

FIFTEENTH REPORT
COMMITTEE ON PUBLIC UNDERTAKINGS
(2006 - 2007)
(FOURTEENTH LOK SABHA)

COAL INDIA LIMITED

MINISTRY OF COAL



Presented to Lok Sabha on 11.12.2006

Laid in Rajya Sabha on 11.12.2006

LOK SABHA SECRETARIAT

NEW DELHI

December 2006/ Agrahayana, 1928

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COMMITTEE ON PUBLIC UNDERTAKINGS
(2005 – 2006)

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Shri Rupchand Pal

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3. Shri Gurudas Dasgupta
4. Shri P. S. Gadhavi
5. Shri Suresh Kalmadi
6. Dr. Vallabhabhai Kathiria
7. Smt. Preneet Kaur
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12. Shri Rajiv Ranjan `Lalan' Singh
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MEMBERS, RAJYA SABHA

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17. Shri Ajay Maroo
18. Shri Pyarimohan Mohapatra
19. Shri. K. Chandran Pillai
20. Shri Shahid Siddiqui
21. Smt. Ambika Soni*
22. Shri Dinesh Trivedi

* Ceased to be a Member of the Committee consequent upon her appointment as the Minister of Tourism.

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(2006 – 2007)

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21. Shri Pyarimohan Mohapatra
22. Shri Dinesh Trivedi

SECRETARIAT

- | | | |
|----|-------------------|-------------------------|
| 1. | Shri S.K. Sharma | Additional Secretary |
| 2. | Shri J.P. Sharma | Joint Secretary |
| 3. | Shri Ajay Kumar | Under Secretary |
| 4. | Shri Girdhari Lal | Sr. Executive Assistant |

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorized by the Committee to present the Report on their behalf, present this Fifteenth Report on Coal India Limited.

2. The Committee on Public Undertakings (2005-06) took evidence of the representatives of Coal India Limited, on 5th October, 2005. The Committee on Public Undertakings (2006-07) took evidence of the representatives of the Ministry of Coal on 26.9.2006.

3. The Committee on Public Undertakings (2006-07) considered and adopted the Report at their sitting held on 6 December, 2006.

4. The Committee wish to express their thanks to the Ministry of Coal and Coal India Limited for placing before them the material and information they wanted in connection with examination of the subject. They also wish to thank in particular the representatives of the Ministry of Coal and Coal India Limited who gave evidence and placed their considered views before the Committee.

5. They would also like to place on record their sense of deep appreciation for the invaluable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

6. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in Part-II of the Report.

New Delhi
6th December, 2006
15 Agrahayana, 1928

RUPCHAND PAL
CHAIRMAN
COMMITTEE ON PUBLIC UNDERTAKINGS

LIST OF ABBREVIATIONS

1.	AAP	Annual Action Plan
2.	ACC	Appointment Committee of the Cabinet
3.	ACMM	Abandoned Coal Mine Methane
4.	AICPI	All India Consumer Price Index
5.	BICP	Bureau of Industrial Cost and Price
6.	BRSPE	Board of Reconstitution of Public Enterprises
7.	CARE	Credit Analysis and Research Limited
8.	CBA	Coal Bearing Areas
9.	CCEA	Cabinet Committee on Economic Affairs
10.	CMM	Coal Mines Methane
11.	CMN Act	Coal Mines Nationalization Act
12.	CMPDIL	Coal Mines Planning and Development Institution Ltd.
13.	CMR	Coal Mines Regulation
14.	CMRI	Central Mining Research Institute.
15.	CPRA	Coal Price Regulation Account
16.	CSRA	Coal Sector Rehabilitation Project
17.	ECB	External Commercial Borrowing
18.	EMD	Earnest Money Deposit
19.	EMP	Environment Management Plan
20.	FSTA	Fuel Supply and Transport Agreement
21.	FWWs/day	Four Wheeled Wagons per day
22.	HEMM	Heavy Earth Moving Machines
23.	IBRD	International Bank for Reconstruction and Development
24.	ICRIS	Integrated Coal Resource Information System
25.	IED	Industrial Engineering Department
26.	IFRS	International Financial Reporting Standards
27.	ISM	India School of Mines

28.	ISO	Internal Safety Organization
29.	JBCC	Joint Bipartite Committee on Coal Industry
30.	JBIC	Japan Bank for International Cooperation
31.	MMDR Act	Mines and Mineral Development and Regulation Act.
32.	MTOE	Million Tones of Equivalent
33.	NCCF	National Consumers Cooperative
34.	NCWA-VII	National Coal Wage Agreement-VII
35.	NIRM	National Institute of Rock Mechanics
36.	NPRR	National Policy on Resettlement and Rehabilitation
37.	OMS	Output Per man Shift
38.	PESB	Public Enterprises Selection Board
39.	PSLW	Powered Support Longwall Technology
40.	SAD	Special Additional Duty
41.	SCCL	Singareni Colliery Company Ltd.
42.	SDL and LHD	Side Discharges Loader and Load Haul Dumper
43.	SSRC	Standing Scientific Research Committee
44.	WPI	Wholesale Price Index

CHAPTER - I

CONTEXTUAL FRAMEWORK

A – Introduction

Out of the four major Indian fuel sources – oil, natural gas, coal and uranium – coal has the largest domestic reserve base and the largest share of India's energy production. And this situation is likely to remain unchanged unless some alternative energy source takes control of.

1.2 At present, 50% of the total commercial energy needs is met by coal. It is projected that even after another 20 years i.e. by 2024-25, the share of coal 50% of the total energy needs is going to be more or less the same.

1.3 The current levels of per capita energy consumption in India (0.3 million tonne of oil equivalent (mtoe)) are extremely low as compared with the world average (1.5 mtoe). In comparison with the developed countries (North America 6.3 mtoe, Europe – 3.1 mtoe, for Soviet Union – 3.2 mtoe, China – 0.7 mtoe), the differences are even more appreciable. Growth of India's economy would lead automatically to growth in energy consumption.

1.4 India has about 8.6% of the world's total recoverable coal reserves, behind the US with 25% and China with 12% and contributes about 7.5% of total world production after China (29%) and the US (21%).

1.5 India also ranks third in production (on tonnage basis) after China and USA. Considering that China is contributing 29% of global production while its reserves account for only 12% and that the US is contributing 21% of the production against a resource base of 25%. India is maintaining a balance between its resource base and share in production.

B – Historical Background

1.6 Coal mining first started in India sometime in 1774 in Ranigunj coalfield. Many private entrepreneurs subsequently opened coal mines in the country and coal mining industry remained under the private sector. First Central Public Sector Undertaking-National Coal Development Corporation (NCDC) started functioning in coal industry in 1956.

1.7 Nationalisation of the coal industry was done in two successive spells. First in October, 1971, the management of 214 coking coal mines in Bihar and West Bengal were taken over and subsequently nationalized and grouped under

a new public sector company namely Bharat Coking Coal Limited in May 1972. Next in January 1973, 711 non-coking coal mines in the States of West Bengal, Bihar, Maharashtra, Madhya Pradesh, Orissa and Assam were taken over and later nationalized. Of these 184 mines in the Jharia Coalfields were transferred to BCCL for convenience of administration. The remaining mines were vested in a new public sector company namely the Coal Mines Authority Limited (CMAL) which came into being in June, 1973.

1.8 The C.M.A.L. was organized as a unitary structure on divisional pattern with four divisions - the Central Division, the Eastern Division, the Western Division and CMPDI. The mines of erstwhile National Coal Development Corporation were brought under Central Division and western Division of C.M.A.L.

Formation of Holding Company

1.9 In November, 1975, Coal India Limited was formed as the Holding Company under the administrative control of the Government of India, Ministry of Coal with the following subsidiary companies.

- (i) Eastern Coalfields Limited (ECL) with Headquarters at Sanctoria comprising the erstwhile eastern division of CMAL.
- (ii) Bharat Coking Coal Limited (BCCL) with Headquarters at Dhanbad, comprising the erstwhile BCCL, Sudamdih and Moonidih mines of NCDC.
- (iii) Central Coalfields Limited (CCL) with Headquarters at Ranchi, comprising the erstwhile Central division of CMAL but excluding Sudamdih and Moonidih mines.
- (iv) Western Coalfields Limited (WCL) with Headquarters at Nagpur, comprising the erstwhile Western Division of CMAL, and
- (v) Central Mine Planning & Design Institute Limited (CMPDIL) with Headquarters at Ranchi comprising Planning and Design Division.

1.10 Central Coalfields Limited and Western Coalfields Limited (CCL & WCL) were further bifurcated and two more subsidiary companies namely, Northern Coalfields Limited (NCL) with Headquarters at Singrauli of Madhya Pradesh and South Eastern Coalfields Limited (SECL) with Headquarters at Bilaspur in Madhya Pradesh were created w.e.f. 1.4.1986.

1.11 Considering the prospects of Orissa Coalfields, a new coal company was formed bifurcating South Eastern Coalfields Ltd. The new company Mahanadi Coalfields Limited was incorporated on 3rd April, 1992 with its headquarters at Sambalpur (Orissa) as fully owned subsidiary of Coal India to manage the Talcher and Ib-Valley Coalfields in Orissa. Besides, North Eastern Coalfields

i.e., coal mines located in Assam and Meghalaya with headquarters at Marghratta is directly administered by Coal India Limited.

C – Role and Function of CIL vis-à-vis its Subsidiary Companies.

1.12 CIL as the holding company is responsible for policies, planning and co-ordination while the subsidiary companies are responsible for all operations/ implementation.

The broad functions of CIL are:

- a) Laying down policies
- b) Formulating long and short term strategies
- c) Monitoring the functions of the subsidiary companies
- d) Laying down system and procedures
- e) Assisting the subsidiary companies to achieve their objectives
- f) Coordinating with Ministry of Coal, Ministry of Railways, Planning Commission and other Ministries.

