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STANDING COMMITTEE ON  
COAL AND STEEL  
(2004-2005)  
FOURTEENTH LOK SABHA

DEPARTMENT OF COAL

DEMANDS FOR GRANTS  
(2004-2005)

FIRST REPORT



**LOK SABHA SECRETARIAT  
NEW DELHI**

August, 2004/ Bhadrapada, 1926(Saka)

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COAL & STEEL  
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(2004-2005)

Presented to Lok Sabha on 25. 8. 2004

Laid in Rajya Sabha on 25. 8. 2004



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**COMPOSITION OF THE STANDING COMMITTEE  
ON COAL & STEEL (2004-05)**

Shri Ananth Kumar            - **Chairman**

MEMBERS

Lok Sabha

2. Shri Prasanna Acharya
3. Shri Hansraj G. Ahir
4. Shri Harishchandra Chavan
5. Shri Bikash Chowdhury
6. Shri Chandra Sekhar Dubey
7. Shri Chandrakant Khaire
8. Shri Faggan Singh Kulaste
9. Shri Nitish Kumar
10. Shri Vikrambhai Arjanbhai Madam
11. Shri Bhubneshwar Prasad Mehta
12. Shri Hemlal Murmu
13. Shri Anirudh Prasad Alias Sadhu Yadav
14. Shri Dalpat Singh Paraste
15. Shri E. Ponnuswamy
16. Shri Tarachand Sahu
17. Smt. Karuna Shukla
18. Shri Prabhunath Singh
19. Shri Rewati Raman Singh
20. Shri Ramsevak Singh (Babuji)
21. Shri M.Anjan Kumar Yadav\*

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\* Nominated w.e.f. 20.8.2004.

Rajya Sabha

22. Shri Devdas Apte
23. Shri Ramadhar Kashyap
24. Shri Jai Narayan Prasad Nishad
25. Shri Vidya Sagar Nishad
26. Shri B.J. Panda
27. Shri Jibon Roy
28. Shri G.K. Vasani
29. Vacant
30. Vacant
31. Vacant

**SECRETARIAT**

1. Shri John Joseph - Additional Secretary
2. Shri Anand B.Kulkarni - Joint Secretary
3. Shri P.K.Bhandari - Director
4. Shri Shiv Singh - Under Secretary
5. Shri B.D.Dhyani - Senior Executive Assistant

## INTRODUCTION

I, the Chairman, Standing Committee on Coal & Steel having been authorised by the Committee to present the Report on their behalf, present this 1<sup>st</sup> Report (Fourteenth Lok Sabha) on Demands for Grants (2004-2005) relating to the Department of Coal.

2. The Committee took evidence of the representatives of the Department of Coal on 10<sup>th</sup> August, 2004.

3. The Committee wish to thank the representatives of the Department of Coal who appeared before the Committee and placed their considered views. They also wish to thank the Department of Coal 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 18<sup>th</sup> August, 2004.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI;  
20 August, 2004  
29 Sravana, 1926 (Saka)

**ANANTH KUMAR,**  
Chairman,  
Standing Committee on Coal & Steel.

## PART I

### CHAPTER I

## INTRODUCTORY

**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 depends upon coal as feed stock. In addition, other industries like steel, cement, fertilizers, chemicals, paper and thousands of medium and small scale industries are dependent on coal for their process and energy requirements. The Department of Coal is, therefore, engaged in developing coal resources of the country in a manner that requirements of coal of different consuming sectors are met in full and their dependence on imported coal is minimized.**

1.2 The main subjects allocated to the Department 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 also lignite deposits in India; all matters pertaining to production, supply, distribution and prices of coal, development and operation of coal washeries; low temperature carbonization of coal and production of synthetic oil from coal; administration of Coal Mines (Nationalisation) Act, 1973, Coal Mines (Conservation and Development) Act, 1974, Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948, Coal Bearing Areas (Acquisition and Development) Act, 1957, Mines and Minerals (Development and Regulation) Act, 1957, the Coal Mines Provident Fund Organisation; Coal Mines Welfare Organisation; and administration of Public Sector Enterprises dealing with coal and lignite.

1.3 The Department 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 Kolkata, is the holding company with seven coal producing subsidiaries and one planning and design subsidiary, viz.:

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

- (ii) Bharat Coking Coal Limited (BCCL), Dhanbad (Jharkhand).
- (iii) Central Coalfields Limited (CCL), Ranchi (Jharkhand).
- (iv) Northern Coalfields Limited (NCL), Singrauli (Madhya Pradesh).
- (v) Western Coalfields Limited (WCL), Nagpur (Maharashtra).
- (vi) South Eastern Coalfields Limited (SECL), Bilaspur (Chattisgarh).
- (vii) Mahanadi Coalfields Limited (MCL), Sambalpur (Orissa).
- (viii) Central Mines Planning & Design Institute Limited (CMPDIL), Ranchi (Jharkhand).

1.5 The Department 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 a public limited company in 1920 became a Government company in 1956 with headquarters at Kothagudem 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.

### **Coal Controller's Organisation, Kolkata**

1.7 The statutory functions performed by Coal Controller's Organisation, a subordinate office, are checking of quality of coal including settlement of complaints *vis-a-vis* grading and quality of coal despatches, adjudicating claims on grade; regulatory authority to grant permission for opening and reopening of seams and mines; disposal of objections received under the Coal Bearing Areas (Acquisition & Development) Act, 1957 and collection and publication of statistical information on coal and lignite in pursuance to Statistics Act, 1955.

### **Commissioner of Payments, Kolkata**

1.8 There were two offices of Commissioner of Payments, one for determining compensation, etc., for nationalized coking coal mines, with headquarters at Dhanbad and another for determining compensation, etc. for nationalized non-coking coal mines with headquarters at Kolkata. As the work of Dhanbad office has been disposed of substantially, this office was wound up and the residual

work has been transferred to the office of the Commissioner of Payments (non-coking) Kolkata. At present, Coal Controller is functioning as Commissioner of Payments.

#### Coal Mines Provident Fund Organisation (CMPFO), Dhanbad

1.9 Coal Mines Provident Fund Organisation (CMPFO) is an autonomous body set up under the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948. CMPFO administers the Coal Mines Provident Fund Scheme, 1948, the Coal Mines Deposit Linked Insurance Scheme, 1976 and Coal Mines Pension Scheme, 1998. All these schemes have been formulated under the provisions of the Act of 1948.

1.10 The following are the provisions sought and included in the Demands for Grants in the year 2004-05 pertaining to the Department of Coal:-

	(Rupees in crores)					
	Plan		Non-Plan		Total	
	Gross	Net	Gross	Net	Gross	Net
<b>Revenue section (voted)</b>	223.32	223.32	200.00	200.00	423.32	423.32
<b>Capital section (voted)</b>	0.00	0.00	25.00	-	25.00	0.00
<b>Total</b>	223.32	223.32	225.00	200.00	448.32	423.32

#### Plan Outlay

1.11 The Capital Plan outlay of the Department is substantial to meet the financial requirements of the three Public Sector Undertakings viz. Neyveli Lignite Corporation Limited, Coal India Limited and Singareni Collieries Company Limited for Plan investments in mining projects. The Plan outlays of the companies are now being largely financed through their internal resources or through extra budgetary resources. The budget support as a 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 loan or equity 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 are also made under Revenue Plan outlay. The Indian coal industry at present gets technical and financial cooperation from France, Germany, United Kingdom, Australia, Russia, Belarus, Czech Republic and China. Assistance is also received from multilateral agencies like World Bank. External credit which was earlier routed through budget is now mostly available directly from foreign agencies to the Public Sector Undertakings.

### **Non-Plan Outlay**

1.12 A substantial portion of the non-plan outlay of the Department 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 (79.56%). 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 (15.73%) 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 4.71% of the non-plan budget is meant for meeting the Secretariat expenditure and for the offices of Coal Controller and Commissioner of Payments, Kolkata.

#### Vision Document – “COAL 2025”

**1.13 The Committee observe that in the absence of a Vision Document, Department of Coal is not in a position to plan and act in order to meet the future coal demand. The Committee, therefore, express grave concern for want of a vision document for the coal for the next 20-25 years, a long-term perspective plan because of which not only the performance of coal companies is being crippled but also there will be a yawning gap of more than 95 million tonnes in the next five to ten years in the demand and supply of coal that is required for core sectors like power generation, steel, aluminium and infrastructure. The Committee, therefore, strongly recommend that the Department of Coal should come forward with a vision document i.e. “Coal-2025” without any further delay and constitute a task**

**force for holding consultation/discussions with experts and industry at large, in this direction, so that the Department can have a long term view of the industry.**

1.14 The Committee have examined in depth, the detailed Demands for Grants of the Department for the year 2004-05. The Committee approve the Demands presented by the Government, subject to their observations / recommendations which are contained in the succeeding chapters.

**CHAPTER II**  
**ANALYSIS OF DEMANDS FOR GRANTS (2004-05) OF**  
**DEPARTMENT OF COAL**

The Department of Coal have presented Demands for Grants of Rs.423.32 crore for the year 2004-05 against Budget Estimates of Rs.437.90 crore and Revised Estimates of Rs.301.66 crore for the year 2003-04. The details of Department's demands under revenue section and details relating to capital section with reference to public enterprises are shown in Annexure-I. The various points arising out of the scrutiny of Demands for Grants of the Department are discussed in the succeeding paragraphs.

A. Plan Outlay

**Budgetary Allocations**

2.2 The Central Plan Outlay for the Department of Coal during the year 2003-2004 was Rs.3321.30 crore. It was revised to Rs. 2515.25 crore. Now, a budget provision of Rs.3339.02 crore has been proposed for the year 2004-2005.

