

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:648
ANSWERED ON:08.07.2009
REFORMS IN COAL SECTOR
Mahtab Shri Bhartruhari

Will the Minister of COAL be pleased to state:

- (a) whether the 'Expert Committee' constituted by the Government for Coal Sector Reforms has submitted its report;
- (b) if so, the details of the recommendations made and the follow-up action taken by the Government thereon; and
- (c) the benefits that are likely to accrue as a result thereof?

Answer

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

(a) & (b): Yes, Sir. The Expert Committee constituted by Ministry of Coal on Road Map for Coal Sector Reforms under the Chairmanship of Shri T.L. Sankar submitted Part- I of the Report in December 2005 and Part- II in September 2007.

Action taken or proposed to be taken on major recommendations are furnished below.

Sl. No.	Major Recommendations	Action Taken /proposed to be taken
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1	Augmenting domestic coal production to bridge the gap between demand and supply with emphasis on captive coal mining.	Government has allotted a number of new captive coal blocks, besides taking up a number of new coal projects under coal PSUs to augment coal production to bridge the gap between demand and supply.
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2	As coal shall remain India's primary source of commercial energy supply, a time-bound plan to cover the entire country by regional mapping in 15 years should be prepared by Geological Survey of India, Central Mine Planning and Design Institute (CMPDIL) and Ministry of Coal (MOC).	An action Plan has been prepared to cover the balance coal bearing area of 5438 sq. km under regional exploration. It is envisaged that an area of 2791 sq. km will be covered during the XI Plan and the balance thereafter. Exploratory drilling capacity of CMPDIL is being doubled.
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3	Coal India Limited (CIL) may be granted the status of Navratna company and the subsidiaries of CIL may be granted the status of Mini Ratna companies in which case only those proposals of such a subsidiary would need government approval wherein the capital expenditure exceeds Rs. 500 crore.	CIL has been granted Navaratna status. Besides this, 6 of its subsidiary companies (South Eastern Coalfields Ltd.; Western Coalfields Ltd.; Mahanadi Coalfields Ltd.; Northern Coalfields Ltd.; Central Coalfields Ltd., Central Mine Planning and Design Institute Limited) and Neyveli Lignite Corporation Ltd. have been accorded Miniratna Category-I
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status.

The case for enhancing the financial delegation to Singareni Collieries Company Limited (SCCL) on par with Miniratna-I companies has also just been cleared by the Government.

4 The issue of major restructuring of CIL should be considered during the 12th Plan Period. This is agreed to.

5 The environmental issue in respect of coal projects should be taken up on priority consideration by the Government. The Government has issued new Environment notification on 14.9.2006 as per which the proposals of coal mining projects are being processed for environmental clearance.

6 Planned imports of coal need to be encouraged. Imports are planned by Power Sector every year in advance keeping in view the requirement. CIL is also contemplating to import coal.

7 Increasing proportion of all domestic coal that is not earmarked for Power Sector be brought into the E-auction market over the next 2 to 3 years. E-auction of coal has already been started.

8 The current system of linkages feeding the power sector may be replaced with formal long term Fuel Supply and Transport Agreements that include the Railways. The new coal distribution policy of Government provides for long term fuel supply and transport agreements that include railways.

9 All possible legal measures should be evolved to cancel the licenses issued earlier if the allottee has not taken adequate steps to bring the allotted mines to production or in setting up the end use units. On the basis of regular review of the progress of captive blocks, de-allocation of some coal blocks has been done. Regular monitoring is being done to review the progress periodically.

10 Coal price would need to be regulated in light of the market realities. The regulation of coal price has to be differentiating the pricing of coal for power generation since it consumes 80% of the domestic production and the quality of coal it consumes is not easily saleable to the steel and cement sectors. The issue of coal pricing is being looked into by a Committee of the Planning Commission for evolving guiding principles to fix coal prices. The report of the Committee is awaited.

11 Promotion of underground mining to enhance the level of production from underground mines from around 44 million tonnes achieved in 2006-07 to about 67 million tonnes by 2011-12 mainly by adopting mechanisation of operations, introduction of continuous miner technology and longwall technology. Action has been initiated by CIL to enhance the level of production from underground mines from around 44 million tonnes achieved in 2006-07 to about 67 million tonnes by 2011-12 mainly by adopting mechanisation of operations, introduction of continuous miner technology and longwall technology. The additional investment has been estimated at Rs. 5185.59 crores for attaining this production level. CIL has also identified 7 blocks which can be developed into mega mine (more than 2 million tonnes production per annum) with state of the art consultancy and technology with foreign expertise.