The other functions are:

- a) Pricing and distribution of coal
- b) Coal supply agreements
- c) Consumer services through regional offices
- d) Negotiations of wages
- e) Executive cadre control- recruitment, promotion/ postings, pay/ perks etc.
- f) Manpower planning – HRD
- g) Foreign collaboration
- h) Introduction of new technology
- i) R & D activities
- j) Mobilization of resources – long term and short term
- k) Accounting policies.

Role and Functions of Subsidiary Companies

1.13 The subsidiary companies are responsible for all operational matters, commissioning and execution of new as well as on-going projects, man management, production, consumer satisfaction etc. In addition subsidiary companies perform related functions, such as, maintaining liaison with concerned State Governments, acquisition of land, execution of welfare programmes, maintenance of safety standards, betterment of industrial relations etc.

1.14 CMPDIL, the Planning Subsidiary is engaged principally in providing the planning support to all producing subsidiaries of CIL. It undertakes mineral exploration, planning and designing of coal and coal beneficiation projects, coal utilization projects, environmental management plans and assists in the transfer of foreign technology for assimilation in Indian conditions. It acts as the nodal agency for Research and Development work in all fields related to coal production, utilization, beneficiation, environments etc.

CHAPTER-II

ORGANISATIONAL SET UP

A – Organisational Set Up

2.1 Coal India Limited the holding company with headquarter at Kolkata is headed by a Chairman-cum-Managing Director who is assisted by four Functional Directors, namely Director (Technical), Director (Personnel & Industrial Relations), Director(Finance) and Director (Marketing). Each subsidiary company has its own Board of Directors headed by a Chairman-cum-Managing Director. In addition, there are four functional Directors in each of the six production companies of BCCL, ECL, CCL, NCL, SECL and WCL viz. Director (Pers.), Director (Finance), Direction (Planning and Projects) and Director (Technical). In MCL, there are at present three posts of functional Director, namely, Director (Technical), Director (Personnel) and Director (Finance), CMPDIL also has four functional Directors on its Board of Directors who are designated as Director (Technical), Director (Coal Production and Utilization), Direction (Planning and Design) and Director (Research, Development and Technology). In addition, there several part time or nominee Director on the Board of CIL and its subsidiaries, who are appointed in accordance with the Articles of Association of Company and Government guidelines prescribed in this behalf from time to time.

2.2 On the question of adequacy of the present organizational set up, the CIL, Chairman replied as under: -

“Yes, under the present scenario the organizational set up is adequate. However, in view of demand supply gap in respect of metallurgical and low ash thermal grade coal and with the objective of enhancing energy security of the country CIL is contemplating to invest in prospective coal mining opportunities abroad. CIL is considering to set up a Subsidiary company to carry out the above objective.”

2.3 On being asked about the efforts made for investment in prospective coal mining opportunities abroad, the Company in a written note informed that Coal India Ltd. has taken initiatives to pursue overseas opportunities in coking coal and low ash thermal coal, both of which have limited domestic reserves that can be techno-commercially exploited. The initiative is at a very nascent stage. A Task Force has been set up in CIL to exclusively deal with this and to carry forward the work expeditiously. A Dedicated Group, headed by Secretary (Coal) has been constituted at the Ministry level to monitor the progress.

2.4 Regarding the proposal for setting up of a new subsidiary company namely Coal Videsh Ltd. (CVL), Coal India Ltd. informed that CIL is contemplating to set up a new subsidiary for foreign ventures proposed to be registered as Coal India Videsh Limited (CVL). To this effect, the Memorandum / Articles of Association of the proposed subsidiary has been approved by CIL Board in its 219th meeting held on 8th January 2005 and forwarded to Ministry of coal for necessary approval from the Government. The Company would be registered subsequently to Govt. approval. CIL having examined a combination of factors has identified Australia, South Africa, Indonesia, Mozambique, Zimbabwe and Russia as prospective destinations for initiating ventures of CVL. In this direction contacts has been established with the Governments/High Commissions of destination countries in matters of business initiations.

2.5 Adding further, it was stated that the proposal for Coal Videsh Ltd. was considered in the Ministry of Coal and accordingly, it was decided to prepare a note for consideration of the Cabinet. In this regard, a Draft Note for the Cabinet has been prepared and presently is under submission for consideration of the Government.

2.6 When the Committee desired to know whether any final decision has been taken by the Cabinet since then, CIL in a written reply informed that no decision has been taken by the Cabinet on the draft Cabinet note as yet. Draft Note for the Cabinet has been circulated to the Ministries/Departments concerned for comments. Comments from some of them are still awaited. The views received from others are being examined, and the Cabinet Note will be finalised, taking those into consideration.

2.7 Having been pointed out by the Committee that in order to participate in international bid for acquisition of coal property abroad, the accounts of Coal India Limited and its subsidiaries are required to be prepared under International Financial Reporting System (IFRS) while they are prepared in line with Indian Accounting Standard and in compliance with the Companies Act, 1956, the Committee were informed that: -

“No formal directions have been given to Coal India Limited & its subsidiaries to prepare accounts under International Financial Reporting Standards (IFRS). But in order to participate in Coal property acquisition process abroad, CIL Board decided to prepare the accounts of CIL & its subsidiaries as per the International Financial Reporting Standards (IFRS) and get it audited by Auditors of International repute. Coal India has made an attempt to prepare the Accounts IFRS compliant and necessary guidelines have been formulated in this regard. The selection of Auditors is in process.”

B – Board of Directors

2.8 From the information by CIL regarding the numbers of official, non-official and Government Directors on their Board, the Committee noted that there is no non-official Directors on the Board of Directors CIL during the last four years viz. 2005-06, 2004-05, 2003-04 and 2002-03. But, as per constitution of Board of Directors of CIL communicated by Ministry of Coal there are provisions for 3 non-official Directors.

2.9 When desired to know the reasons for inordinate delay in appointment of the non-official Directors, Coal India Ltd. stated that the appointment of non-official Directors is done on the basis of recommendations made by Public Enterprises Selection Board (PSEB) through Department of Public Enterprises (DPE). The selection of non-official Directors is made by PESB from amongst public men, technocrats, management experts, consultants and professional managers in industry and trade with high degree of proven ability.

2.10 It was also stated that the DPE have recently recommended a list of names, company wise, for appointment as non-official Directors on the Boards of Directors of CIL and its eight subsidiaries. (5 each for Coal India Limited, Eastern Coalfields Limited, Bharat Coking Coal Limited, Central Coalfields Limited, Northern Coalfields Limited, Western Coalfields Limited and Central Mine Planning and Design Institute Limited; and 4 each for South Eastern Company Limited and Mahanadi Coalfields Limited. The declaration as per DPE norms has been obtained from all the recommended persons except from three persons. Ministry is pursuing to obtain declarations from the remaining three persons. Action to induct the non-official Directors on the Boards of Coal India Limited and its subsidiaries has been initiated and the same is underway.”

2.11 On the question of total number of vacancies of Functional Directors (full time and part time) in Board during the said period and time taken to fill up each vacancy, it was stated that total vacancy on the Board of CIL during the last three years and time taken to fill up each vacancy are given below: –

Functional Directors (Full time)

Designation	VACANT POSTS			Time taken to fill up the vacancy
	2002-03	2003-04	2004-05	
Chairman	No vacancy	From 4.6.03 to 31.3.04	From 1.4.04 to 28.3.05 From 29.3.05 - No vacancy	About 9 months in 03-04 and 1 year in 04-05
Director(P&IR)	No Vacancy	From 30.11.03 to 21.12.03	No Vacancy	21 days in 03-04
Director (Mktg)	No Vacancy	No Vacancy	No vacancy From 1.4.04 to 28.3.05. Vacant from 29.3.2005 to	6 months in 04-05

			30.9.05	
Director (Finance)	No Vacancy	No Vacancy	No Vacancy	
Director (Technical)	From 1.4.02 to 22.1.03	No Vacancy	From 1.4.04 to 31.11.04- No Vacancy. From 1.12.04 to 9.3.05 – Vacant and From 10.3.05 – No vacancy	About 10 months in 02-03 and 3 months in 04-05.

Part Time Official Directors

Addl Secretary (Coal)	No Vacancy	No Vacancy	No Vacancy	
Member (Traffic), Rlys	From 1.4.02 to 15.7.02 – Vacant.	From 15.4.03 to 7.7.03 and from 27.12.03 to 31.3.04 – Vacant.	From 1.4.04 to 18.11.04 – Vacant	About 3 months in 02-03, 6 months in 03-04 and 7 ½ months in 04-05
CMD	No Vacancy	From 30.6.03 to 7.7.03- Vacant and from 22.1.04 to 25.2.04- Vacant	Vacant from 1.2.05 to 1.3.05	1 month, 10 days in 03-04 and 1 month in 04-05
CMD	Vacant from 31.5.02 to 1.7.02	No Vacancy	No Vacancy	1 month in 02-03

2.12 The Committee noted that time taken to fill up the vacancies of functional Directors on the Board of CIL during last three years varied from 21 days to one year, when asked the reasons for such undue delay and its consequent impact on the working of CIL, CIL stated as under:

“As per provision of Articles of Association of CIL both Functional Directors (Full time) and Non Functional Directors (Part time) are appointed by the President of India from time to time. Procedural aspect may be a cause for undue delay in filling up the vacancies on the Board of Directors of CIL. Short period vacancies do not unduly affect the working.”

2.13 The Committee noted that the Coal India Ltd. start the process of filling up of the vacancies only around the actual date of vacancy thereby delaying the whole process. When asked justification thereof, the Committee were informed that as per the recent directions of the Appointments Committee of the Cabinet (ACC) with regard to filling up of the vacancies of Functional Directors, action is now being initiated two years in advance in order to fill up the vacancies well in time.