2.3 The total Central Plan Outlay of the Department at BE & RE stage for the year 2003-2004 and BE for the year 2004-2005 are shown as under: -

Company / Scheme	2003-2004		(Rs. in crore)
	BE	RE	2004-2005 BE
1	2	3	4
<b>Capital Section</b>			
Coal India Ltd.	2240.00	1846.00	2310.00
Singareni Collieries Co. Ltd.	340.00	205.00	325.00
Neyveli Lignite Corporation	455.40	314.25	480.70
<b>Total</b>	<b>3035.40</b>	<b>2365.25</b>	<b>3115.70</b>

	1	2	3	4
<b>Revenue Section</b>				
Voluntary Retirement Scheme in PSUs		138.44	00.00	103.50
Regional Exploration		56.10	85.18	51.84
Environmental Management & Subsidence Control (EMSC)		27.56	10.92	18.22
Information Technology		0.00	0.00	4.50
Research & Development		22.48	10.04	9.88
Detailed Drilling		12.52	15.06	12.83
Lumpsum provision for North East Region		28.59	28.59	22.33
Coal Controller		0.21	0.21	0.22
	Sub-Total	285.90	150.00	223.32
<b>Grand Total</b>		<b>3321.30</b>	<b>2515.25</b>	<b>3339.02</b>

2.4 There has been a declining trend in the gross budgetary support (Plan) of the Department of Coal. During 2001-02, a provision of Rs.652.00 crore was made in the head Plan which was reduced to Rs.327.00 crore during 2002-2003. During 2003-2004, it was further brought down to Rs.285.00 crore. In the current financial year, a provision of Rs.223.32 crore has made which is about Rs.61.68 crore less than the previous year. The statement given below shows the gross budgetary support at BE and RE stages of the last three years from 2001-02 to 2003-04 and also BE for the current financial year (2004-05):-

Year	<b>(Rs in Crore)</b>					
	BE		RE		Actual	
	Plan	Non Plan	Plan	Non Plan	Plan	Non Plan
2001-02	652.00	177.50	467.44	175.99	457.21	174.91
2002-03	327.00	236.51	207.01	147.52	170.03	146.48
2003-04	285.90	177.00	150.00	176.66	79.21	174.97
2004-05	223.32	225.00	-	-	-	-

2.5 When enquired about the reasons for poor utilization of funds during 2002-2003 and 2003-2004, Department of Coal in a written reply, apprised the Committee that shortfall was due to non-implementation of various schemes. Some of such schemes/projects where the utilization was 50% or less during 2002-2003 and 2003-2004 are as under:-

(Rs. in crore)				
Scheme	BE	Actual	Saving	Reasons for saving
1	2	3	4	5
<b>2002-2003</b>				
<b>(Rs in crore)</b>				
<b>Scheme</b>	<b>BE</b>	<b>Actual</b>	<b>Saving</b>	<b>Reasons for saving.</b>
Implementation of VRS in PSUs	185.40	107.02	78.38	The number of employees retired under VRS was fewer than anticipated at the time of budget formulation.
Research & Development	7.55	7.00	0.55	Saving due to poor progress of some of the on-going projects.
Regional Exploration	44.27	17.50	26.77	Due to non-receipt of approval of EFC/CCEA required for incurring exp. on a plan scheme during a plan period. During 2002-03, Rs. 17.50 crore were released with the approval of Min. of Finance pending approval of CCEA. However, meeting of EFC/CCEA could not take place during 2002-03 which led to saving of Rs. 26.77 crore.
Environmental Measures and Subsidence Control	31.18	13.12	18.06	Some schemes for restoration of abandoned coal mines, schemes for shifting of people from most endangered areas and control of fire and subsidence as were anticipated at time of budget formulation could not take place.
Acquisition of coal Bearing Areas	84.00	24.90	59.10	Saving was due to non-receipt of proposals from coal companies for acquisition of coal bearing areas to the extent as anticipated at BE stage.
Lump sum Provision for NE Region/ Sikkim	32.70	0.00	32.70	The companies did not have any schemes for implementation in NE Region/Sikkim. The saving was surrendered to non-lapsable pool of central resources.
<b>2003-2004</b>				
<b>Scheme</b>	<b>BE</b>	<b>Actuals</b>	<b>Saving</b>	<b>Reasons for saving/excess</b>

	1	2	3	4	5
Implementation of VRS in PSUs	138.44	0.00		138.44	Coal companies had left with them unutilised funds released in the previous years. Since the companies were not in a position
					to submit utilization certificate for the past releases they could not seek fresh grant.
Research & Development	22.48	6.75		15.73	Saving was due to delay in procurement of imported equipment, delay in construction activities, scraping of one project and release of funds on actual physical basis.
Environmental Measures and Subsidence Control	27.56	0.00		27.56	Due to non availability of land for restoration of mine out areas, non finalisation of tender for scheme, interruption of work by local populace, non finalisation of re-habilitation site by state government etc.
Lump sum Provision for NE Region/ Sikkim	28.59	0.00		28.59	The companies did not have any schemes for implementation in NE Region/Sikkim. The saving was surrendered to non-lapsable pool of central resources.

2.6 Department of Coal further informed the Committee that the following corrective steps have been taken to ensure that the budgeted amount earmarked at the initial BE stage is expended during the year 2004-2005:-

- (i) All companies have been advised to prepare accurate plans and also prepare a realistic estimate of the expenditure proposed to be incurred on projects during the year.
- (ii) At the project formulation stage itself, the companies along with CMPDIL have been advised to make a realistic assessment of the project costs and the expenditure involved so that that Budget estimates are accurate.

- (iii) During the review meetings held both at the monthly and quarterly level the progress on incurring of expenditure is critically analysed and monitored and where deficiencies are noticed, the companies are advised to take immediate corrective action.
- (iv) Powers for incurring expenditure, which was hitherto centralised, have been delegated to the subsidiary companies and their respective boards”.

2.7 The Central Plan Outlay for the Department of Coal including budgeted support and IEBR has also been decreasing year after year. In the year 2000-2001, the budgetary support was Rs.1094.95 crore. It was reduced to Rs.829.50 crore in 2001-2002, Rs.563.52 crore in 2002-2003 and Rs.462.90 crore in 2003-2004. A comparative statement, as furnished by the Department of Coal, showing the budgetary support and IEBR is as under:-

(Rs. in crore)				
	Year	BE	RE	Actuals
1	2	3	4	5
Budgetary	2000-01	1094.95	829.93	826.81
Support	2001-02	829.50	643.43	632.12
	2002-03	563.52	354.53	316.51
	2003-04	462.90	326.66	254.18
IEBR (CIL)	2000-01	2703.15	1674.71	1037.79
	2001-02	2264.03	1473.48	1140.79
	2002-03	2174.52	1692.61	1179.57
	2003-04	2240.00	1846.00	1224.65
IEBR (NLC)	2000-01	808.45	774.08	741.98
	2001-02	706.12	896.76	670.55
	2002-03	584.95	617.60	434.83
	2003-04	455.40	314.25	158.04
IEBR (SCCL)	2000-01	263.21	170.39	95.25

2001-02	355.00	290.00	181.92
2002-03	405.00	227.00	139.49
2003-04	340.00	205.00	163.42

2.8 The above statement shows that the Budget Estimates(BE) have always been reduced considerably at Revised Estimate (RE) stage. The financial achievements have further been disappointing. For example, in the year 2000-01, the SCCL could utilize only about 50% funds of its IEBR Budget Estimate (BE).

2.9 When asked about the reasons for variation between BE and RE and poor utilisation of funds, Department of Coal in a written reply informed as follows:-

“Due to poor progress of R&D Scheme, Environmental Measures and Subsidence Control Schemes, less drilling work in CIL block, and non utilization of funds for externally aided projects of CIL to the extent provided in BE stage.

The funds were made available by NLC from its internal resources.

The entire provision for NE Region/Sikkim was transferred to non-lapsable pool of central resources as CIL had no scheme for implementation in NE Region/ Sikkim.

The entire provision of Rs.138.44 crore for VRS in PSUs remained unutilised during 2003-04 as coal companies had left with them the unutilized balance of previous years”.

2.10 The Committee observe that the budgetary allocations(Plan) of the Department of Coal have been downsized year-after-year. In the year 2001-02, the allocation was Rs.652.00 crore, but it is only Rs.223.32 crore in the current year. In just four years, the allocations under the budgetary support have been brought down drastically, from Rs.652.00 crore to Rs.223.32 crore. The utilization of the funds has also hardly been near the estimates. Some of the reasons given by the Department for non-utilisation of the budgetary support are: poor progress of some of the on-going

projects, non-implementation of schemes of restoration of abandoned mines and non-receipt of proposals from the coal companies. The Committee are not convinced with the arguments of the Department and these are clear indicator of administrative slackness on the part of the Department. The Committee further observe that the funds “saved” were given to the Department for expending them fully for the various projects. The “saving” was because of the under utilization of the funds. In other words, it was because of the inactiveness of the Department of Coal, in implementing the projects. The Committee further note that the IEBR component for Coal India Ltd., Neyveli Lignite Corporation and Singareni Collieries Co. Ltd. were never made realistic in the last four years. The CIL’s IEBR component for the last year i.e. 2003-04 has been revised to Rs.1846 crore from Rs.2240.00 crore but the actual achievement remained only Rs.1224.65 crore, about 66% achievement of RE. Likewise, the IEBR component of NLC during 2003-04 of Rs.455.40 crore was revised downward to Rs.314.25 crore and the actual remained at Rs.158.04 crore. It was only 50% achievement of the RE. The financial achievement of SCCL during the same period has also been similar to those of CIL and NLC. The Committee desire that the Government should take steps to ensure that IEBR component of coal and lignite companies is projected on realistic basis so as to ensure that the plans of various undertakings do not go haywire because of non-realisation of IEBR component year-after-year.

2.11 Since under-utilisation of funds has a direct bearing on the financial and physical targets of any organization, the Committee strongly feel that under-utilisation of fund would have hit hard the on-going projects/schemes of the Department. The Committee do not find the reasons given by the Department in this regard convincing. The Committee, therefore, take a serious note of lackadaisical approach of the Department in failing to utilize the budget estimates prudently.

#### **B. Coal India Ltd. (CIL)**

Coal India Limited(CIL), a holding company, was set up on 1<sup>st</sup> November, 1975 to streamline the working of the coal industry in a manner conducive to more efficient administration and rapid stepping up of coal production. The company has under it seven producing subsidiaries and one planning and design subsidiary. The coal mines in the north eastern region are directly managed by the holding company. Dankuni Coal Complex, a coal carbonisation plant in West Bengal, is also directly under the holding company. The subsidiary companies, with their powers defined in their respective Articles of Association, are

responsible for all operational matters. The holding company, CIL, is primarily responsible for establishing corporate objectives and strategies for their achievements, for setting up of targets, monitoring of performance, marketing, raising resources and laying down broad guidelines in important policy matters like marketing, procurement, environmental management, inventory control, etc.

## **Procurement of Heavy Earth Moving Machines(HEMM)**

3.2 The budgeted outlay of CIL for the year 2003-04(BE) was Rs.2240.00 crore which was revised to Rs.1846.00 crore at RE stage. The reduction in plan outlay during 2003-04 has been stated due to delay in procurement of HEMM, court cases, delay in taking up new projects, revision in norms and also fund shortage in some subsidiaries.

3.3 When asked for the reasons for delay in procurement of HEMM, the Department of Coal in a written reply stated as under :-

- i. Change in norms of utilization of HEMM:- Revision of norms of HEMM of opencast mines on 330 days working against the previous practice based on 300 days working.
- ii. Delay due to Court Case.
- iii. Change in Policy of Procurement of HEMM :- All power hitherto exercised by Coal India Limited relating to procurement of all items, except explosives, has been delegated to subsidiary companies w.e.f. year 2003-04.

3.4 On being enquired whether responsibility was fixed for such delays in the Department of Coal/CIL or its subsidiaries, they informed the Committee that no individual official of Coal India Ltd. (CIL) and its subsidiaries is responsible for the delays as all the reasons/elements of delays were beyond the control of CIL. Besides, change of norms of utilization has resulted into saving of money/funds for procurement of HEMM. Earlier the norms of utilization was worked taking into consideration 300 days of working of HEMM which has now been changed to 330 days of working.

3.5 On the point of simplification of procurement procedure to reduce the time taken in procurement of equipments, Department of Coal apprised the Committee as under :-

**“The procurement of all HEMM is done by subsidiary companies of Coal India as per purchase manual and Govt. guidelines issued from time to time.**

“The procedure for procurement of HEMM has been reviewed and simplified in consultation with concerned authorities and accordingly suitable provision have been kept in the updated purchase manual approved by Coal India Board recently. The updated purchase manual has been circulated to subsidiary companies for implementation.

