : Under Ministry of Coal, two PSUs are functioning i.e. Coal India Ltd. (CIL) and Neyveli Lignite Corporation (NLC). There are eight subsidiary coal companies functioning under CIL. Both CIL and NLC are profit making PSUs. However, out of eight subsidiaries of CIL, only two subsidiaries i.e. (1) Eastern Coalfields Limited (ECL) and (2) Bharat Coking Coal Limited (BCCL) are loss making. Government has taken initiatives for revival of these two subsidiaries. Revival package for ECL was approved in October, 2006. Revival scheme for BCCL has also been approved by the Board for Reconstruction of Public Sector Enterprises (BRPSEs) and the Board for Industrial and Financial Reconstruction (BIFR).

(c) : The accumulated losses of ECL and BCCL as on 31.03.2009 was Rs.8,567.40 crore and Rs.8,315.07 crore respectively. The major reasons for loss making for these two subsidiaries are given as under :

1. ECL: The main reasons of loss in ECL are :

- i. Large number of underground mines having low unit production and dismal level of productivity. Some of the opencast mines are also incurring losses due to disproportionate manpower on roll, high stripping ratio and low capacity utilization.
- ii. Difficult geo-mining conditions such as high degree of gassiness, seams susceptible to spontaneous heating, presence of waterlogged working in the upper seams, thick and inclined seams etc.
- iii. Limited scope of opencast mining.
- iv. Extensive manual loading of coal at underground mines requiring higher manpower leading to low production and productivity.
- v. Transfer of surplus manpower from one mine to another for gainful deployment is resisted by Trade Unions.
- vi. Due to presence of important surface features and other adverse geo-mining conditions, hydraulic sand stowing has to be resorted to in many mines increasing the operational cost by Rs. 200-250/Tonne additionally in these mines.

2. BCCL : The sickness of BCCL is mainly attributed to the following reasons :

- i. Excessive manpower inherited by BCCL from the erstwhile owners at the time of taking over of mines, disproportionate to the production at that time.
- ii. The incidence of progressive hike of wages unrelated to the paying capacity of the Company.
- iii. Insufficient investment in mining equipments due to acute fund crunch leading to ageing of equipments, shrinkage of capacity resulting in decrease in production.
- iv. Problem of working capital rendering the company incapable of paying for procurement of critical stores and spares and safety items in time, affecting production adversely.
- v. Non-availability of land.
- vi. Difficult working conditions.
- vii Backlog of welfare amenities resulting in disenchantment and despair among the employees, non co-operation of trade unions and poor industrial relations.

(d)&(e) : Do not arise in view of reply to part (a) & (b) above..

(f)&(g) : No, Sir.