CHAPTER-III

COAL RESERVES IN INDIA

A – Coal Reserves in India

3.1 As per the information furnished to the Committee, State taking over control of coking coal & non-coking coalmine during 1971-73, brought over 214 coking coal and 711 non-coking coal mines under the jurisdiction of Coal India Limited (CIL). Over the passage of time, taken over mines were subsequently amalgamated/reconstructed and currently about 475 mines are in operation under the jurisdiction of CIL. Alongside old/existing mines, CIL also opened up quite a few new mining projects.

3.2 The Committee were also informed that a preliminary exercise was carried out during 2002 to assess CIL's subsidiary coal producing company-wise (excluding NEC region) geological reserves vis-à-vis extractable reserves. The information was furnished in the tabulated form as under: -

CIL: Coal company command area	Proved Resources (Billion tonnes)	Extractable Reserves (Billion tonnes)	Reserves already Extracted (Billion tonnes)	Balance Extractable Resources (Billion tonnes)
ECL	17.06	5.12	0.70	4.42
BCCL	13.66	3.48	0.69	2.79
CCL	16.42	5.44	0.73	4.71
WCL	7.64	2.50	0.57	1.93
SECL	14.12	7.60	0.99	6.61
NCL	5.43	3.61	0.57	3.04
MCL	18.22	7.01	0.48	6.53
Total	92.55	34.76	4.73	30.03

3.3 From the above, it is evident that there is a great scope for conversion of proved resources into extractable reserves. In view of the above, when the Committee asked what steps are being taken to convert "Proved Resources into Extractable Resources", the Committee were informed that the percentage of extraction of coal reserves depends on (i) geological set-up of the coal deposits vis-à-vis availability of appropriate mining technology, (ii) economics of mining operations considering coal quality (grade of coal), depth of operation, mining method & selling price, and (iii) the surface constraints over the target coal deposits viz. highly built-up settlements, river, lake/water reservoir, notified forest/national park/project tiger, archeological places of interests, airports / airstrips, etc. Efforts are being made to divert/ shift/rehabilitate surface constraints to improve the extractability of deposits. With a view to increase the percentage of extraction of coal in underground mines, the Committee were informed that a number of research projects have been taken up in the past.

3.4 Above all, R&D efforts are still continued to find out various methods to improve percentage of extraction through technological up-gradation. The Ministry of Coal under Science & Technology (S&T) programme and CIL R&D Board of in-house research mainly fund these research projects.

3.5 On being sought to know the number of R&D projects sanctioned and completed during Ninth and Tenth Plan to improve percentage of extraction through technology upgradation, details were furnished as under: -

R&D Projects in Coal Sector:		
A. Research Projects funded by the Ministry of Coal under Coal S&T Grant.		
	IX th PLAN	X th PLAN
(a) Sanctioned Projects	56	45 + 6 anticipated during 2006-07
(b) Completed Projects	48	41+10 (Expected during 2006-07)
B. CIL R&D Board Projects		
	IX th PLAN	X th PLAN
(a) Sanctioned Projects	18	10 (Till 27.12.2005)
(b) Completed Projects	07	10+2 (Expected during 2005-06)

3.6 Citing the reasons for CIL's inability to complete the sanctioned projects as per schedule, the Company stated in a written note that research projects are approved for durations varying from 2 to 4 years generally. Projects approved towards the end of a plan period spill over to following plan. For the projects which got delayed the following reasons have been identified:

- a) Delay in procurement of equipment is one of the reasons, which happens mainly due to the items being of specialized nature and due to the necessity of importing some equipment.
- b) Several research projects involve pilot scale studies. The experimental set-ups are required to be fabricated which are not readily available in the market.
- c) In some cases, the study depends on progress of mining activities like depillaring of an underground panel, which are sometimes delayed due to delay in getting statutory permission/environmental clearances etc.

3.7 When asked whether any time overrun and cost overrun for R&D projects was incurred, CIL in a note stated that time overrun for some Research and Development (R&D) projects has occurred for which time extension has been granted by the competent authority. Cost overrun is permitted primarily in extraordinary cases where R&D work carried out shows further gainful results are possible by expanding the scope of work. Marginal escalation in costs has also

been allowed in such cases where revision in research fellowships has taken place during the approved project duration.

3.8 When the Committee asked whether any mechanism is in place to ensure timely completion of the projects, the CIL stated that progress of R&D projects is monitored by Central Mine Planning and Design Institute Limited (CMPDIL) and reviewed by the Standing Scientific Research Committee (SSRC) of Ministry of Coal / or Coal India Limited R&D Board regularly. Periodic visits to the work sites are also carried out for review of progress and to expedite. To obviate the delay in field trials due to non availability of mining faces / sites, CMPDIL extends help to implementing agencies in selecting alternative sites for field trial.

3.9 The Committee noted that balance extractable resources accounted for 30 Bt only. When the Committee wanted to know about the life of balanced 'Extractable Resources', reply of the Company was as under: -

"All our future projections for X Plan, XI Plan and beyond are based on these extractable reserves only and these will be automatically exhausted in the first instance to meet immediate demand of the country. The subsidiaries of CIL have drawn up long term production programme up to 2036-37 to produce coal from the Balance Extractable Reserves of 30 Bt to meet the anticipated domestic coal demand."

3.10 According to the CIL's written replies, the CMPDIL has taken up a Govt. of India funded project on integrated Coal Resource Information System (ICRIS) for estimation of mine /block-wise coal reserves, etc. as per United Nation Framework Classification (UNFC) guidelines in X Plan. On completion of the project an up-dated integrated mine/block-wise coal reserve database will be created to facilitate perspective planning of coal development.

3.11 In response to the query as to when the project is expected to be completed, the Chairman, CIL stated that Integrated Coal Resource Information System (ICRIS) project is scheduled to be completed by October 2009. Procurement of hardware and software is in advance stage. Collection of colliery maps, bringing colliery survey reference points to national grid and capturing of borehole & descriptive data of first lot of 122 Geological Reports in computer media are in progress.

B – Captive Blocks and their allotment to the Private/Public Sector Companies/Coal Linkage System

3.12 Under the Coal Mines (Nationalisation) Act, 1973 coal mining was mostly reserved for the public sector. By an amendment to the Act in 1976, two exceptions to policy were introduced viz., (i) captive mining by private companies

engaged in production of iron and steel and (ii) sub-lease for coal mining to private parties in isolated small pockets not amenable to economic development and not requiring rail transport. Considering the need to augment thermal power generation and to create additional thermal power capacity during the VIII Plan period, the Government decided to allow private participation in the power sector.

3.13 The Coal Mines (Nationalisation) Act, 1973 was amended with effect from 9th June, 1993 to allow coal mining for captive consumption for generation of power, washing of coal obtained from a mine and other end uses to be notified by Government from time to time, in addition to the existing provision for captive coal mining for production of iron and steel. Under the powers conferred on the Central Government by Section 3 (3) (a) (iii)(4) of the Act, another Gazette Notification was issued on 15.3.96 to allow captive mining of coal for production of cement.

3.14 The June, 1993 amendment to the Act as well as the Gazette Notification of 15.3.96 apply to both the public sector and private sector companies desiring to mine coal for captive consumption. The restriction of captive mining does not apply to the Government-owned Coal Companies such as CIL and SCCL and the Mineral Development Corporations of the State Governments.

3.15 The eligibility to do coal mining in the country has been laid down in the provisions in Section 3 (3) of the Coal Mines (Nationalisation) Act, 1973. The parties eligible to do coal mining in India without the restriction of captive consumption are: -

“The Central Government, a Government company (including a State Government company), a Corporation owned, managed and controlled by the Central Government.

A person to whom a sub-lease has been granted by the above mentioned Government company or corporation having a coal mining lease, subject to the conditions that the coal reserves covered by the sub-lease are in isolated small pockets or are not sufficient for scientific and economic development in a coordinated manner and that the coal produced by the sub-lessee will not be required to be transported by rail.”

3.16 As per the provisions in Section 3 (3) (a) (iii) of the Coal Mines (Nationalisation) Act, 1973, a company engaged in the following activities can do coal mining in India only for captive consumption: -

- i) Production of iron and steel;
- ii) Generation of power;
- iii) Washing of coal obtained from a mine; or

- iv) Such other end use as the Central Government may, by notification, specify.

3.17 Under the powers vested with the Central Government by virtue of Section 3 (3)(a) (iii)(4) of the Coal Mines (Nationalisation) Act, 1973, a Gazette Notification was issued on 15.3.96 to provide cement production as an approved end-use for the purpose of captive mining of coal. Therefore, the cement producing companies are now eligible for undertaking coal mining for captive consumption.

3.18 Any of the companies engaged in any of the approved end-uses can itself mine coal from a captive coal block. Some of the private companies who were offered captive coal blocks expressed their difficulties to do coal mining in the country on the ground of lack of experience in coal mining. Keeping in view the difficulties experienced by such companies, the Government have allowed the following dispensations: -

- (a) A company engaged in any of the approved end-uses can mine coal from a captive block through an associated coal company formed with the sole objective of mining coal and supplying the coal on exclusive basis from the captive coal block to the end-user company, provided the end-user company has firm tie-up with mining company for supply of coal, supported by legally binding and enforceable contract/agreement.