Consultation with DGMS is not required for procurement of HEMM. However, DGMS stipulations and guidelines are followed for certain components, accessories vital for safety, while procurement of HEMM is done”.

3.6 As regards the financial targets for procurement of HEMM during the last three years and achievements, the Department of Coal furnished the following statement of targets and achievements :-

“The financial targets for procurement of HEMM and the achievements during the last three years are as under:

	(Rs Crore)		
	2001-02	2002-03	2003-04
Target	<b>1063.32</b>	<b>1072.40</b>	<b>1140.27</b>
Actual	<b>454.02</b>	<b>562.05</b>	<b>Not yet finalised</b>

As regards SCCL, the details are furnished below:

Sl. No.	Year	Target (Rs. in crores)	Actual (Rs. in crores)
<b>1</b>	<b>BE 2001-02</b>	<b>65.97</b>	<b>--</b>
	<b>RE 2001-02</b>	<b>63.12</b>	<b>20.93</b>
<b>2</b>	<b>BE 2002-03</b>	<b>43.86</b>	<b>--</b>
	<b>RE 2002-03</b>	<b>14.82</b>	<b>9.73</b>
<b>3</b>	<b>BE 2003-04</b>	<b>27.32</b>	
	<b>RE 2003-04</b>	<b>27.49</b>	<b>4.31</b>

3.7 The Committee have further been informed that due to gainful re-deployment of existing machinery by improved maintenance resulting in improved performance of the existing machines, the machines have not been surveyed off as expected.

**3.8 The Committee are distressed to note that there has been inordinate delay in procurement of HEMM in the Coal India Ltd. and its subsidiaries as also in SCCL leading to less utilisation of funds allocated for the said purpose. The utilisation has been less than 50% over the last two three years. Whereas the financial targets for the year 2001-02 for procurement of HEMM were Rs.1063.32 crore, the actual utilisation remained at Rs.454.02 crore. Likewise, in the year 2002-03, it has been more deplorable. During the years 2001-02, 2002-03 and 2003-04, the utilisation of funds by SCCL for the above purpose has been as low as 33%, 65% and 16% respectively. The reasons adduced by the Department are hardly convincing. The Committee understand that previously, as per stipulation of the Department of Public Enterprises, 10% price preference had to be given to a public sector company. It led to a court case by a private company and thereby delayed the procurement process. Now all such bottlenecks/problems have been solved. Therefore, the Committee hope that from the current year onwards, there will be no delay in procurement of HEMM and the funds will be utilised to the fullest extent. At the same time, the Committee desire that a time-bound programme should be drawn up for the procurement of equipments/machines and responsibilities should be given to some senior officers to this regard.**

**3.9 The Committee also note that there has been some savings in the procurement of machines on account of change in norms for utilization of HEMM. The Committee recommend that coal companies should re-access their requirements of HEMM and utilize the machines to the maximum extent.**

#### Capacity Utilisation of HEMM

3.10 The utilization of HEMM has been much less than the norms fixed by CMPDIL. When asked for the poor capacity utilization, the Committee were apprised that the following were the main reasons :-

- i) Problem of acquisition land for mining.**
- ii) Non-reliability of over-aged equipment.**

- iii) **Hazardous working conditions like developed underground workings, presence of fire in some mines of BCCL and CCL.**
- iv) **Restricted blasting due to nearness of villages.**
- v) **Poor infrastructural facilities like non-availability of workshops with repair facilities especially in ECL and BCCL.**
- vi) **Mismatch of excavation and transport capacities in a mine.**
- vii) **Steep gradient of Haul Roads due to limited availability of mining land.**

**Regarding observation of very low utilization (less than 10% of the norms) it is analysed and observed that this is mostly for the equipment deployed in the mines which are on the verge of closer and/ or their coal reserves have been exhausted. Action has already been taken to explore possibility of transferring the low utilized equipments to the other needed mines where they can be used gainfully and derive more benefits.**

**Capacity utilisation of HEMM in SCCL is high and is on progressively increasing trend. This is evident from the following figures:-**

<b>Capacity utilisation of HEMM -</b>	<b>2000-01</b>	<b>:</b>	<b>74 %</b>
<b>Capacity utilisation of HEMM -</b>	<b>2001-02</b>	<b>:</b>	<b>76 %</b>
<b>Capacity utilisation of HEMM -</b>	<b>2002-03</b>	<b>:</b>	<b>84 %</b>
<b>Capacity utilisation of HEMM -</b>	<b>2003-04</b>	<b>:</b>	<b>91 %</b>

**SCCL could achieve the above figures, despite the difficult working conditions prevailing in some projects like Yellandu OCP, RG.OC.-III and GK.OCP where the workings are from old Underground mines worked with Bord & Pillar system”.**

**3.11 The Committee were informed that in order to improve the capacity utilisation of HEMM in CIL, the following actions have been taken:-**

**“Problem of non-availability of mining land is being sorted out through regular follow-up with State authorities.**

**Removal of mismatch of equipment by shifting of equipment within the area/company**

Special emphasis has been laid on blasting for better fragmentation of blasting material. This will reduce breakdown of equipment.

Staggering of shift duty timing of dozer operators for cleaning of dump-yard and shovel working face.

Construction and maintenance of proper haul roads

Replacement plan being made to reduce the number of over-aged equipment in phases.

Supervision in the back shifts has been increased by regular inspection of senior executives.

Discussing performance report in respect of utilization regularly in monthly coordination meeting of CGM/GM at subsidiary HQ. Equipment under B/D for more than 3 months is being monitored regularly from HQ level for arranging their re-commissioning. Infrastructural facilities like workshop and auxiliary support viz. mobile van, diesel browser, canteen van, crane, welding machine, high pressure washing pump etc. are being provided Task forces have already been formed at all subsidiary companies to exclusively monitor HEMM performance and utilization. Procurement control is being ensured.

CIL management, Ministry of Coal and the Subsidiary Cos. management are anxious for the low utilization of HEMM and therefore all out drive have been initiated to bring substantial improvement in this area. Regular monitoring system has been developed at CIL and also at Subsidiary level. Subsidiary companies formed task forces at area and HQ level to exclusively monitor the utilization of equipment. Management Information System has also been devised up to the level of Subsidiary/CIL Board”.

3.12 In view of the above actions, some improvement has been noticed in the utilization of HEMM. This is evident when the utilization details for the first quarter of 04-05, is compared with those of 03-04, which are indicated below:

S.No	Equipment	%age Utilisation	%age	%age increased
		Apr-June'03	Utilisation Apr-June'04	
1	Dragline	76%	77%	1.32%
2	Shovel	42%	46%	9.5%
3	Dumper	31%	34%	9.6%

<b>4</b>	<b>Dozer</b>	<b>23%</b>	<b>26%</b>	<b>13%</b>
<b>5</b>	<b>Drill</b>	<b>23%</b>	<b>25%</b>	<b>8.7%</b>

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**3.13 HEMM capacity utilisation in SCCL is improving from year to year. The details are as follows :**

<b>Year</b>	<b>Capacity Utln.</b>
<b>2000-01</b>	<b>74%</b>
<b>2001-02</b>	<b>76%</b>
<b>2002-03</b>	<b>84%</b>
<b>2003-04</b>	<b>91%</b>

**“The action taken for further improvement includes; condition based monitoring of HEMM, procurement of sufficient floats and improvement in the functioning of base workshops in Opencast projects.**

The shortfall was due to gainful redeployment of existing machinery by improved maintenance resulting in improved performance of the existing machines, the machines have not been surveyed off as expected.

**As regards maintenance of HEMM, sufficient arrangement of funds was made during the last three years and almost 100% of it was incurred by the subsidiaries of Coal India Ltd”.**

3.14 As regards SCCL, no separate provision of funds is made for the HEMM maintenance expenditure. The same is met from Revenue budget allocations. The maintenance expenditure on HEMM for 2002-03 and 2003-04 was Rs.936.46 Lakhs and Rs 814.18 Lakhs respectively. The above expenditure is in the nature of revenue i.e. operating expenditure which is included in the total cost of production.

**3.15 The Committee are perturbed to note the dismal performance of the major equipments used both in open-cast and underground mines in terms of their utilisation in all the subsidiaries of CIL. The Committee are further unhappy to observe the yawning gap between the liberal norms fixed by CMPDIL for the utilisation of the equipments and their actual utilisation.**

The Committee understand that the utilization norms of the machines have been changed from the earlier 300 days to 330 days to increase their utilization. As a result of these actions, some improvement has been noticed, in the first quarter of 2004-05 when compared to the same period of 2003-04. The Committee are seriously concerned about the losses to the coal companies both in terms of decline in production and productivity caused due to non/under utilisation of the HEMM. The Committee are of the considered view that the under-utilisation of HEMM and other equipments ultimately affects adversely the profitability of the company. The Committee, therefore, recommend that a detailed mine-wise exercise be undertaken to assess the reasons for idling and under-utilisation of HEMM and other equipments with a view to fixing the responsibility for their idling and under-utilisation. There is also a need to improve the working of base workshops which would lead to better maintenance and utilization of HEMM. In this context, the Committee desire that if there are surplus machines or spare capacity is available, the CIL should make arrangements for their diversion to some other subsidiary where there is shortage of machines for their better and fullest utilization.

#### **C. NEYVELI LIGNITE CORPORATION (NLC)**

Neyveli Lignite Corporation is a Government company incorporated under the Indian Companies Act and was registered in November, 1956. It is under the administrative control of Department of Coal. The objectives of the NLC are excavation of lignite for generation of power to meet the requirements of electricity demands of Southern States of India, production

**of coke and chemical by-products by using lignite and manufacturing of urea.**

4.2 Geological reserves of lignite in the country have been estimated at around 35,636 Million Tonnes. The State of Tamil Nadu has been endowed with the vast reserves of lignite. Out of the above estimated reserves, about 30,523 million tonnes have been found in Tamil Nadu and Pondicherry. The other States where lignite reserves are found are Rajasthan, Gujarat, Jammu & Kashmir and Kerala. The State-wise distribution of lignite reserves, as on 1.1.2003 is as under :-

State	Geological Reserves (MT)
Tamil Nadu and Pondicherry	30,523
Rajasthan	3,099
Gujarat	1,778
Jammu & Kashmir	128
Kerala	108
Total	35,636

4.3 Neyveli Lignite Corporation first started its operation of mining lignite in 1961 and since then mining it in Neyveli in Tamil Nadu for generation of power by them where two Thermal Power Stations of a total capacity of 2490 MW are generating electricity.