12 Improve production and productivity of men & improve productivity of heavy machinery with focus on earth moving machinery (HEMM) in technology up gradation opencast mines mainly by increasing the number of hours of operation and awarding maintenance and repair contracts, streamlining the replacement of old equipment, and deployment of large size equipment. In underground mines, improvement in productivity is being addressed through mechanized coal loading operations adopting side discharge loaders, load haul dumpers, conveyor belts etc. and introduction of continuous miner technology and longwall technology wherever it is feasible. Shortwall technology on experimental basis has also been introduced. Adoption of Highwall technology is also envisaged in some of the opencast mines. Action has been initiated to improve productivity of heavy machinery with focus on earth moving machinery (HEMM) in technology up gradation opencast mines mainly by increasing the number of hours of operation and awarding maintenance and repair contracts, streamlining the replacement of old equipment, and deployment of large size equipment. In underground mines, improvement in productivity is being addressed through mechanized coal loading operations adopting side discharge loaders, load haul dumpers, conveyor belts etc. and introduction of continuous miner technology and longwall technology wherever it is feasible. Shortwall technology on experimental basis has also been introduced. Adoption of Highwall technology is also envisaged in some of the opencast mines.

13 There is need to have A department has already been permanent cell for created at Coal India and also technology evaluation and at CMPDIL for adoption of new monitoring and improving technology. CMPDIL as the the systematic operating planning wing of Coal India procedures for modern new provides the initial inputs for equipment procurement (in adoption of new technology. CIL).

14 Switch over to Gross Towards migration from UHV Calorific Value (GCV) based (Useful Heat Value) to GCV pricing and grading of coal (Gross Calorific Value) for pricing of domestic coal in India as a first step it has been decided to reduce the bandwidth of current UHV grades in coal limiting them to 300 kilo calories. It is being started on a trial basis from dedicated coal mines to NTPC Power Houses where automatic sampling arrangements are available at both ends.

15 Promote coal washing Government has already taken a policy decision to encourage use of washed coal by permitting private entrepreneurs to set up washeries on coal company's land. CIL has also taken a decision to supply washed coal to power sector by setting up new washeries on Build Own Maintain (BOM) basis and funding will be made by CIL. Additional washing capacity of about 140 million tonnes per year would be created during next five years.

16 Promotion of cutting edge technologies like CBM operations on commercial Underground Coal lines and 26 blocks have been Gasification (UCG), Coal allotted to various Bed Methane (CBM), Coal entrepreneurs. Directorate Mine Methane (CMM), Coal to General of Hydrocarbons (DGH) Liquid (CTL) etc under Ministry of Petroleum & Natural Gas (MoP&NG) regulates the CBM operations. For CMM, coal companies are taking action to extract methane gas from the existing mines and a demonstration project in association with United Nations Development Programme (UNDP) / Global Environmental Fund (GEF) is under implementation in one of the mines of Bharat Coking Coal Ltd. (BCCL). Government has recently recognized UCG, CTL as one of the permitted end uses under the captive mining policy.

17 Although India is not under any obligation under Kyoto adopting clean coal Protocol to reduce technologies. CIL has committed emissions, it is to sell processed coal to all recommended that India its consumers. should assume their role of Government has given lot of a responsible user of coal stress for the extraction of taking every effort to coal bed methane which would reduce the emission level eventually reduce emission from of coal as well as its burning coal. consumption.

18 Outsourcing should be differentiated from CIL and its subsidiaries have contract labour employment. initiated action and have included clauses in the It is not a method to tenders/contracts to remove extract more work and pay exploitation of labour and also less to unskilled and semi have generated training skilled labour. In fact, it programmes for uplifting skills becomes relevant and of its own workmen. inevitable in tasks, which call for specialized skills.

19 Setting up of a Coal Action initiated for creating a Governance & Regulation Coal Regulatory Authority. Draft authority (CGRA) to co-ordinate and attend to all Note for Cabinet Committee on issues relevant for Economic Affairs (CCEA) being development of coal finalized for Inter Ministerial resources, regulation of consultation.

coal price (wherever necessary), and nurturing level playing field between the entrenched large public sector coal companies and the emerging small coal companies in the State public sector and the captive mining sector.

20 Ensure proper mine closure Draft guidelines for mine and restoration of mined closure, under finalization in out areas. The Coal the Ministry of Coal would be Regulatory Authority should implemented by the Coal be given the responsibility Controller till the Coal to monitor the restoration Regulatory Authority is put in work. A fee of Rs.10 per place. tonne of coal mined as Mine-restoration levy should be collected annually and release as grants on for such work.

21 Coal R&D fund should be The creation of R&D fund is created whereby half of one agreed to. It is preferable percent of the turnover of that the proposed fund should be all coal companies in the kept available with the industry public and private sectors instead of the Coal Regulatory is deposited. CGRA could Authority. In the present manage the funds. system the R&D activities are identified, monitored and funded through a Standing Scientific Research Committee (SSRC), which is chaired by Secretary (Coal).

There are some other recommendations that require wider consultations for which action /deliberation has been initiated.

(c): The following major benefits are likely to accrue:

- i) Bridging the demand-supply gap in coal in the short, medium and long-term;
- ii) Improvement of productivity of men and machinery;
- iii) Research and development and introduction of cutting edge technology;
- iv) Improve Regulation and governance in the coal sector including coal pricing and Trade.