3.19 The allocation of coal blocks to private parties is done through the mechanism of an inter-ministerial inter-governmental body called the Screening Committee. The Screening Committee is chaired by the Secretary (Coal) and has representation from Ministry of Steel, Ministry of Power, Ministry of Industry and Commerce, Ministry of Railways, Coal India Limited, CMPDIL and the concerned State Governments. The application is received from the applicant in the Ministry of Coal along with its enclosures and is then sent to the concerned administrative Ministry for their scrutiny and recommendations. It is also sent to CIL/CMPDIL for their scrutiny and recommendations. In the Screening Committee, the applicant is given an opportunity to present his case before the full Screening Committee. Allocation of coal block is decided on merits through consultation/discussions in the Screening Committee. Guidelines for allocation of coal blocks both for the use of the Screening Committee and guidance to the applicants have been framed and necessary changes are made in the same from time to time based on experience gained and views of the Screening Committee. The same are displayed on the website of the Ministry of Coal.

3.20 As on date, there are 229 coal blocks identified and on display in the website of Ministry of Coal. Out of the blocks identified for allotment for captive mining, 123 coal blocks have so far been allocated/decided for allocation. Since

the captive blocks are allocated for meeting the fuel requirement of specified users industries such as production of iron and steel, cement and generation of power, allotment of captive coal blocks help in augmenting the production of these basic inputs to the economy besides contributing to the Central and State Government exchequers by way of revenue from taxes, royalty etc. So far production has commenced in 8 blocks.

3.21 A large number of applications for coal blocks for captive mining was pending in the Ministry prior to 28.06.2004. In order to clear the backlog, the Government decided in October, 2004 that only applications received up to 28.06.2004 would be considered for allotment of captive blocks. Further allotments shall be made under a new process of selection through competitive bidding. The competitive bidding process of selection could be more objective and transparent, considering the large number of applicants per block making selection a difficult task. However, subsequently it was felt by the Government that the competitive bidding process will require amendment to the Coal Mines (Nationalisation) Act, 1973, which will take time. Therefore, the position was reviewed and the Government has, for the time being, decided to continue allocation of coal/lignite blocks for captive mining under the existing process of allocation through the Screening Committee.

3.22 It has been decided that 20 coal blocks (from out of 148), which have been explored in detail and are available for allocation, will be offered for captive mining through the Screening Committee. This was notified in September 2005 through wide publicity by way of advertisements in the national newspapers. The detailed guidelines with respect to making applications for these blocks were posted on the website of the Ministry of Coal.

3.23 In reply to a specific question, what precisely the amendment, the Government is contemplating in the Coal Mines Nationalization Act, 1973 to carry out the new process of selection through competitive bidding, the Company stated that a new section 3A is sought to be inserted in the Coal Mines (Nationalisation) Act, 1973 (CMN) which states that the Central Government may allocate coal blocks to a company, referred to in sub-clause (iii) of clause (a) of sub-section (3) of section 3 of the CMN Act, for end uses specified in the said sub-clause through competitive bidding, either by auction or such other mode, on such terms and conditions and in such manner as may be prescribed. Further, notwithstanding what is contained in section 11 of the MMDR Act, the State Government concerned shall grant mining lease only to such company which has been allocated coal blocks under this provision. Suitable amendment is also proposed to be made in the Section dealing with rule making powers of the Central Government i.e. section 34, to enable the Central Government to prescribe through rules the detailed mechanism, procedure and modalities of auction through competitive bidding and terms and conditions etc. are proposed to be provided through rules to be notified subsequently under the amended CMN Act.

3.24 On being further asked, whether any proposal for adopting a selection process on the basis of competitive bidding is under consideration of the Government, the Committee were informed that the proposals was circulated to various Ministries/Departments for their views. It was also discussed with various State Governments as well. Based on the feedback received, modifications as considered necessary have been made in the proposal. The revised proposal is under consideration of the Government.

3.25 Elaborating further, the Chairman' CIL stated as under: -

“The issue of making amendment to the Coal Mines (Nationalisation) Act, 1973 to introduce the competitive bidding process of allocation of coal block has been further considered in the Government. It was decided that it would be more appropriate to make an amendment to the Mines & Minerals (Development & Regulation) Act, 1957 (MMDR Act) for introducing competitive bidding process of allocation of blocks that could be applicable to all minerals covered under the said Act, including coal and lignite. As per the decision, a formulation for amending the MMDR Act, 1957 for the above purpose was prepared by the Ministry of Coal. On this, the Ministry of Mines had expressed the view that amendment in MMDR Act for non-coal sector will be considered after a High Level Committee constituted by the Planning Commission finalizes its recommendation. Accordingly, the proposed formulation has been revised and has been referred to Ministry of Law & Justice for their legal opinion. A final view will be taken only after the views of the Ministry of Law & Justice are obtained. In view of the above the note will have to be now redrafted and re-circulated to the concerned Ministries for their comments.”

3.26 As per a press report, more and more private companies are having no necessary expertise to open up the coal mines getting mining blocks, when asked to justify giving mining blocks to companies without necessary expertise to open up the coal mines, the Company informed the Committee that a company without necessary expertise in coal mining could source mining expertise from the market or it could enter into a joint venture (JV) with a mining company holding 26% equity in it under special dispensation allowed under the guidelines. Such JV Company would mine coal from the allocated block and supply coal exclusively to the allocatee/end-user company

3.27 While suggesting whether the provision of expertise to them by Coal India Limited via its subsidiary Central Mine Planning and Design Institute can be considered as a desirable business, when the Committee sought the comments of the Ministry, the Ministry in a written note stated that Central Mine Planning and Design Institute Limited is an engineering, design and exploration company set up for preparing perspective plans, rendering consultancy service and undertaking exploration and drilling work to establish coal reserves in the country

and collection of detailed data for preparation of projects for coal mining. Provision of such services to the allocatees of captive blocks by Central Mine Planning and Design Institute Limited on commercial consideration would be a desirable development for promotion of coal mining industry in the country.

CHAPTER-IV
PRODUCTION PERFORMANCE

A – Production Performance

4.1 As regards the production of coal in India, the Company stated that there has been an increasing trend in coal production in CIL over years. Coal production during 2000-01 to 2004-05 achieved action plan (AAP) target and registered positive growth during all the five (5) years. Significantly, growth in production over previous year, which was 2.9% in 2000-01 increased to 5.7% in 2004-05.

4.2 When desired to know the sectorwise all India demand and supply projections for 2005-06, Tenth Plan and Eleventh Plan, the information was furnished as under: -

Sector	2005-06	X Plan 2006-07	XI Plan - 2011-12 As per Working Group estimated	Now estimated
Steel	42.05	42.70	40.00	54.00
Power (U)	303.56	317.00	469.00	511.00
Power (C)	27.35	28.26	32.00	32.00
Cement	20.22	25.40	24.00	24.00
BRK & Others	52.47	59.82	55.00	55.00
Total	445.65	473.18	620.00	676.00

Demand and supply projections for 2005-06, X Plan (2006-07) and XI Plan (2011-12) including contribution from CIL are furnished below:

(Fig. in Million Tonnes)

	2005-06	X Plan 2006-07	XI Plan - 2011-12 As per Working Group	Now estimated
Demand	445.65	473.18	620.00	676.00
Supply -				
CIL	344.10	363.00	445.00	508.00
SCCL	36.00	37.50	35.40	41.00
Others	26.38	21.00	44.60	44.00
Total (Indigenous)	406.48	421.50	525.00	593.00

4.3 From the above, it is quite evident that though coal production has increased over the years, there had been gap between demand and supply of the coal. In the light of the above, when asked the concrete efforts being made to narrow down the gap, the Committee were informed that keeping in view the burgeoning demand of coal, CIL has formulated a time-bound enhanced production programme. The target for coal production in terminal year of X Plan i.e. 2006-07 has been enhanced by 13 Mt from earlier level of 350 Mt and set at

363 Mt. The production programme during XI Plan period has also been enhanced so that to reach a level of 508 Mt by terminal year of XI Plan i.e. 2011-12 which incorporates an incremental production of 63 Mt over earlier projection of 445 Mt.

4.4 From the production level of 290.69 Mt in 2002-03, a quantum jump of around 16 Mt has been achieved by CIL to reach 306.66 Mt in 2003-04. In the year 2004-05 CIL has surpassed the target of 314 Mt and has produced 323.58 Mt while in the current financial year a target of 343 Mt has been set to record a quantum jump of about 20 Mt over the production of last financial year. The Cumulative Average Growth Rate (CAGR) % from 2001-02 to 2004-05 is about 5% while projection for the period 2001-02 to 2006-07 is pegged at 5.4%.

4.5 Given the onerous task of increasing the coal production in quantum leaps CIL has identified a total of 101 projects to be taken up during the X plan period. The aggregate of ultimate capacities (as per Project report) of these projects is 250.27 Mt which requires estimated capital investment of Rs. 20289.56 Crs. Out of these, 64 projects with aggregate ultimate PR capacity of 106.77 Mt and investment requirement of Rs.5539.78 Crs have so far been sanctioned.

4.6 The implementation of approved projects have been taken up with utmost priority resulting in likely contribution of 72.48 Mt in 2006-07 from 51 projects out of sanctioned 64 projects. These new projects which would be the drivers of CIL's future production growth have already contributed about 23 Mt in 2004-05 and have been planned to produce about 65.00 Mt during financial year 2005-06. The approval of balance projects are pursued vigorously and it is envisaged that a total of 67 projects out of 101 projects would contribute 89.51 Mt during the terminal year of X Plan i. e 2006-07.

4.7 The Committee were further informed that during mid term appraisal, it has been proposed to import 30.69 Mt of coal which will result in total supply of 452.19 Mt, still leaving a gap of about 21 Mt.

4.8 CIL is trying to enhance its production from the existing mines by putting additional efforts by 3 to 4 Mt in 2006-07. In addition, CIL has prepared an Emergency Coal Production Plan (ECPP) for enhancing coal production by about 70 Mt from 16 OC Projects/Mines of CIL over a period of 8 years. The increased coal production and OB Removal have been envisaged to be effected by outsourcing as well as through departmental equipment at different projects depending upon the operating conditions.