## Plan Outlay

**4.4 The Budget Estimates (BE), Revised Estimates (RE) and the actual expenditure incurred by NLC during the first two years i.e. 2002-03 and 2003-04 of the Tenth Five Year Plan and also the BE for the year 2004-05 as furnished by the Department of Coal are given below:-**

<b>Year</b>	<b>Target</b>		<b>Actual</b>	<b>(Rs. in crore) %age of actual of RE</b>
<b>2002-03</b>	584.96	617.60	434.83	70.40
<b>2003-04</b>	455.40	314.25	158.04	50.29
<b>2004-05</b>	480.70	-	-	-

4.5 Regarding the poor utilization of the budgeted amount during the above two years, the Committee were informed that the budget earmarked for new projects like Mine-II Expansion and Thermal Power Station-II(TPS-II) Expansion, Rajasthan Mine-cum-Power Project and advance action plan projects in pipeline could not be taken up due to delay in obtaining Government sanctions.

4.6 On the point of increasing the Plan Outlay for the year 2004-05, the Committee were informed that due to non-settlement of commercial disputes of TPS-I Expansion during the year 2002-03 which was carried over to RE 2003-04, a sum of Rs.105.48 crore is provided towards payment for supplies of offshore and onshore spares and retention money of unit I and release of LD for unit I & II.

**4.7 The supplies and the commercial dispute for TPS-I Expansion are expected to be settled in 2004-05, likely payments are included in the budget for BE 2004-05. The budget earmarked for new projects like Mine-II Expansion and TPS-II Expansion, Rajasthan Mine cum Power Project and**

**advance action plan projects in pipeline could not be taken up due to delay in obtaining government sanctions.**

4.8 Department of Coal further informed the Committee that NLC would be able to fully expend the projected outlay after obtaining the various sanctions from the government and resuming the activities in respect of new projects it proposes to undertake.

4.9 Advance action for tendering has been taken by NLC to expedite the implementation of the projects.

**Physical Performance**

**4.10 The physical performance of the NLC during the last three years, showing the targeted and actual achievements is as under :-**

PRODUCT	2001-02		2002-03		2003-04	
	Target	Actual	Target	Actual	Target	Actual
Lignite(MT)	17.50	18.37	19.95	18.62	20.90	20.56
Power	13083.00	14451.32	14638.00	14969.95	15006.00	16388.97
Gross (MU)						
Power	10553.00	12152.81	12058.00	12520.58	12481.00	13920.18
Export (MU)						
Urea (T)	150000.00	61950	120000.00	0.00	--	--

**4.11 In respect of Urea Plant, Department of Coal informed the Committee that the fertilizer plant was not in operation since January, 2002 on account of large accumulation of stock of urea owing to marketing constraints because of availability of imported urea at cheaper price. A decision to close the fertilizer unit was taken in January 2003.**

4.12 When asked as to how the services of employees of the closed urea plant are being utilised, the Department of Coal in a written note stated as under:-

“The employees are posted in related/appropriate areas of work depending on their academic background, skill and experience in order to ensure optimal utilization and increasing operational efficiency. Whenever required, employees are given training and retraining to cope up with changing job requirement.

**NLC management has taken the employees of the urea plant into confidence and convinced them about the reasons for closures of the urea plant. 25 employees of the urea plant have opted for VRS during financial years 2002-03 and 2003-04. A total of Rs.148.52 lakhs have been spent on VRS of these employees. Other employees of the urea plant have been redeployed in other units of NLC. The employees took the closure of the urea plant positively, understanding the reasons for closure of the plant.**

**On closure of chemical plant, manpower from these units have been effectively redeployed in mines and thermal and other areas after necessary training and retraining and orientation”.**

**4.13 On being asked as to whether NLC is planning to extend its activities in other States other than Tamil Nadu during Tenth and Eleventh Plan, Department of Coal informed the Committee that the NLC is putting up a lignite mine of 2.1 million tonne per annum and a lignite based power plant of the capacity of 2x125 MW at Barsingsar, Rajasthan. The status of the project is as under:-**

## **Barsingsar Mine and Thermal Projects**

4.14 The feasibility reports for a mine of 2.10 mtpa capacity and linked power project of 250 MW (2x125 MW) at Barsingsar district were submitted to Department of Coal and Central Electricity Authority for consideration and review by appraising agencies. The Inter Ministries Group (IMG) for the project was held on 17.7.2002. IMG directed NLC to obtain the CEA clearance for thermal project and to put up the proposal again to IMG. Action has been taken to obtain clearance from various statutory agencies such as CEA, Ministry of Defence, PCB, MOEF, etc. and for preparation of Power Purchase Agreement. Clearance for tall structure (slack) has been obtained from Airport Authority of India. Estimated including interest during construction for Thermal Power Station (TPS) (2x125 MW) is Rs. 1098.29 crore and for Mine (2.1 MTPA) is Rs 249.47 crore. The funding pattern (debt : equity) is 70:30. PIB memorandum for this project was circulated in Nov, 2003. The queries raised by Planning Commission in Feb, 2004 have also been replies in March, 2004. PIB meeting is to be convened.

4.15 In addition to the above, NLC has planned to extend its activities in the following states :-

- i) Tuticorin Power Plant(1000 MW)
- ii) Coal based power plant (2000 MW) at 1b Valley, Orissa.
- iii) Coal based power plant (1000 MW) in Madhya Pradesh

4.16 The present status of the above three projects, as intimated by Department of Coal, is as under :-

NAME OF THE PROJECT	STATUS
Tuticorin Power Plant 2x500 MW	<ol style="list-style-type: none"> <li>1. Draft feasibility report is under scrutiny</li> <li>2. MCL has confirmed the coal supply from Talcher coal field</li> <li>3. Coal linkage order from MoC is awaited</li> <li>4. Southern Electricity Boards have given their requirement and consent to absorb the power from this project</li> <li>5. Ministry of Power has accorded mega power project status subject to certain conditions</li> <li>6. Preparation of EMP Report is in progress</li> <li>7. Draft Joint Venture Agreement, Draft Memorandum of Association and Articles of Association have been sent to DoC on 29.06.2004 for approval</li> <li>8. AAP under implementation</li> </ol>
Power Plant at Orissa 4x500 MW	<ol style="list-style-type: none"> <li>1. Preparation of FR by consultant is in progress</li> <li>2. MCL has informed that they can supply coal to this project from Talibira III project</li> <li>3. MoC has requested in Jan-2004 to allot Talibira II block also</li> <li>4. MoC has approved Draft MoU to be signed with Govt. of Orissa on 06.07.2004, however Govt. of Orissa approved the draft with few modifications</li> <li>5. Preparation of emp report is in progress</li> <li>6. Ministry of Power has accorded Mega Power project status subject to certain conditions</li> </ol>
Power Plant at Madhya Pradesh 1000 MW	<ol style="list-style-type: none"> <li>1. MoC has been approached for granting in principle approval</li> <li>2. Coal linkage is yet to be established</li> </ol>

Draft MoU to be signed with Govt. of MP and  
NCL has been sent to MoC & M on 28.04.2004  
for approval

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4.17 As regards availability of funds, Department of Coal informed the Committee that it was proposed to meet funds requirement of these projects out of internal resources and market borrowing. NLC is having adequate internal resources to meet the requirement and had also tied up with various institutions/banks/agencies to meet the debt component of the project.

**4.18 On the point of the difficulties faced by the management in obtaining the clearances immediately from the various agencies, it was stated that it generally take more than two to three years in obtaining the following clearances:-**

- i) State Government for land and water;
- ii) Power Agreements with different Electricity Boards;
- iii) Clearances from Ministry of Environment & Forests; and
- iv) Appraisal agencies

4.19 As regards time taken in the implementation of the Projects, Secretary, Department of Coal during the course of oral evidence, informed that –

“.....indicates roughly the time taken in project formulation and project approval. About eight months are taken in project formulation and roughly about 18 months to 24 months are taken in getting the whole project approved through the system of subsidiary company, Coal India, than the Government. Therefore, about 24 months are the minimum time required for getting a project approved. About 24 months are also required for getting environment and forest clearances. If we can compress that time from 24 months to 12 months, then a lot of projects can be expedited and we can produce more coal”.

**“.....Empowered Committee should be set up in the Department for speedy approval of projects and to commission them faster”.**

Recovery of Outstanding Dues

4.20 It has been observed from the statement of outstanding dues furnished before the Committee by the Department of Coal that a huge amount is lying against the various power utilities/SEBs unpaid. The details of such outstanding payments to NLC by various State Electricity Boards/Power utilities, as on 30.6.2004, are as under.

(Rs. in crores)

Electricity Board	Bills for power supply	Reimbursement of income tax	Surcharge	Total
Transmission Corporation of Andhra Pradesh Ltd. (APTRANSCO)	27.33	5.01	7.18	39.52
Tamil Nadu Electricity Board (TNEB)	138.89	84.85	27.37	251.11
Karnataka Power Transmission Corporation Limited (KPTCL)	100.87	32.20	7.75	140.82
Kerala State Electricity Board (KSEB)	27.12	21.44	4.14	52.70
Pondicherry Electricity Department (PED)	2.50	(-) 0.78	13.80	15.52
<b>Total</b>	<b>296.71</b>	<b>142.72</b>	<b>60.24</b>	<b>499.67</b>

**4.21 As regards the status of recovery of outstanding dues of NLC, the Department of Coal furnished the status as under:-**

State Electricity Boards	Power	I.T. Reimbursement	Surcharge
1	2	3	4
Transmission Corporation of Andhra Pradesh (APTRANSCO)	Settled in full.	Settled in full.	Surcharge accrued after securitisation is contested by SEB and is yet to be paid.
Karnataka Power Transmission Corporation Limited (KPTCL)	<b>Settled in full.</b> In respect of TPS-I Expn. Rs.31.56 crores from April 2004 is outstanding towards power bills.	Part settlement only. Incentives payable under securitisation scheme are also adjusted.	Surcharge accrued from after securitisation upto 31-12-2003 covered under one time settlement. Arrears to be paid in ten monthly installments after waiver of 60%. So far 3 installments have been received.

1	2	3	4
<b>Kerala State Electricity Board (KSEB)</b>	Except withholding small portion towards royalty and ROE increase, monthly bills are settled in full.	Part settlement only. Incentives payable under securitisation scheme are also adjusted.	Surcharge after securitisation is yet to be paid.
Tamil Nadu Electricity Board (TNEB)	Settled in full.	Part settlement only. Incentives payable under securitisation scheme are also adjusted.	Surcharge accrued from after securitisation up to 30-09-2003 covered under one time settlement. Arrears are to be paid in ten monthly installments after waiver of 60%. So far 5 installments have been received.
Pondicherry Electricity Department (PED)	Settled in full.	Settled in full.	PED is not covered under securitisation scheme. M/o Power has asked PED to make bullet payment to NLC. PED is yet to make payment.

4.22 Department of Coal further informed the Committee that the outstanding dues are recovered with interest after waiver of 60%. Based on the consensus reached by NLC with Karnataka Power Transmission Corporation Ltd. and Tamil Nadu Electricity Board dues accrued from 1.10.2001 are being settled under one time settlement in 10 monthly installments after waiver of 60% of interest. The issue is also being taken up by NLC with Kerala State Electricity Board(KSEB) for similar arrangements. PED and Transmission Corporation of Andhra Pradesh are regular in payments.

