

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:12

ANSWERED ON:08.08.2012

SCHEME FOR MAKING COAL COMPANIES PROFITABLE

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Will the Minister of COAL be pleased to state:

- (a) whether the Government has formulated any scheme to make public sector undertakings under his Ministry 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;
- (e) if so, the details thereof;
- (f) whether there is any scheme to merge or disinvest these loss making units; and
- (g) if so, the details thereof?

Answer

MINISTER OF STATE FOR COAL (SHRI PRATIK PRAKASHBAPU PATIL)

- (a) & (b): Coal India Limited (CIL) and its subsidiaries as well as Neyveli Lignite Corporation are making profit for the last two years.
- (c): 2 subsidiary companies of CIL namely Eastern Coalfields Limited (ECL) and Bharat Coking Coal Limited (BCCL) were declared as sick companies and referred to Board of Infrastructure and Financial Reconstruction (BIFR). Accumulated loss of ECL and BCCL as on 31.3.2012 are Rs.7165.30 crore and Rs. 5604.83 crore respectively. The main reasons for losses in ECL and BCCL are:
 - (i) Large number of Under Ground mines having multiple opening of small dia shaft leads to 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 like high degree of gassiness, seams susceptible to spontaneous heating, presence of water logged workings in the upper seams, thick seam and inclined seams having high gradient.
 - (iii) Limited scope of open cast mining.
 - (iv) Extensive manual loading of coal at under ground mines as well as working far away from entry point requiring higher manpower leading to low production and productivity.
 - (v) Due to presence of difficult surface features and other adverse geo-mining conditions hydraulic stand stowing has to be restored to in many mines increasing the operational cost by Rs. 350 to 375 per tonne additionally in these mines.
 - (vi) The incidence of progressive wages unrelated to the paying capacity of the company.
 - (vii) Insufficient investment in mining equipment due to acute fund crunch leading to ageing of equipment, shrinkage of capacity resulting in decrease in production.
 - (viii) Problem of working capital rendering the company in capable of paying for procurement of critical holding stores and spares and safety items in time affecting production adversely, etc.
- (d) No, Sir.
- (e) Does not arise.
- (f) No, Sir.
- (g) Does not arise.