4.9 If ECPP is approved within next 3 to 6 months by Govt. of India, it can be expected to get additional contribution of about 10 to 15 Mt during 2006-07. This will ensure that there will be minimum gap left between demand and supply and major requirements of all the consumers can well be met during the year 2006-07.

4.10 To a question as to whether the Company is prepared to have further ECPPs in future in order to bridge up the gap between demand and supply by 2025, specially in view of the fact that so far projection of demand and supply by the Company have not been materialized, the Coal India Ltd. stated in a written note that at present the company is not contemplating to have further ECPPs in.

B – Project Planning and Implementation

4.11 The Committee were informed that with a view to increasing the coal production in quantum leaps, CIL has identified a total of 101 projects to be taken up during the Tenth Plan period. Out of this, 64 projects are so far stated to have been sanctioned.

4.12 When the Committee desired to know how many projects were commissioned during the last five years, the Company stated as under:

“A total of 23 mining projects, costing Rs. 20 crores & above, have been completed during last 5 years i.e. from 01.04.2000 to 31.03.2005 of which only 8 were delayed in commissioning. No cost overrun has occurred in any of these projects.”

4.13 When asked about the projects being currently under execution, details were furnished as under:

“A total of 71 mining projects, costing Rs.20 crore and above are currently under execution, out of which 12 are running delayed.”

4.14 When sought to know the reasons for the delay in the execution of these projects, Chairman, CIL informed the Committee that presently there are 71 mining projects, costing Rs. 20 crores and above, under implementation. Out of 71 mining projects, 12 are delayed. Out of 12 delayed mining projects, 2 projects are delayed due to adverse geo-mining condition, 3 due to fund constraint, 2 due to non-receipt of EMP clearance in time and 5 due to miscellaneous reasons including change of mining technology. None of the above projects had cost over-run.

C – Machinery and Equipments

4.15 Coal occurs below the ground in seams. These seams are not continuous in nature and they are in layers separated by bands of shale / stone and other extraneous materials.

4.16 These coal can be mined by two methods, i.e. shaft mining (pit mining) and strip mining or open cast mining.

4.17 In shaft mining a tunnel is dug from the surface and only coal is taken out from the underground without removing the extraneous materials, as the same is not required in this process. However, in this activity also some extraneous materials appearing as band in the coal seam even find its place in the final coal products.

4.18 In the Strip/Open cast mining as different from tunnel mining, no tunnel is dug to reach the coal. Extraneous materials as mentioned above, are removed separately and disposed of, which is called overburden, and thereafter on touching the coal seam the coal is mined. Due to shallow depth and favourable striping ratio, open cast mining is preferred over underground mining. With the use of heavy mining machinery / equipment in the opencast mining Output per Man Shift (OMS) being much greater than underground mining, in general, it is observed that open cast mining is economical from the financial point of view as compared to underground mining.

4.19 There is no "rejection" as such in the open cast mining as the overburden is separately mined and disposed of and coal is separately mined. In the year 2004-05 in CIL, as a whole OMS of open cast mining was 7.18 as compared to OMS of underground mining, which was 0.69. Due to higher productivity in open cast mining, this method of mining is cheaper than underground mining in the present scenario.

4.20 On the requirement and availability of infrastructure (machinery and equipments) for mining and their effectiveness in the present day scenario, following was submitted to the Committee:

Machines and Equipment required for underground mining

4.21 Underground mines working of CIL were mostly manual and non-mechanized in nature.

4.22 In the present day scenario with continuous increase in wages cost, manual working in underground mining are becoming un-economic day by day. Introduction of mechanization is the need of the day for improving production, productivity, safety and reduction in the cost of production. CIL introduced Bord and Pillar operation through intermediate technology (Semi-mechanisation by SDL/LHD with conveyors). Out of 306 underground mines, 96 mines (ECL-6 , BCCL-3, WCL-28, SECL-54, MCL-5) have been made totally mechanized with SDL/LHD. Another 92 mines are working with both manual and semi-mechanised LHD/SDL in combination. Selectively in few mines highly mechanized U/G Longwall Powered Support faces with Road Headers and Shearers are working at present.(SECL-3, ECL-2, and BCCL-1 mine).

4.23 Presently, introduction of continuous miner technology has been taken up in the mines of SECL (Chirimiri) and WCL (Tandsi) with the help of internationally renowned manufacturer on risk/gain sharing basis to ensure better utilization and increased productivity. This will be operational in other mines of CIL in near future. These are proven technologies presently in practice for the coal mining in the foreign countries.

4.24 Availability of infrastructure for underground mining with Semi-mechanised working with SDL/LHD are more or less available and performance with SDL/LHD is satisfactory in SECL, WCL and MCL whereas there are scope of improvement in BCCL, ECL and CCL.

4.25 When asked to furnish a detailed note on Longwall Technology used for underground mining, the Company stated that Longwall Technology tried in various coal mines of CIL, first fully mechanised powered support longwall (PSLW) face was started in Moonidih Mine of BCCL in 1978. Since then a total of 20 PSLW sets have been procured by CIL and deployed in 12 mines. Of these, during 2003-04 six mines (including two mines in Jhanjra Project) were working with 9 PSLW sets. Seven PSLW sets have already been surveyed off (as on March 2004), one set is under refurbishment and four sets remained idle during 2003-04. List of CIL mines, where powered support longwall technology was tried/is under operation, is shown in the table below.

Sl. No.	Name of mine	CIL subsidiary	Year of installation
1.	Moonidih	BCCL	1978
2.	Katras	-Do-	1989
3.	Dhemomain	ECL	1982
4.	Seetalpur	-Do-	1982
5.	Jhanjra 1& 2	-Do-	1989
6.	Jhanjra MIC	-Do-	1989
7.	Kottadih	-Do-	1994
8.	Pathakhera	WCL	1982
9.	Churcha West	SECL	1990
10.	Balrampur	-Do-	1998
11.	Rajendra	-Do-	1998
12.	New Kumda	-Do-	2000

4.26 The Committee were informed that Longwall Technology has failed in India.

4.27 When the Committee wanted to know the reasons of failure of Longwall Technology in India, the Company in a written note stated that the performance of PSLW faces in India, barring few exceptions, has been below expectation. Some of the deficiencies as revealed by some expert committees on the performance of various longwall faces are as follows:

- a) Inadequate geo-technical assessment of longwall sites,
- b) Selection of under-rated equipment,
- c) Inadequate knowledge about assessment of support requirement,
- d) Inadequate infrastructure link in the domain of coal evacuation, material supply, ventilation, power supply etc.,
- e) Mismatch between face development and face advance rates,
- f) Poor spare management and spare development arrangement,
- g) Poor back-up service by the overseas suppliers regarding spare supply, training & maintenance
- h) Managerial lapses or system failure, etc.

4.28 Citing the reasons of failure of longwall technology at Churcha west mine, SECL, the company stated that in Feb. 1990, the longwall face started at Churcha West mine. After advance of 104m, strata problem started and the face ultimately collapsed on 02.06.90 after a face advance of 187m. The reasons for failure were as follows:

- Intense dynamic weighting of roof over the powered supports due to overlying massive sand stone strata,
- Inadequate capacity of longwall powered support,
- Inadequate knowledge about assessment of support requirement resulting in under-rated capacity of powered support,
- Inadequate method of geo-technical assessment for estimation of support capacity,
- Although collection of data regarding support behaviour was made on a regular basis, their analysis was not made available immediately due to the limitations of the analyzing equipment.

4.29 When further asked, whether any alternative plan had been mooted for the development of mass production technology for mining in Indian coalfields after the failure of Longwall Technology in India, through a written reply the Committee were informed that in order to improve production and productivity of underground mines introduction of intermediate technology using SDL & LHD has been taken up in a large scale. Mass production technology using continuous miners and shuttle cars is in operation in two mines one each in SECL and WCL. Continuous miner, a recently introduced technology in underground mines of CIL, has come up with successful results. Encouraged with the initial success of continuous miner, this technology has been proposed for some more mines of CIL where suitable geo-mining conditions exist.. Details of continuous miner projects in CIL are as under: -

Summary of continuous miner projects in CIL						
Subsidiary	Existing projects	Ongoing projects*	Projects under formulation	Projects under approval	Future proposals	Total

ECL		3				3
BCCL				1	1	2
CCL			1			1
SECL	1	7**				8
WCL	1		1	1	2	5
MCL		2			2	4
Total	2	12	2	2	5	23

* Those projects for which project reports have been approved and are under various stages viz., tendering, tender scrutiny and finalisation, land acquisition, etc.

** Includes three mines with modified continuous miners

4.30 About the mechanisation of underground mining when asked since manual working in underground mining are becoming un-economic day by day, what steps were taken by the Company, the Committee were informed that CMPDI had prepared a report on "Mechanisation/ Modernisation in Underground Coal Mines of CIL in X Plan", Nov.' 2003 in which it was observed that out of 305 mines, 96 mines were already mechanised, 78 mines were mixed mines having both manual and mechanised loading, and 131 mines had exclusively manual workings. Out of total 209 (131 manual + 78 mixed) mines, 110 mines were found to be feasible for mechanisation and the remaining 99 mines were not feasible for mechanisation. These 110 mines, so identified as feasible for mechanisation, were proposed to be mechanised in a phased manner.

D – Technology

4.31 To a question whether the “Intermediate Technology” (a breakthrough technology) has been introduced in all the mines of Coal India Limited, the reply of the CIL was as under: -

“There is a continuous effort to introduce the intermediate technology (SDL/ LHD) in underground coal mines of CIL wherever feasible. As a result of this effort, the contribution of intermediate technology i.e., SDL/ LHD to the total underground production has steadily increased from 38% in 1998-99 to 61.5% in 2004-05.