**4.23 The Committee are perturbed to note that there has been considerable mis-match between the financial targets and achievements in the Neyveli Lignite Corporation. The financial achievements during 2002-03 and 2003-04 have been as low as 70% and 50% of the revised estimates.**

**This shows that the track record of the NLC in achieving financial targets has been far from satisfactory. The Committee would like to point out that there have been major deficiencies on the part of the NCL in formulating the budgetary proposals. The reasons advanced by the Department of Coal that the funds could not be fully utilised due to delay in obtaining Government sanctions are not convincing as most of these are administrative reasons and show the slackness on the part of the NLC. In view of above, the Committee desire the Government to project only realistic and achievable budget so that the funds do not lapse year after year.**

**4.24 The Committee are happy to note that NLC has planned to extend its activities in the States of Rajasthan, Kerala, Orissa and Madhya Pradesh. The Committee recommend that all out efforts should be made to complete these projects in time. The Committee desire that NLC should take a proactive attitude in attending to the various issues relating to the obtaining of various clearances so that these four projects could be completed well within the scheduled time. The Committee would like to be apprised of the progress of all the three projects from time to time.**

**4.25 The Committee are sad to note that after incurring a substantial amount on project formulation, etc., the NLC has not been able to implement the Barsingsar lignite mine and power projects even after the lapse of about 14 years due to one reason or the other. The Committee are fully aware that a proposal in this regard was originated in 1987 and the projects were sanctioned in 1991, during 8<sup>th</sup> Plan period. But due to fund constraints, the projects did not proceed further. The Rajasthan Government's efforts to develop it through a private developer also went away. However, NLC once again started working on the project and after completing all the formalities, now are awaiting the approval of PIB. The Committee are in agreement with the Secretary, Department of Coal that**

there is a need to compress the time taken in project formulation and project approval. The Committee, therefore, desire that the Government should prepare a draft proposal on this aspect immediately for which an Empowered Committee should be set up, as suggest by the Department of Coal for the speedy approval of the projects and to commission them faster. So far as the Barsingsar (Rasjasthan) lignite-cum-power project is concerned, the Department of Coal/Neyveli Lignite Corporation should pursue the matter vigorously with the Ministry of Finance (Department of Expenditure) for an early approval. The Committee would like to be apprised of the action taken in the matter.

4.26 The Committee also note that Urea Plant of NLC had been closed in January, 2003 as the company had accumulated a large stock of urea which could not be sold due to availability of imported urea at cheaper price. The Committee recommend that the company should sell the accumulated stock at the best available price, if any stock has been left with it. The company should also examine whether there is any possibility of re-structuring the urea unit and if not, then how they propose to deal with closed plant. The Committee should be informed of the decision taken in the matter.

4.27 The Committee are distressed to note that a substantial amount of Rs.499.67 crore is outstanding against the State Electricity Boards/power utilities. This amount is equivalent to the Annual Plan Outlay of the NLC. Efforts taken in this regard seem to have not yielded much results. The Committee are of the firm opinion that such outstanding dues have deleterious impact on the overall financial performance of the company. Had this huge amount been recovered, the financial position of the NLC would have been better than what it is at present. The Committee desire

that NLC should function on the principle of “cash and carry” basis. The Committee are of the view that NLC should follow the system devised by the Singareni Collieries Co. Ltd.(SCCL). The system being adopted there is that whatever royalty is due to the State Government on sale of coal is normally adjusted against dues from State Electricity Boards. NLC could follow it in the case of Tamil Nadu Government and its Electricity Boards. Since finance is key factor for the existence of an organization, the Committee strongly recommend that the outstanding dues be recovered through the above system and also through the process of persuasion.

#### **D. ENVIRONMENTAL MEASURES AND SUBSIDENCE CONTROL(EMSC)**

Environmental upgradation and associated mitigational measures for pollution control are ongoing process. Preparation and approval of Environmental Management Plans (EMP) are a pre-requisite for sanction of a coal mining project by Government. Accordingly, implementation of Environmental Control Measures, as laid down in the EMPs are taken up simultaneously for implementation of the project.

5.2 The major thrust areas in Environmental Management plan during the X Plan period have been the following :-

- (a) Control of subsidence in the old abandoned waterlogged workings in Raniganj Coalfields
- (b) Control of mine fires and subsidence in Jharia coalfield.
- (c) Reclamation of mined out areas in older coalfields like Raniganj, Jharia, Bokaro, Karanpura, etc.

5.3 The problem of subsidence in the old, abandoned and water logged workings has arisen due to unscientific mining carried out under shallow cover in the past and is mainly confined to Raniganj coalfield of West Bengal.

5.4 For this problem of Raniganj Coalfield, an Apex Monitoring Committee consisting of representatives of coal company, District Administrator, Director

General of Mines Safety, Central Mining Research Institute and people representatives (M.P., M.L.A.) etc. was constituted by CIL in 1990.

5.5 Occurrence of fires in coal mines is due to the phenomenon of spontaneous combustion which is inherent in Indian coals. The first occurrence of coalfield fire in Jharia was reported in 1916. At the time of nationalization of coking coal mines in 1971 there were 70 active fire sites spread over an area of about 17 sq. km. Out of these, 10 fires have been extinguished so far. Further work is in progress.

5.6 For dealing the problem of subsidence and fire in Raniganj and Jharia coalfields in a comprehensive manner, a committee was constituted by Government of India in December, 1996 with Secretary (Coal) as Chairman and representatives of Planning Commission, Ministry of Labour, Govt. of West Bengal, Govt. of Bihar.

5.7 Director General Mines Safety, CIL, CMPDIL, BCCL AND ECL as members. The Committee submitted its report in December, 1997. The recommendations of the committee have been accepted by the Government. Accordingly, Master Plans for rehabilitation of unstable and fire affected areas have been drawn for Jharia and Raniganj Coalfields. In first stage, two schemes, one each in BCCL and ECL command areas with estimated cost of Rs.33.88 crore and Rs.32.52 crore respectively for BCCL and ECL have been sanctioned.

5.8 In the older Coalfields like Raniganj, Jharia, Bokaro and Karanpura, mined out areas, both due to underground mines and opencast mines were left unreclaimed specially during the pre-nationalisation period. To reclaim these degraded areas, reclamation schemes have been prepared in the command areas of ECL, BCCL and CCL. Two schemes in BCCL, one each in ECL and CCL are under implementation.

5.9 The actual disbursement under the EMSC schemes excluding NE Region till 30.11.2003 to RS.50.25 crore including four RCFC schemes sanctioned in 2001-02. RE 2003-04 and BE 2004-05 are Rs.10.92 crore and Rs.18.22 crore respectively excluding NE Region.

5.10 The following table gives the picture of fund allocation during the last five years for the schemes under the EMSC and utilization :-

YEAR	BE	RE	ACTUAL
2000-01	13.52	10.00	6.30
2001-02	12.17	4.06	4.66
2002-03	31.18	20.56	13.12
2003-04	27.56	10.92	00.00
2004-05	18.22	-	-

511 Keeping in view the downward revision of BE at RE stage and under utilization of the revised allocations, when the Committee asked the Department of Coal to furnish the reasons for such a poor financial performance, they in a written note informed the Committee as under :-

“During 2002-03, some schemes for restoration of abandoned coal mines, schemes for shifting of people from most endangered areas and control of fire and subsidence as were anticipated at the time of budget formulation could not take place. 2003-2004- Due to non-availability of land for restoration of mine out areas, non-finalisation of tender for scheme, interruption of work by local populace, non-finalisation of rehabilitation site by State Government, etc.”

5.12 On being enquired, the Committee were informed that there were as many as 34 schemes sanctioned by Govt. of India under EMSC and RCFS, out of which 30 were under EMSC and 4 under RCFS. 14 schemes spilled over to X Plan from IX Plan. The reasons as furnished by the Department of Coal for the spilling over of the schemes to X Plan are as under :-

Sl. No.	Scheme	Reasons for spilling over
1	2	3
1.	Stabilisation of inaccessible waterlogged underground voids beneath Fatehpur village” of ECL	The scheme was sanctioned for phase-I i.e. for 20,000 cu m sand stowing. After the stowing of Phase-I, phase-II and phase-III were subsequently agreed to as per the request made by ECL with the available fund of the sanctioned scheme. Hence, the scheme was spilled over to Tenth Plan
2.	Restoration of abandoned coal mines of ECL	Due to the aftercare of the plantation already done, the scheme was spilled over to Tenth Plan
3.	Reclamation of mined out	For after care of plantation and for

areas of CCL

plantation over 48 Ha subsided area, the scheme was spilled over to Tenth Plan

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1	2	3
4.	Stabilisation of inaccessible waterlogged voids beneath Palasban village	Due to technical problem of running sand and frequent obstruction of work by villagers the scheme spilled over to tenth plan.
5.	<b>Stabilisation of inaccessible waterlogged underground voids beneath Gwala Basti of ECL</b>	Due to long lead and bad road condition during rainy season the scheme spilled over to tenth plan. Further, Expert Committee agreed to continue the stowing beyond 20,000 cu m with the available fund for the scheme as per the request made by ECL.
6.	Stabilisation of inaccessible waterlogged underground voids beneath Porarbandh area of ECL	Due to local problem and slow progress of the scheme, the scheme spilled over to tenth plan. The scheme has been completed in March 2003
7.	Stabilisation of inaccessible waterlogged underground voids beneath Pottary area of ECL	Due to busy Raniganj township and air release problem the scheme could not be completed in ninth plan. Hence it spilled over to tenth plan.
8.	Stabilisation of inaccessible waterlogged underground voids beneath Bhutdoba village of ECL	Due to slow progress, the scheme spilled over to tenth plan. The scheme has been completed in March 2003.
9.	EMSC-20 i.e. Scheme for dealing with fire and subsidence (South Lodna fire) at Lodna colliery of BCCL	Due to lack of sand quantity and break down of nitrogen flushing machine caused the spill over the scheme to tenth plan.

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1	2	3
10.	EMSC-22 i.e. "Scheme for dealing with fire and subsidence at Alkusa colliery" of BCCL	Due to slow progress of the scheme, the scheme spilled over to tenth plan
11.	Shifting of people from the most endangered areas of BCCL"	<p>The scheme spilled over to tenth plan due to the following reasons:</p> <ul style="list-style-type: none"> <li>(i) Revision of the scheme from Rs. 33.88 crore to Rs. 61.09 crore</li> <li>(ii) Rehabilitation of the non-BCCL people has not yet started</li> </ul>
12.	Rehabilitation of four unstable locations of ECL"	<p>The scheme spilled over to tenth plan due to the following reasons:</p> <ul style="list-style-type: none"> <li>(i) Villagers did not agree to the site of rehabilitation except at one location</li> <li>(ii) Compensation package has not yet been agreed by the villagers</li> </ul>
13.	<p style="text-align: center;"><b>Stabilisation below Haripur village" of ECL</b></p>	The scheme (phase-I) was completed in ninth plan. As per the request made by ECL, Expert Committee agreed for Phase-II with available fund of the scheme. Hence the scheme spilled over to tenth plan
14.	Scheme for reclamation of degraded land in BCCL for the year 2000 (78 Ha)	<p>The scheme spilled over to tenth plan due to the following reasons:</p> <ul style="list-style-type: none"> <li>(i) Due to delay in start of the plantation</li> <li>(ii) Aftercare of the plantation</li> </ul>

**5.13 It has been observed that the funds allocated for the schemes under RCFS also could not be utilized. The reasons, as furnished by the Department of Coal, for the under utilization of funds are as under:-**

Sl. No	Scheme	Reasons for under-utilisation of funds
1	2	3
<b>2002-03</b>		
1.	Scheme for control of fire and subsidence for protection of Dhanbad-Patherdih Railway line at Lodna and Bagdigi colliery	A fund of Rs.2.70 crore was kept in BE. It was reduced to NIL at RE stage because traffic on the route was stopped and it was decided in the Expert Committee meeting that only those portions of the scheme except protection of railway line would be taken up.
2.	Scheme for dealing with fire protection of Adra-Gomoh Railway line at Block-II OCP and Phularitand colliery	A fund of Rs.3 crore was kept in BE. Due to delay in the procurement of the equipment, fund was reduced to Rs.2.60 crore at RE stage.
3.	Scheme for dealing with fire for protection of Chatkari jore at Jeenagora/Bararee colliery	A fund of Rs.3.90 crore was kept in BE. Due to delay in the procurement of the equipment, fund was reduced to Rs.2.85 crore at RE stage.
4.	Scheme for dealing with fire for protection of Dhanbad-Patherdih Railway line at Bararee colliery	A fund of Rs.3.40 crore was kept in BE. It was reduced to NIL at RE stage because traffic on the route was stopped and it was decided in the Expert Committee meeting that only those portions of the scheme except protection of railway line would be taken up.
<b>2003-04</b>		
1.	Scheme for control of fire and subsidence for protection of Dhanbad-Patherdih Railway line	Railway traffic on this line has been discontinued, all the same work for fire control has to continue. The scheme has accordingly got to be revised.
2.	Scheme for dealing with fire for protection of Adra-Gomoh Railway line at Block-II OCP and Phularitand colliery	(i) Delay in procurement of plants and machineries (ii) Underground stowing not started
3.	Scheme for dealing with fire for protection of Chatkari jore at Jeenagora and Bararee colliery	(i) Delay in procurement of plants and machineries (ii) Slow progress of diversion work and filling (iii) Stone pitching has not started

1	2	3
4.	Scheme for dealing with fire for protection of Dhanbad-Patherdih Railway line at Bararee colliery	Railway traffic on this line has been discontinued all the same work for fire control has to continue. The scheme has accordingly got to be revised.

5.14 During the course of oral evidence, the Committee desired to know the statutory provision about handing over the land back to either State Government or the land oustees after mining is completed and land is reclaimed. Responding to this, Secretary, Department of Coal informed the Committee that under the Act, as it exists, there is no clear indication as to what could be done with the land which has either not been acquired or reclaimed but not used. Hence, the Department is proposing an amendment to the Act to see that of the land is not required by the coal company, it could be disposed of in a manner as proposed by the Government of India.

5.15 Department of Coal further informed the Committee that the following three schemes under subsidence control have been prepared and are under consideration of SSRC after due recommendation of the sub-committee of SSRC on Environment & Ecology:

- (i) Stabilisation of Govt. colony, Jeebanpara village & Vivekanand school in Satgram area of ECL.
- (ii) Stabilisation of inaccessible waterlogged voids beneath Narsamunda village (Phase-I) of ECL.
- (iii) Stabilisation of inaccessible waterlogged voids beneath Aluthia / Bharatchak (Phase-I) of ECL.

5.16 Following three schemes under fire control have been prepared and are under consideration of SSRC after due recommendation of the sub-committee of SSRC on Environment & Ecology:

- i. Scheme for dealing with X seam fire near Gopal Gareria sub-station at Sendra Bansjora colliery of BCCL
- ii. Scheme for dealing with fire for protection of KT link line at East Busseriya colliery of BCCL

**5.17 A scheme namely “Reclamation of 125 Ha of land in BCCL” has been approved by SSRC.**

**5.18 When asked about the efforts taken to motivate the employees of CIL’s subsidiaries, SCCL and NLC and the local villagers towards the environmental measures, the Department of Coal informed the Committee as under:-**

“Currently Government funded Environment Measurement and subsidence control schemes are in vogue in subsidiaries of CIL.

Environment Day is observed on 5<sup>th</sup> June every year in all establishments. This promotes the importance of environment in the employees and inculcates a sense of social responsibility for environmental protection. In addition ‘Van Mahotsav’ week is celebrated every year in the month of June / July. Plantation works are taken up during this period.

For environmental measures and subsidence control, in ECL Village Committee is constituted with the help of State Authority and Gram Panchayat/ Municipality. Thereafter the committee members are apprised about the environmental matters including the intention of management to keep up the works related to Subsidence Control, Reclamation of old and abandoned mines and Shifting and rehabilitation people from endangered area”.

**5.19 The status of the schemes of shifting the people from the most endangered areas of BCCL, as intimated by the Department, is as follows:-**

▪ Houses taken up for construction for BCCL employees	:	344
▪ Houses constructed and un-occupied	:	134
▪ Constructed and people shifted from specified unstable areas	:	32
▪ Constructed and shifted from places other than demonstration scheme	:	118
▪ Houses nearing completion	:	60

Construction of houses for non-BCCL people is yet to be started.

The matter of finalizing the bye-laws of the proposed sub-authority has been initiated by the State Govt.

State Government is yet to enact a suitable legislation to ban new construction over unsafe coal bearing areas”.

**5.20** When enquired about the check done of the mine areas which have been covered under subsidence control programme to check that the measures taken are as per prescribe standards, the Committee were apprised that in ECL after completion of stabilization scheme, Testing Bore holes are drilled to ensure the height of sand filled which indicates the spread of sand into the underground workings. Details of the stabilization Projects where effectiveness has been proved by putting test Bore holes are as under:

1. Fatepur-Phase-II (EMSC-01)
2. Borachak-Phase-II (EMSC-02)
3. Porarbandh (EMSC-17)
4. Bhutdoba (EMSC-19)
5. Haripur (EMSC-26)

**5.21** In BCCL, CMPDI, Ranchi has been entrusted with monitoring of subsidence control. The monitoring is under progress.

**5.22** The Committee are perturbed to note the sluggish pace at which different schemes under Environmental Measures & Subsidence Control(CMSC) are being implemented resulting in the under-utilisation of budgeted amount. During last year i.e. 2003-04, a provision of Rs.27.56 crore made at the BE stage was reduced to Rs.10.92 crore at RE stage but the actual utilisation has been almost nil. The Committee note that during the last three of the four years, the Department of Coal have failed to utilize the budgeted amount. The Committee further observe that out of a total 30 schemes sanctioned by the Government of India under EMSC, 14 schemes spilled over to 10<sup>th</sup> Plan from 9<sup>th</sup> Plan. Out of 14 schemes, only two could be completed so far and rest are said to be under various stages of implementation. The various reasons advanced by the Department of Coal for the non-implementation of these schemes during Ninth Plan resulting in spilling over to Tenth Plan are: long lead and bad road condition during rainy seasons, slow progress of the scheme, due to break down of

**machines, non-rehabilitation of the people, delay in start of the plantation and delay in procurement of plants and machineries, etc. The Committee take serious note of the delay in the implementation of various schemes under Environmental Measures & Subsidence Control as all the reasons indicated above are nothing but administrative slackness on the part of Department. The Committee opine that there have been serious deficiencies in the implementation of such schemes. The Committee, therefore, desire that Government should review the schemes immediately, prioritise them and implement without further loss of time. The Committee recommend that the Department should introduce system of personal responsibility of the officers responsible for implementation of such schemes.**

**5.23 The Committee note that underground hidden burning coal mines are not only a big source of pollution but also the country is losing its valuable natural wealth. Department of Coal's efforts to extinguish these fires did not produce much results. After the nationalisation of coal mines in 1971 and 1973, only 10 burning fires out of 70 could be extinguished completely in the Jharia coalfields. To tackle this problem to some extent, provision of sufficient funds was made under "Rehabilitation Control of Fire and Subsidence(RCFS)" schemes but the schemes could not be implemented leading to under-utilisation and even non-utilisation of the funds. The Committee is unhappy to note that on the one hand, the Government is not able to implement schemes due to acute funds constraints but on the other hand, the funds allocated sufficiently for certain schemes could not be expended. The Committee, therefore, recommend that all the schemes under RCFS to control Fire and Subsidence be implemented on top priority basis and completed within a time bound manner.**

**5.24 The Committee further note that originally the land belongs to the State Governments. State Governments after acquiring the land, hands it over to the coal companies for mining purposes. The coal companies, after completing the mining and reclamation of the land, leave it as it is. The Committee find that in the State of Chhattisgarh, so much land has been acquired by the coal company that the administration of that State does not have enough land even for the revenue purposes. At present, there is no provision of disposing of/returning back the land either to the State Government or to the land oustees (to whom it belonged before acquisition). The Committee were informed that the Department of Coal was working on the *modus operandi* to dispose of such land. The Committee, therefore, recommend that the Department should take expeditious action in this direction and bring forward suitable amendments in the Coal Mines (Nationalisation) Act and Coal Bearing Areas (Acquisition & Development) Act, 1957. The Committee would like to be apprised of the action taken by the Government in this regard.**

E. Transportation and black marketing of Coal

**Secretary, Department of Coal explained to the Committee during the course of evidence that there are two or three components of transport. When we talk of transport, there is one component of transport which is from mine face to the point where coal is processed, then from surface to surface transport and then transport from coal company to the consumer company.**

6.2 On being asked by the Committee whether the Coal India Limited is following rules and regulations in regard to award of tenders for transportation of coal, the Department replied that the tender process is invariably followed. In respect of Ex-Servicemen Transportation Companies, Secretary, Department of Coal informed the Committee as under:-

“.....as regards the ESM companies, a proposal which we have in mind is that we also request them to participate in tender along with other private companies. We earmarked certain quantity for them to transport at the cost as L-1 tender will offer. That will, to a considerable extent, reduce this problem of nomination of the coal companies paying higher price”.

“I would like to submit to the hon. Member that it is the responsibility of the Director General of Rehabilitation & Settlement who registers the companies primarily to see that it is essentially manned by ex-servicemen and is not hijacked by outsiders. ....Therefore, the responsibility for checking whether the company which are being registered by the Director General of Resettlement are bona fide companies or benami companies should largely rest on that department.”

6.3 Secretary, Department of Coal suggested that after inviting tenders some work could be allotted to ex-servicemen transportation company at the L-1 rate. The proposals had been submitted to the Director General resettlement, Ministry of Defence for their approval.

**6.4 On being asked about Coal quota, Secretary, Department of Coal informed the Committee as under:-**

“We have roughly 8,000 industries which are getting coal quota. Out of that, after inspection for a number of years, 4,000 have been eliminated. Still we have 4,000 companies on record. Some of which might be definitely bogus companies and not using coal and black-marketing coal. In order to deal with this problem, the hon. Member had suggested that we may have a system of inspection. In my view, the system of inspection is not adequate safeguard against the prevailing system.

It may run for one or two days. It may not be operating on a continuous basis. This problem comes because there is a big gap between the notified price of coal and the price of coal in the market. We can have an internet based auction system for coal which is available only to bona fide coal consumers.”