The company wise details of “Intermediate Technology” using mechanized loading by SDL & / or LHD is as under:

Company	No. of mines using SDL & LHD	No. of SDL & LHD on roll
ECL	33	
BCCL	31	135
CCL	9	37
WCL	42	272
SECL	66	421
MCL	8	49
CIL	189	1031

However, in a number of mines mechanization was not found feasible for various reasons such as steep gradient, low seam thickness, less reserve, fire / water problems, bad roof / geological problems, etc.”

4.32 When sought to know by the Committee whether the import of coal mining technologies from foreign companies was made, CIL Chairman in a written reply informed the Committee that Coal India, in its effort to augment coal production, have been looking for internationally proven technologies to bring about latest mechanisation to both under ground and open cast mines. International competitive bids are being sought by Coal India for locating the most suitable techno-commercial technologies. The technologies, for which assistance are being sought by Global tendering are in the areas of Continuous Miner Technology and Power Supported Longwall technology (PSLW) for underground mines, Exploitation of Coal Mine Methane(CMM) and Abandoned Coal Mine Methane (ACMM), Operating mass production technology by deploying Large capacity HEMM for open cast mines etc.. Notice Inviting Tenders (NITs) inviting Global bids on risk/gain sharing basis are in advanced stage for few projects of CIL.

4.33 On the question of foreign collaboration, if any, made with particular emphasis on modernization of mining process both underground and opencast, CIL furnished following information: -

“There is no Joint Venture for modernization of mining as yet. However, details of Magadh and Amrapali projects (both are in CCL) have been sent to MOC for pursuance with a bi-lateral meeting held with Russia.”

4.34 Detailing in this regard, the Company stated that in the 8th bilateral meeting of the Indo-Russia working group in June 2003, the matter of Magadh and Amrapali came up for discussion in which Russian side proposed to submit a comprehensive proposal for implementation of new projects in India by a consortium. Proposals being not forthcoming, the issue was discussed again in the 9th meeting of the working group on 17 Nov 2004 when the Russian side sought some details in respect of those two projects for preparation of their proposal. Requisite details in the form of Executive summary of the project reports of Magadh and Amrapali were sent to the Russian side in Sep 2005. The projects are, now, decided for development by inviting global bid and Russian side could participate in such bidding process.

4.35 On being further asked about the role and efforts taken by the Ministry in the matter, the Committee were informed that in general Ministry is consulted by coal companies for proposed foreign collaboration. In respect of Magadh and Amrapali no foreign collaboration has been entered into. The Project Reports are awaiting approval of the Govt. of India. Projects, if approved, are proposed to be

implemented by inviting international bids, NIT for which are under finalization. COAL INDIA LIMITED Board has full power of approving the proposal for finalization of such tender. Projects, having foreign collaboration (e.g. Piparwar, Kottadih etc.), entered through bilateral route were finalized in consultation with Ministry. The present policy is however, to finalise implementation of projects, requiring foreign assistance, generally, through global tender route and bilateral meetings are aimed, amongst others, at exchange of information relating to availability of new technologies and its applicability, under specified conditions. The Project economics, Profitability, Technical competence, background of the partners, availability of funds etc. are taken into account before granting such approval. Identification of projects for modernization of mining with the help of foreign collaborations is done by the coal companies in consultation with the Ministry of Coal.

4.36 Having noted that the safety record of the Company are not up to the mark and safety linked to modernization, when the Committee desired to know about the hindrance, if any, faced in modernising underground mines, the Company stated underground mine operations in Coal India are mostly incurring losses. There are only 38 mines out of 284 underground mines in Coal India which are yielding profit. Most of the underground mines that Coal India inherited which were numbering about 500 were basically small units. The infrastructure available with these mines are very old and most of them do not have any scope for improving their evacuation facilities which is a must for improving production/productivity. All these mines although are incurring heavy losses could not be closed because of difficulties in redeployment of surplus manpower and strong opposition from the trade unions. Any improvement in augmentation of evacuation capacity in these mines and other related infrastructure to implement modernisation of operations would require considerable investment. Since many of the loss making mines are also mining inferior grade coal, it would not be economically viable to invest for such modernisation jobs.

4.37 However, an in depth analysis of all the underground mines have been undertaken to identify possibilities for improving productivity from the mines and turn around the cases wherever feasible. It would be prudent to mention here that the resources available by closing uneconomical mines can be used for improving other mines where economical turn around is feasible.

4.38 When asked, what efforts to evolve an appropriate technology for underground mining has been taken, the Company in a note stated that underground mining has been an area of major concern also on account of lack of appropriate technology for the geo-mining conditions prevailing in the deeper seated coal deposits. Track record of indigenous manufacturers of underground mining equipment has also been poor. This has inhibited the growth of underground coal production, which has, in fact, declined. However, efforts have been made to mechanise the underground mining operations with introduction of intermediate technology, in a number of mines, as a result of which drudgery of

manual mining has been reduced. In order to reduce exposure of workers to mining hazards in underground mines, loading operations are being mechanized by increasing use of SDLs and LHDs. In addition, Continuous Miner Technology has been successfully tried in two mines of Coal India Ltd. and more u/g. mines are being planned with this technology. Also Powered Support Longwall Technology (PSLW), where the face workers work under skin-to-skin, steel roof support have been introduced in some mines and more are planned in future. Similarly Roof bolting with modern Roof bolting machines is being adopted in many mines for freshly exposed roof. It is essential to continue the efforts in case of other u/g mines as well, which have adequate reserves and infrastructure in place to support such effort. Additionally, it is necessary to identify suitable mines with adequate evacuation capacity of shafts and other infrastructure for Longwall and mass production technologies like continuous miners and shuttle cars and to introduce these technologies on a larger scale, steps towards which have already been initiated. CMPDIL had prepared a report on "Mechanisation / Modernisation in Underground mines of CIL IN X Plan". Efforts are on for modernization of the identified UG mines by Subsidiaries. A sum of Rs. 455.12 crores is earmarked in X Plan for this purpose.

E – Despatch of Coal

4.39 Target vis-à-vis actual despatch/loading by Rail for the years, 2000-01, 2001-02, 2002-03, 2003-04 and 2004-05 respectively are as under:

Particulars	2004-05	2003-04	2002-03	2001-02	2000-01
Daily average Wagon Loading					
AAP target (FWWs/day)	20879	20262	19372	18987	18844
Actual (FWWs/Day)	20581	19753	19282	19086	18568
Off-take by Rail					
AAP target (in Mil.Tonnes)*	182.90	177.62	169.70	166.33	159.57
Actual (in Mill.Tonnes)	180.52	174.41	169.93	168.43	164.22

*As indicated in the Annual plan

4.40 From the above, it may be seen that, barring last two years, CIL had been achieving target for off-take through rail transport system. However, wagon loading had been less in all years (excepting 2001-02) in comparison to target.

4.41 When the Committee desired to know whether the Company faced any difficulty in the matter of availability of wagons for dispatch of coal, Company stated that following are the major difficulties being faced by Subsidiaries of CIL in respect of wagon availability: -

- (i). Coal production is subject to seasonal adversities. Therefore, traditionally, production and dispatch of coal is unevenly balanced between first seven months and last five months. Requirement of wagons, also, unavoidably varies with seasonal fluctuations. The phenomenon gets reflected in the

month-wise wagon requirement. Unfortunately, for consecutive years, in comparison to target, percentage-wise wagon availability in the last five months is less than the first seven months. This had, on the one hand, been adversely affecting continuation of production at Coal Companies for paucity of stacking space, and on the other, consumers clamouring for more coal.

- (ii). Railways often insist on supplying wagons as per their convenience. Supplies of wagons are not made where the coal companies have the potential to load wagons, instead supplies are made where Railways could ensure higher freight earning with least difficulties. This gives rise to a situation, where on the one hand some of the coal companies starve for wagons to ensure matching evacuation of coal and on the other, wagons remain idle and incur left behind in some of the subsidiaries where supplies are made without indent. This also results in uneven stocks at consuming ends, particularly at Power Stations.
- (iii). Railways, in order to better wagon turn around, had amended Free Loading Time of wagons recently. The free loading time was reduced to 5 hours up to 31.7.2005 from a level of 8 hours in vogue till February'05 and has been further reduced to 4 hours from 1.8.05.
- (iv). CIL loads about 140 rakes a day from almost same number of sidings. There are around 25 sidings accounting for loading of about 70 rakes a day; remaining sidings are loading the other fifty percent. That means the average loading of about 115 sidings is somewhere about 0.6 rakes/day. Notwithstanding the existing free loading time allowed by Railway Rules, Coal Companies had already invested a large amount to develop necessary infrastructure to complete loading by less than five hours from most of these twenty-five multiple rake loading sidings. Deploying more loading equipment to ensure faster loading, and keeping the infrastructure idle for most of the day, for these 115 sidings, will lead to incurring extra cost on per tonne loading. Railways want to increase their rolling stock availability solely on Coal Companies' cost How many rakes a siding would be loading in a day depends on the production capacities of the linked mines. Therefore, the permissible loading time is essentially a function of coal availability and in turn loading capacity of a siding. Transporting coal from distant mines to increase loading capacity of a siding involves development of matching road infrastructure and avoidable expenditure of foreign exchange on fuel oil. Frequent obstruction of coal transportation by villagers on issues not related to Coal Companies arising out of movement of tippers (movement of 350 trips are required to transport coal for one railway rake) are a few amongst the major deterrents to switch over to multiple rake loading sidings only. Therefore, the suggested change lacks in commercial prudence from customers' viewpoint.

- (v). Presently, Railways have uniform carrying capacity for wagons without giving cognizance to significant variance in bulk density for various grades of coal; bulk density being considerably less for superior grades/washed variety of coals. Because of better grades of coal in certain coalfields especially in Korea-Rewa, Umrer, Raniganj and South Karanpura fields, the Box-N wagons cannot be loaded even to its carrying capacity as stipulated by Railways i.e., CC+2, as the bulk density of this coal being less. Coking coal washeries in CCL, BCCL and WCL are also facing similar difficulties. The Railways and Coal Companies earlier jointly conducted certain loadability trials. Railways, however, did not notify the findings of the trials as the revised loading capacity of Box N.
- (vi). The loadability of BOX N wagons remained a matter of controversy, the Railway Board yet again has decided to enhance the permissible Carrying Capacity of all 8 wheeled BG wagons by additional 2 tonnes (applicable during non-winter months) for loading loose/bulk commodities which includes coal without undertaking proper trials.
- (vii). Exhaustive joint loadability tests are required to be undertaken for such coals individually in all coalfields, to ascertain what should be the chargeable carrying capacities of different grades of coal prior to bringing any change in the chargeable carrying capacity. Otherwise, coal companies will end up paying under loading charges continuously while dispatching higher grades of non-coking coal and washed coking coal.
- (viii). Coal India and its subsidiaries over the years have made huge investments for updating infrastructures for augmenting wagon loading. Loading had gone up by more than 2000 wagons/day over a period of five years. Railways on the other hand have yet to develop matching infrastructure. Rolling stocks have not been added to the extent desired in the fleet as per increased requirement. Better turn around of rolling stocks and increasing hauling capacity are being tried at the cost of the customers by bringing unilateral changes in the existing rule. The limitation of track capacity is being tried to be mitigated through route rationalizations, which again impairs the prospect of moving coal from potential fields to needy areas.
- (ix). So far as availability of wagons is concerned, Railways have been regularly being impressed upon to improve availability of wagons particularly in peak production months. CIL has been organizing interface between Railways and Coal Companies and month-wise wagon requirement in different coalfields is being furnished to Railways for arranging supplies accordingly. Field-level co-ordinations are maintained on day-to-day basis by Coal Companies with Divisional Headquarters of Railways so that wagons are made available as per requirement.

- (x). Both CIL and Ministry of Coal have been pursuing at different fora in the Ministry of Railways, up to the level of Chairman, Railway Board to impress upon the need for bringing improvement in infrastructure and suitable amendment in operating and commercial rules. However, operational and commercial difficulties being faced by Coal Companies/consignors are yet to be addressed by Railways. There has not been any change in pattern of supplies of wagons either.

4.42 The Committee noted that CIL is facing transport network problem. In view of the fact, when asked whether CIL proposed to invest funds in Rail Vikas Nigam Ltd. (RVNL) and go for a joint venture to overcome the problem. CIL replied through a written note that there is no proposal by CIL to invest fund and go for joint venture with RVNL.

CHAPTER-V

REVIEW OF COAL SECTOR

Study to review the functioning of Coal Sector by the Ministry /Planning Commission

5.1 When the Committee asked whether the Government has formulated any Integrated Coal Policy, details furnished by the Company were as under: -

“The Planning Commission had in their order dated 27.4.95 constituted a Committee on Integrated Coal Policy for adoption by the Government in the Ninth and Tenth Plan periods. The terms of reference of the Committee included a broad assessment of demand of coal and lignite for different sectors of the economy in the Ninth and Tenth Plan periods, a review of the availability of domestic geological coal and lignite resources, broad estimation of the investment needs of the coal and lignite sectors, identification of the factors for steadily rising costs to the coal consumers and finally suggesting measures to meet the demand of coal and lignite in the country, overcome low productivity, high production costs and at the same time safeguard environmental and consumer Interests. The Committee was chaired by Shri K.S.R. Chari, former Secretary, (Coal), Government of India. The Committee submitted the report to the Planning Commission on the 14 May 1995. The report was accepted by Planning Commission and placed before the Parliament.”

Recommendations of the Committee

5.2 The recommendations of the Committee relating to the Ministry of Coal which needed policy decisions at the Government level were as follows:

- (a) An independent agency at central level be created to step up exploration of coal and lignite resources. Adequate financial resources be made available to this agency to be raised through a surcharge levied on all coal and lignite produced in the country. Exploration be done through public and private sector, both Indian and foreign on a contract basis
- (b) All new coal and lignite blocks be offered on the basis of competitive bids in which national coal companies and private sector can participate. These can be allotted on the basis of criteria such as minimum transfer price, minimum recovery percentage etc. which needs to be evolved. Amendment in Mines and Minerals

(Regulation and Development) Act 1957 (MMRD Act) may be made wherever needed.

- (c) Committee suggested de-regulation of prices of coal in a phased manner. The Chairman of the Committee was however of the view that prices of coal be deregulated immediately instead of in a phased manner.
- (d) The Committee proposed that an autonomous regulatory body be set up to resolve price disputes between producers and consumers. The body is to arbitrate and act only on reference and not on a compulsory basis.
- (e) Holding company approach be given a fresh look and each subsidiary of CIL, be given the status of an independent company after price deregulation and other reforms are undertaken.
- (f) Consider making suitable provisions in the Coal Bearing Areas (Acquisition and Development) Act 1957 (CBA Act) to allow acquisition of surface rights where underground mining is or has been undertaken.

Action Taken

5.3 Keeping in view, the recommendation of the Committee, the Government have taken the following decision:

- 1. Complete deregulation of the prices and distribution of coal w.e.f. 1.1.2000.
- 2. Allowing Coal India Limited and SCCL to fix the prices of coal as per the escalation formula contained in the 1997 report of the BICP.

5.4 The Government have also taken steps to open the coal sector for private participation. Accordingly, the Coal Mines Nationalisation Amendment Bill was introduced in the Parliament with the following objectives: -

- 1. To allow Indian companies i.e. companies registered in India to mine coal and lignite without the existing restriction of captive consumption; and
- 2. To engage in exploration of coal and lignite resources in the country.

5.5 As per the deliberations in the various meeting between the trade unions and the government, it was decided that the matter for processing of the Bill further in Parliament, shall be decided only after having discussions with the

Trade Unions. A Group of Ministers (GOM) was constituted in this connection. After change of the Government at the Centre, the GOM is required to be reconstituted.

5.6 The Committee observed that since 27 April 1995, when the Planning Commission had constituted Committee on Integrated Coal Policy for adoption by the Government during the Ninth Plan and Tenth Plan periods, the Government has not been able to put in place any such Integrated Coal Policy while a number of recommendations were laid down by this Committee. When the Committee sought to know the reason for not putting forward any such coal policy, the reply of the Secretary, Ministry of Coal who appeared before the Committee, was as under: -

“.....It is true that we do not have a documented coal policy, But there is a policy framework in which the Ministry is functioning. It is through various enactments and administrative orders.”

5.7 He further added that: -

“.....Recently, a Committee was constituted by the Planning Commission and they have submitted their Report very recently, wherein they have given report about an integrated energy policy, of which coal forms an important part. Based on the recommendations of that Committee, I think, we will proceed further.”

5.8 The Secretary, Ministry of Coal, further stated that: -

“.....integrated energy policy gives a roadmap for future for various sources of energy. That Report contains a chapter on the coal also as to what is going to be the future scenario in respect of coal sector. It is a report which has been received very recently.”

5.9 Regarding the matter of processing of the Coal Mines Nationalization Amendment Bill, when asked whether the Group of Ministers has been reconstituted since the new Government at the Centre has assumed the office, the Company, in a written note, informed the Committee that matter is being pursued with the Cabinet Secretariat.

5.10 When the Committee desired to know what exactly the objections have been raised by the Trade Unions, the reply of the Company was that when the Coal Mines (Nationalisation) Amendment Bill, 2000 was introduced in the Rajya Sabha in April, 2000, the Trade Unions operating in the coal industry made the following demands.

- i) Withdrawal of the Bill as it would pave the way for privatization.
- ii) Restructuring of CIL.
- iii) Constitution Joint Bipartite Committee for Coal Industry (JBCCI)-VII
- iv) Revival of sick coal companies,

- v) Strategy to bridge the gap between demand and supply of coal.
- vi) Protection of CIL by increasing custom duty on imported coal etc.

5.11 Detailing the major areas of difference in the meeting of Group of Ministers due to which no final decisions could be taken since the formation of new Government, Chairman, CIL informed the Committee due to objections from the five Central Trade Unions operating in the coal industry, a Group of Ministers (GOM) was constituted to deal with the matter. The Trade Unions were adamant for withdrawal of the Coal Mines (Nationalisation) Amendment Bill, 2000. They threatened to go on strike. A series of meetings were held with the Trade Unions. They were advised that the Trade Unions would be sounded before the Bill is taken up for consideration in the Parliament.

5.12 The main contention of Trade Unions was that the projections made about demand and supply of coal were not realistic and needed to be reassessed properly. They maintained that post nationalization, the public sector had performed quite well and discharged its mandate satisfactorily. With some support from the Government, it was well equipped to produce enough coal to meet the entire requirement of the national economy. Private sector would be interested only in profit generation and they would not be operating coal mines with adverse geo-economic features. They would resort to selective mining and conservation would suffer in the process. They also felt that the ills of pre-nationalization era in terms of unscientific mining, poor working conditions of workers etc. would revisit the coal industry if private mining is allowed. They also demanded financial support from the Government for revival and rehabilitation of loss-making coal companies such as ECL, BCCL etc., as was being done with respect to sick PSUs in other sectors (e.g. textiles).