**6.5 The Committee note that there have been serious complaints in regard to contract for transportation of coal from mine face to the point where coal is processed, then from surface to surface transport and then transport from coal company to consumer company. The Committee also note that as admitted by Secretary, Department of Coal, there are 4000 odd industries in the business out of which there might be some bogus companies not using coal and black marketing it. The Committee feel that there is a wide spread apprehension that bogus companies are operating in the transportation and black marketing of coal thereby causing immense loss to the coal sector ultimately affecting the economy of the country. The**

**Committee further note that quality of coal is closely linked to effective materialization of linkage. The Committee are dismayed to note that out of 8,000 odd industries getting coal quota, 4,000 such industries, who were reported to be bogus, had been eliminated after inspection carried out by the Department of Coal. The Committee, therefore, strongly recommend that the Department of Coal should take a pro-active and corrective decision in the award of coal transportation contract. The Department should also undertake an exercise to identify and weed out the bogus companies which are in the business of black marketing of coal. The Committee further recommend that the Department of Coal should give a fresh look at the whole gamut of coal linkage and come out with a clear cut policy. The Committee would like to be apprised of the action in this regard.**

**NEW DELHI;  
20 August, 2004  
29 Sravana, 1926 (Saka)**

**ANANTH KUMAR,  
Chairman,  
Standing Committee on Coal & Steel.**

STATEMENT OF CONCLUSIONS/RECOMMENDATIONS OF THE  
STANDING COMMITTEE ON COAL & STEEL CONTAINED  
IN THE REPORT

Sl.No.	Reference No. of the Report	Para	Conclusions/Recommendations
1.	2.	3.	3.
1.	1.13		<p>The Committee observe that in the absence of a Vision Document, Department of Coal is not in a position to plan and act in order to meet the future coal demand. The Committee, therefore, express grave concern for want of a vision document for the coal for the next 20-25 years, a long-term perspective plan because of which not only the performance of coal companies is being crippled but also there will be a yawning gap of more than 95 million tonnes in the next five to ten years in the demand and supply of coal that is required for core sectors like power generation, steel, aluminium and infrastructure. The Committee, therefore, strongly recommend that the Department of Coal should come forward with a vision document i.e. "Coal-2025" without any further delay and constitute a task force for holding consultation/discussions with experts and industry at large, in this direction, so that the Department can have a long term view of the industry.</p>
2.	2.10		<p>The Committee observe that the budgetary allocations(Plan) of the Department of Coal have been downsized year-after-year. In the year 2001-02, the allocation was Rs.652.00 crore, but it is only Rs.223.32 crore in the current year. In just four years, the allocations under the budgetary support have been brought down drastically, from Rs.652.00 crore to Rs.223.32 crore. The utilization of the funds has also hardly been near the estimates. Some of the reasons given by the Department for non-utilisation of the budgetary support are: poor progress of some of the on-going projects, non-implementation of schemes of restoration of abandoned mines and non-receipt of proposals from the coal companies. The Committee are not convinced with the arguments of the Department and these are clear indicator of administrative slackness on the part of the Department. The Committee further observe that the funds "saved" were given to the Department for expending them fully for the various projects. The "saving" was because of the under utilization of the funds. In other words, it was because of the inactiveness of the Department of Coal, in implementing the projects. The Committee further note that the IEBR component for Coal India Ltd., Neyveli Lignite Corporation and Singareni Collieries Co. Ltd. were never made realistic in the last four years. The CIL's</p>

1.	2.	3.
		<p>IEBR component for the last year i.e. 2003-04 has been revised to Rs.1846 crore from Rs.2240.00 crore but the actual achievement remained only Rs.1224.65 crore, about 66% achievement of RE. Likewise, the IEBR component of NLC during 2003-04 of Rs.455.40 crore was revised downward to Rs.314.25 crore and the actual remained at Rs.158.04 crore. It was only 50% achievement of the RE. The financial achievement of SCCL during the same period has also been similar to those of CIL and NLC. The Committee desire that the Government should take steps to ensure that IEBR component of coal and lignite companies is projected on realistic basis so as to ensure that the plans of various undertakings do not go haywire because of non-realisation of IEBR component year-after-year.</p>
3.	2.11	<p>Since under-utilisation of funds has a direct bearing on the financial and physical targets of any organization, the Committee strongly feel that under-utilisation of fund would have hit hard the on-going projects/schemes of the Department. The Committee do not find the reasons given by the Department in this regard convincing. The Committee, therefore, take a serious note of lackadaisical approach of the Department in failing to utilize the budget estimates prudently.</p>
4.	3.8	<p>The Committee are distressed to note that there has been inordinate delay in procurement of HEMM in the Coal India Ltd. and its subsidiaries as also in SCCL leading to less utilisation of funds allocated for the said purpose. The utilisation has been less than 50% over the last two three years. Whereas the financial targets for the year 2001-02 for procurement of HEMM were Rs.1063.32 crore, the actual utilisation remained at Rs.454.02 crore. Likewise, in the year 2002-03, it has been more deplorable. During the years 2001-02, 2002-03 and 2003-04, the utilisation of funds by SCCL for the above purpose has been as low as 33%, 65% and 16% respectively. The reasons adduced by the Department are hardly convincing. The Committee understand that previously, as per stipulation of the Department of Public Enterprises, 10% price preference had to be given to a public sector company. It led to a court case by a private company and thereby delayed the procurement process. Now all such bottlenecks/problems have been solved. Therefore, the Committee hope that from the current year onwards, there will be no delay in procurement of HEMM and the funds will be utilised to the fullest extent. At the same time, the Committee desire that a time-bound programme should be drawn up for the procurement of</p>

1.	2.	3.
		equipments/machines and responsibilities should be given to some senior officers to this regard.
5.	3.9	The Committee also note that there has been some savings in the procurement of machines on account of change in norms for utilization of HEMM. The Committee recommend that coal companies should re-access their requirements of HEMM and utilize the machines to the maximum extent.
6.	3.15	The Committee are perturbed to note the dismal performance of the major equipments used both in open-cast and underground mines in terms of their utilisation in all the subsidiaries of CIL. The Committee are further unhappy to observe the yawning gap between the liberal norms fixed by CMPDIL for the utilisation of the equipments and their actual utilisation. The Committee understand that the utilization norms of the machines have been changed from the earlier 300 days to 330 days to increase their utilization. As a result of these actions, some improvement has been noticed, in the first quarter of 2004-05 when compared to the same period of 2003-04. The Committee are seriously concerned about the losses to the coal companies both in terms of decline in production and productivity caused due to non/under utilisation of the HEMM. The Committee are of the considered view that the under-utilisation of HEMM and other equipments ultimately affects adversely the profitability of the company. The Committee, therefore, recommend that a detailed mine-wise exercise be undertaken to assess the reasons for idling and under-utilisation of HEMM and other equipments with a view to fixing the responsibility for their idling and under-utilisation. There is also a need to improve the working of base workshops which would lead to better maintenance and utilization of HEMM. In this context, the Committee desire that if there are surplus machines or spare capacity is available, the CIL should make arrangements for their diversion to some other subsidiary where there is shortage of machines for their better and fullest utilization.

1.	2.	3.
7.	4.23	<p>The Committee are perturbed to note that there has been considerable mis-match between the financial targets and achievements in the Neyveli Lignite Corporation. The financial achievements during 2002-03 and 2003-04 have been as low as 70% and 50% of the revised estimates. This shows that the track record of the NLC in achieving financial targets has been far from satisfactory. The Committee would like to point out that there have been major deficiencies on the part of the NCL in formulating the budgetary proposals. The reasons advanced by the Department of Coal that the funds could not be fully utilised due to delay in obtaining Government sanctions are not convincing as most of these are administrative reasons and show the slackness on the part of the NLC. In view of above, the Committee desire the Government to project only realistic and achievable budget so that the funds do not lapse year after year.</p>
8.	4.24	<p>The Committee are happy to note that NLC has planned to extend its activities in the States of Rajasthan, Kerala, Orissa and Madhya Pradesh. The Committee recommend that all out efforts should be made to complete these projects in time. The Committee desire that NLC should take a pro-active attitude in attending to the various issues relating to the obtaining of various clearances so that these four projects could be completed well within the scheduled time. The Committee would like to be apprised of the progress of all the three projects from time to time.</p>
9.	4.25	<p>The Committee are sad to note that after incurring a substantial amount on project formulation, etc., the NLC has not been able to implement the Barsingsar lignite mine and power projects even after the lapse of about 14 years due to one reason or the other. The Committee are fully aware that a proposal in this regard was originated in 1987 and the projects were sanctioned in 1991, during 8<sup>th</sup> Plan period. But due to fund constraints, the projects did not proceed further. The Rajasthan Government's efforts to develop it through a private developer also went awry. However, NLC once again started working on the project and after completing all the formalities, now are awaiting the approval of PIB. The Committee are in agreement with the Secretary, Department of Coal that there is a need to compress the time taken in project formulation and project approval. The Committee, therefore, desire that the Government should prepare a draft proposal on this aspect immediately for which an Empowered Committee should be set up, as suggest by the Department of Coal for the</p>

1.	2.	3.
		<p>speedy approval of the projects and to commission them faster. So far as the Barsingsar (Rasjasthan) lignite-cum-power project is concerned, the Department of Coal/Neyveli Lignite Corporation should pursue the matter vigorously with the Ministry of Finance (Department of Expenditure) for an early approval. The Committee would like to be apprised of the action taken in the matter.</p>
10.	4.26	<p>The Committee also note that Urea Plant of NLC had been closed in January, 2003 as the company had accumulated a large stock of urea which could not be sold due to availability of imported urea at cheaper price. The Committee recommend that the company should sell the accumulated stock at the best available price, if any stock has been left with it. The company should also examine whether there is any possibility of re-structuring the urea unit and if not, then how they propose to deal with closed plant. The Committee should be informed of the decision taken in the matter.</p>
11.	4.27	<p>The Committee are distressed to note that a substantial amount of Rs.499.67 crore is outstanding against the State Electricity Boards/power utilities. This amount is equivalent to the Annual Plan Outlay of the NLC. Efforts taken in this regard seem to have not yielded much results. The Committee are of the firm opinion that such outstanding dues have deleterious impact on the overall financial performance of the company. Had this huge amount been recovered, the financial position of the NLC would have been better than what it is at present. The Committee desire that NLC should function on the principle of "cash and carry" basis. The Committee are of the view that NLC should follow the system devised by the Singareni Collieries Co. Ltd.(SCCL). The system being adopted there is that whatever royalty is due to the State Government on sale of coal is normally adjusted against dues from State Electricity Boards. NLC could follow it in the case of Tamil Nadu Government and its Electricity Boards. Since finance is key factor for the existence of an organization, the Committee strongly recommend that the outstanding dues be recovered through the above system and also through the process of persuasion.</p>
12.	5.22	<p>The Committee are perturbed to note the sluggish pace at which different schemes under Environmental Measures &amp; Subsidence Control(CMSC) are being implemented resulting in the under-utilisation of budgeted amount.</p>

1.	2.	3.
		<p>During last year i.e. 2003-04, a provision of Rs.27.56 crore made at the BE stage was reduced to Rs.10.92 crore at RE stage but the actual utilisation has been almost nil. The Committee note that during the last three of the four years, the Department of Coal have failed to utilize the budgeted amount. The Committee further observe that out of a total 30 schemes sanctioned by the Government of India under EMSC, 14 schemes spilled over to 10<sup>th</sup> Plan from 9<sup>th</sup> Plan. Out of 14 schemes, only two could be completed so far and rest are said to be under various stages of implementation. The various reasons advanced by the Department of Coal for the non-implementation of these schemes during Ninth Plan resulting in spilling over to Tenth Plan are: long lead and bad road condition during rainy seasons, slow progress of the scheme, due to break down of machines, non-rehabilitation of the people, delay in start of the plantation and delay in procurement of plants and machineries, etc. The Committee take serious note of the delay in the implementation of various schemes under Environmental Measures &amp; Subsidence Control as all the reasons indicated above are nothing but administrative slackness on the part of Department. The Committee opine that there have been serious deficiencies in the implementation of such schemes. The Committee, therefore, desire that Government should review the schemes immediately, prioritise them and implement without further loss of time. The Committee recommend that the Department should introduce system of personal responsibility of the officers responsible for implementation of such schemes.</p>
13.	5.23	<p>The Committee note that underground hidden burning coal mines are not only a big source of pollution but also the country is losing its valuable natural wealth. Department of Coal's efforts to extinguish these fires did not produce much results. After the nationalisation of coal mines in 1971 and 1973, only 10 burning fires out of 70 could be extinguished completely in the Jharia coalfields. To tackle this problem to some extent, provision of sufficient funds was made under "Rehabilitation Control of Fire and Subsidence(RCFS)" schemes but the schemes could not be implemented leading to under-utilisation and even non-utilisation of the funds. The Committee is unhappy to note that on the one hand, the Government is not able to implement schemes due to acute funds constraints but on the other hand, the funds allocated sufficiently for certain schemes could not be expended. The Committee, therefore, recommend that all the schemes under RCFS to control Fire and</p>

1.	2.	3.
		Subsidence be implemented on top priority basis and completed within a time bound manner.
14.	5.24	<p>The Committee further note that originally the land belongs to the State Governments. State Governments after acquiring the land, hands it over to the coal companies for mining purposes. The coal companies, after completing the mining and reclamation of the land, leave it as it is. The Committee find that in the State of Chhattisgarh, so much land has been acquired by the coal company that the administration of that State does not have enough land even for the revenue purposes. At present, there is no provision of disposing of/returning back the land either to the State Government or to the land oustees (to whom it belonged before acquisition). The Committee were informed that the Department of Coal was working on the <i>modus operandi</i> to dispose of such land. The Committee, therefore, recommend that the Department should take expeditious action in this direction and bring forward suitable amendments in the Coal Mines (Nationalisation) Act and Coal Bearing Areas (Acquisition &amp; Development) Act, 1957. The Committee would like to be apprised of the action taken by the Government in this regard.</p>
15.	6.5	<p>The Committee note that there have been serious complaints in regard to contract for transportation of coal from mine face to the point where coal is processed, then from surface to surface transport and then transport from coal company to consumer company. The Committee also note that as admitted by Secretary, Department of Coal, there are 4000 odd industries in the business out of which there might be some bogus companies not using coal and black marketing it. The Committee feel that there is a wide spread apprehension that bogus companies are operating in the transportation and black marketing of coal thereby causing immense loss to the coal sector ultimately affecting the economy of the country. The Committee further note that quality of coal is closely linked to effective materialization of linkage. The Committee are dismayed to note that out of 8,000 odd industries getting coal quota, 4,000 such industries, who were reported to be bogus, had been eliminated after inspection carried out by the Department of Coal. The Committee, therefore, strongly recommend that the</p>

1.	2.	3.
		Department of Coal should take a pro-active and corrective decision in the award of coal transportation contract. The Department should also undertake an exercise to identify and weed out the bogus companies which are in the business of black marketing of coal. The Committee further recommend that the Department of Coal should give a fresh look at the whole gamut of coal linkage and come out with a clear cut policy. The Committee would like to be apprised of the action in this regard.

ANNEXURE-I

(Vide Para 2.1 of the Report)

BUDGET AT A GLANCE

(Rs.in crore)

	Major Head	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Pla	
1	2	3	4	5	6	7	8		
1.	Secretariat Economic Services	3451	0.00	6.28	6.28	0.00	6.01	6.01	4
LABOUR & EMPLOYMENT									
2.	Coal Mines Labour Welfare	2230	0.00	28.23	28.23	0.00	28.23	28.23	0
COAL & LIGNITE		2803							
3.	Conservation and safety in coal mines		0.00	64.00	64.00	0.00	64.00	64.00	0
4.	Dev. of transportation infrastructure in coalfield areas		0.00	50.94	50.94	0.00	50.94	50.94	0



1		2	3	4	5	6	7	8		
2.	Neyveli Lignite Corpn. Ltd.	4803	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
	(a) Mining- Investment	6803	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
	Loans and Advances									
	(b) Power- Investment	4801	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
	Loans and Advances	6801	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
3.	Acquisition of Coal Bearing Areas		0.00	25.00	25.00	0.00	25.00	25.00		0
	Deduct Expenditure Met from C.B.A. Fund		0.00	25.00	25.00	0.00	25.00	25.00		0
4.	Lump sum provision for NE region	4552	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
	Total Capital Section		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Grand Total (Capital & Revenue Section) (Net of Recoveries)		285.90	152.00	437.90	150.00	151.66	301.66		22

## ANNEXURE-II

### MINUTES OF THE FIRST SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2004) HELD ON 10<sup>TH</sup> AUGUST, 2004 IN COMMITTEE ROOM 'C', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 10.00 hours to 14.20 hours to examine  
Demands for Grants (2004-2005) of the Department of Coal.

#### PRESENT

**Shri Ananth Kumar** - Chairman

#### MEMBERS

2. Shri Hansraj G.Ahir
3. Shri Bikash Chowdhury

4. **Shri Faggan Singh Kulaste**
5. Shri Bhubneshwar Prasad Mehta
6. Shri Anirudh Prasad Alias Sadhu Yadav
7. Shri E. Ponnuswamy
8. Smt. Karuna Shukla
9. Shri Prabhunath Singh
10. Shri Vidya Sagar Nishad
11. Shri Jibon Roy

#### **SECRETARIAT**

1. Shri Anand B.Kulkarni - Joint Secretary
2. Shri P.K.Bhandari - Director
3. Shri Shiv Singh - Under Secretary

#### **WITNESSES**

1. Shri Prakash Chandra Parakh Secretary, Department of Coal
2. Shri Pradeep Kumar Addl. Secretary, Department of Coal
3. Shri Harbhajan Singh JS&FA, Department of Coal
4. Shri A.P.V.N. Sarma Joint Secretary, Department of Coal
5. Shri Rajiv Sharma Joint Secretary, Department of Coal
6. Shri K.P.Varma Adviser (Projects) , Department of Coal
7. Shri Suresh Kumar Deputy Secretary, Department of Coal
8. Shri D.K.Varma Director(Finance), Coal India Limited
9. Shri M.K.Sinha Director (Technical) Coal India Limited
10. Shri P.S.Bhattacharya CMD, Bharat Coking Coal Limited
11. Shri Abdul Kalam CMD, Eastern Coalfield Limited
12. Shri M.K.Thapar CMD, South Eastern Coalfields Limited
13. Shri Ashok Mehta CMD, Western Coalfields Limited
14. Shri B.M.Nag CMD (Acting) Mahanadi Coalfields Limited
15. Shri V.K.Singh CMD, Northern Coalfields Limited
16. Shri S.Jayaraman, CMD, Neyveli Lignite Corporation Limited
18. Shri M.N.Jha CMD, Central Mine Planning & Design Institute Limited

2. At the outset, the Chairman, Standing Committee on Coal and Steel welcomed the representatives of the Department of Coal to the sitting of the Committee and apprised them of the provision of Direction 58 of the Directions by the Speaker.

3. The following important points were discussed by the Committee:-

- (i) Budgetary Allocations;
- (ii) Plan outlays of Coal India Ltd., Neyveli Lignite Corporation and Singareni Collieries Ltd.,;
- (iii) Problems of coal sector;
- (iv) Voluntary Retirement Schemes (VRS);
- (v) Research and Development (R&D) in coal sector;
- (vi) Captive mining;
- (vii) Private sector participation in coal sector;
- (viii) Project formulation and approval for the speedy implementation;
- (ix) Coal and lignite exploration;
- (x) Environmental measures and subsidence control;
- (xi) Rehabilitation and Resettlement (R&R); and
- (xii) Apex level appointments.

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

**The Committee then adjourned.**

**ANNEXURE-III**

**MINUTES OF THE FOURTH SITTING OF THE STANDING COMMITTEE ON  
COAL AND STEEL (2004) HELD ON 18<sup>TH</sup> AUGUST, 2004 IN COMMITTEE  
ROOM No.139, PARLIAMENT HOUSE ANNEXE, NEW DELHI**

The Committee met from 15.00 hours to 17.30 hours to examine and adopt Reports on Demands for Grants (2004-2005) pertaining to the Ministry of Steel and Department of Coal and Mines.

**PRESENT**

**Shri Ananth Kumar - Chairman**

**MEMBERS  
Lok Sabha**

2. Shri Prasanna Acharya
3. Shri Hansraj G.Ahir
4. Shri Bikash Chowdhury
5. Shri Chandra Sekhar Dubey
6. Shri Chandrakant Khaire
7. Shri Faggan Singh Kulaste
8. **Shri Nitish Kumar**
9. Shri Vikrambhai Arjanbhai Madam
10. Shri Bhubneshwar Prasad Mehta
11. Shri Hemlal Murmu
12. Shri Dalpat Singh Paraste
13. Shri E. Ponnuswamy
14. Smt. Karuna Shukla
15. Shri Ramsevak Singh (Babuji)

*Rajya Sabha*

16. Shri Devdas Apte
17. Shri Ramadhar Kashyap
18. Shri Jai Narayan Prasad Nishad
19. Shri Vidya Sagar Nishad
20. Shri Jibon Roy
21. Shri G.K. Vasan

## **SECRETARIAT**

1. Shri P.K.Bhandari - Director
2. Shri Shiv Singh - Under Secretary

2. At the outset, the Chairman, Standing Committee on Coal and Steel welcomed the Members to the sitting of the Committee.

3. The Committee then considered and adopted the following Draft Reports with some additions/deletions/modifications :-

(xiii) Draft Report on Demands for Grants (2004-2005) of the Department of Coal;

(xiv) Draft Report on Demands for Grants (2004-2005) of the Department of Mines; and

(xv) Draft Report on Demands for Grants (2004-2005) of the Ministry of Steel.

4. The Committee authorized the Chairman to finalise the Reports after making consequential changes arising out to factual verification by the concerned Departments/Ministry and to present these Reports to both the Houses of Parliament during the current Session.

**The Committee then adjourned.**