CHAPTER-VI
FINANCIAL PERFORMANCE

A – Financial Performance

6.1 The financial performance of CIL for the years 2000-01, 2001-02, 2002-03, 2003-04 and 2004-05 is given below:

Year	Target (PBT) (Rs.cr.)	Target (PAT) (Rs.cr.)	Actual PBT (Rs.cr.)	Actual PAT (Rs.cr.)	Inc/Dec.. PBT Over Target (Rs.cr.)	Inc/Dec. PAT Over Target (Rs.cr.)	% of PBT Over Target	% of PAT Over Target
00-01	1347.03	469.17	- 1414.47	-2073.40	-2761.50	-2542.57	- 105.01	- 441.93
01-02	1300.21	359.45	1754.56	483.65	454.35	124.20	134.94	134.55
02-03	1801.52	666.45	2865.50	1453.31	1063.98	786.86	159.06	218.07
03-04	2759.76	1470.66	4889.16	3029.95	2129.40	1559.29	177.16	206.03
04-05 (Prov)	3593.77	2080.55	4801.52	2424.47	1207.75	343.92	133.61	116.53

6.2 Citing reason for negative growth in 2000-01, CIL stated that the loss for the year 2000-01 was mainly due to providing Rs. 3031.66 crores in 2000-01 Account towards arrear of pay pursuant to upward revision in salaries and wages of staff and officers retrospectively since 1.1.97 in case of officer and from 1.7.96 in case of staff.

6.3 From the table it is seen that during the period mentioned above, CIL has been achieving its targets quite comfortably i.e. on certain occasions even the double the targets set. It is also noted that in reply to an another question, the Ministry of Coal have advised CIL and its subsidiaries to keep the targets more realistic to avoid embarrassment.

6.4 When enquired as to whether the targets fixed by CIL and its subsidiaries all these years were realistic, CIL in a written note submitted that Profit target of overall CIL of a particular year is estimated based on actual of previous year. As such impact of any price revision, interest earning on power bonds and others, increase in volume of production over the target and economy in expenditure in that particular year are not foreseen. Such additional earning including economy in expenditure results in increase in actual profit over the estimated target.

6.5 Major reasons of increase in actual profit over the targeted profit for period under reference are highlighted year wise as follows: -

2001-02

- (i). Increase in profit due to sale price and sales volume increase-RS.1510 crores(approx.)
- (ii). Decrease in profit due to increase in expenditure on salaries- (-) Rs.1305
- (iii). Increase in profit due to economy in expenditure in transport, power and others- Rs. 182 crores

2002-03

- (i). Increase in profit due to sale price and sales volume- Rs. 940 crores(approx)
- (ii). Increase in profit due to economy in expenditure in transport, power and others- Rs.84 crores

2003-04

- (i). Increase in profit due to sale price and sales volume- Rs.806 crores
- (ii). Impact of interest on securitization against sales dues – Rs.832 crores
- (iii). Increase in profit due to economy in expenditure in transport, power and others-Rs. 141 crores(approx)

2004-05

- (i). Increase in profit due to sale price and sale volume-Rs.3495 crores(approx)
- (ii). Impact of NCWA-VII (-)Rs. 2450 crores(approx)

6.6 The targets are fixed based on standard parameters and taking into consideration trends/ behavioral pattern of various items of expenditure on realistic basis. However, such budgetary estimates are reviewed and revised in consideration of various factors indicated above. Such exercise is carried out in the middle of each financial year and targets adjusted accordingly.

B – Outstanding/Dues of CIL

6.7 Total outstanding coal sale dues of coal companies as on 31 March, 2005 amounts to Rs. 3489.79 crores consisting of disputed dues amounting to Rs. 1596.81 crores and undisputed dues amounting to Rs. 1892.98 crores.

6.8 On being enquired about the steps taken by the Government to recover the outstanding dues, the Company in a written note stated that the Ministry of Coal & Ministry of Power jointly appointed umpires to settle the disputes between the SEBs / Power Utilities and the coal companies of CIL. All the disputed dues of the respective SEBs/ Power utilities upto 31.3.1995 were referred to the

Umpires for settlement of dues. As per awards pronounced by the Umpires disputed dues with several SEBs already have been settled.

6.9 Govt. of India formulated securitisation scheme to settle the outstanding coal sale dues of SEBs upto the period 30.9.2001. Different State Govts have issued bonds in favour of coal companies amounting to Rs.2244.52 crores (Principal Rs.1966.90 crores and interest Rs.277.62 crores). The securitisation scheme has provision for opening Irrevocable Letter of Credit by the SEBs for payment of coal sale bills. Some of the SEBs have already opened LC, others are being pursued for opening of L.C. The securitisation Scheme has provision for payment of interest at the rate of 15 per cent on the due amount if payments are not made within the limit specified therein.

6.10 The break up of the disputed dues as on 31.3.05 is given below:-

Nature of dispute	Rs. in crores Amount of dispute dues as on 31.3.05
1. Quality deduction	1037.50
2. Quantity deduction	158.23
3. Statutory charges deduction	142.29
Deduction on account of railway Freight, POL, demurrage etc.	89.60
5. Surface Transportation charges	14.93
6. Others	54.26
Total	1596.81

6.11 When asked to specify what were the reasons for such a huge outstanding dues, the Chairman, CIL, stated that the main reasons for huge outstanding dues are: -

- (i) Various types of disputes raised by SEBs/ Power utilities and long time taken to settle the disputes.
- (ii) GOI appointed Umpires to settle the disputed dues of SEBs/ Power Utilities upto 31.3.95 but the Umpires took very long period to pronounce the award. Badarpur Thermal Power Station (BTPS) is yet to make payment of amount awarded by Hon'ble Umpire vide verdict dated 16.8.05 in favour of CCL & BCCL amounting to Rs.428.82 crores. Final award in respect of following disputes referred to umpires are still awaited:
 - a) Dispute between ECL, NCL & BTPS.
 - b) Dispute of coal companies with Punjab State Electricity Board.
 - c) Dispute of coal companies with Gujarat State Electricity Board.

- (iii) After bifurcation of MPEB between MSEB & CSEB, the responsibility of payment of share of MPEB's liability between MPSEB & CSEB not yet finalised and the amount outstanding on this account amounts to Rs.354.16 crores.
- (iv) After bifurcation of BSEB into BSEB & JSEB, non-reconciliation of dues of erstwhile BSEB by BSEB and outstanding on this account amounts to Rs.184.78 crores.
- (v) Non-availability of fund with the SEBs / power utilities.
- (vi) There is always a time lag between billing and payment and bills raised for supply of coal during the lag period remain as outstanding.

6.12 With regard to the umpires appointed by Government of India to settle the disputed dues of SEBs / power utilities up to 31.3.1995 who took very long period to pronounce the award, when asked whether coal companies took up the matter with umpires and impressed upon them the imperative need for early settlement of awards, the Committee were informed that as per decision taken in the meeting of the Committee of Secretaries held on 17.3.1994, Ministry of Coal, Govt. of India vide letter No.23022/19/94-CPD dated 17.5.1995 appointed umpires to settle the disputes between the SEBs/Power utilities and the coal companies of CIL. All the disputed dues of the respective SEBs/Power Utilities up to 31.3.1995 were referred to the umpires for settlement of the dues. The letter mentioned above appointing the umpires have not set any time limit for settlement of the disputes and pronouncement of award. Meetings were held regularly among the SEBs/Power utilities, coal companies and the umpire. In the meetings coal companies requested the umpires to settle the disputes at the earliest. Several letters were also written by the coal companies to the Hon'ble umpires to settle the disputes and pronounce award at the earliest. But the number of items referred to the umpires were voluminous and period of disputes were very long, moreover in some cases attempts were made for bilateral settlement of the disputes with the consent of both parties and all these resulted in delay in settlements.

6.13 As regards the efforts being taken for recovery of amount from BTPS, awarded in their favour by umpires, CIL stated that the final award for BCCL & CCL had been pronounced by Hon'ble umpire on 16.8.2005. As per the award, BTPS is required to make payment of the principal amount within a period of 3 months from the date of final award and the interest within a period of 6 months from the date of the award. Accordingly the principal amount and the interest falls due for payments by 15.11.05 and 15.02.06 respectively. On receipt of the final award, both the coal companies viz. BCCL & CCL raised claims on BTPS to make payment of the amount immediately as per the award which were followed

by reminders. Coal companies are still pursuing BTPS for early payment of the awarded amount.

6.14 When the Committee desired to know whether there have been cases where supply of coal had been stopped due to non-clearance of overdue arrears, the Company stated that there is no case of stoppage of supply of coal in any coal company due to non-clearance of over-due arrears. However, in some cases, supply of coal have been regulated as detailed below:

- (i) ECL regulated supply of coal to Bihar State Electricity Board due to their non-cooperation in reconciliation of dues of erstwhile BSEB
- (ii) CCL regularly regulates supply of coal to Jharkhand State Electricity Board and Tenughat Vidyut Nigam Ltd. As they are not paying regularly against the coal supply and their dues are increasing consistently.
- (iii) SECL regulated supply of coal to Rajasthan Vidyut Utpadan Nigam Ltd. During the period 1.5.05 to 16.05.05 due to non-payment of regular coal sale dues.

6.15 On the steps being contemplated to ensure smooth payment against the current bills, the reply of the Company was as under: -

“To ensure smooth payments against current coal bills, securitisation scheme have provision for opening irrevocable letter of credit by the SEBs for payment of coal sale bills and payment of interest for delay in payment beyond a period stipulated in the scheme. Securitisation Scheme also provides for regulation in coal supply in case of non-payment within the stipulated period. Some of the SEBs have already opened L.C. and coal companies are negotiating coal bills through these LCs. Others are being pursued for opening of L.C. Some SEBs / Power Utilities are drawing coal against advance payment.”

C – Grant of Navratna Status to CIL

6.16 The Committee noted that Coal India Limited has been generating good profit consistently which has enabled it not to seek any budgetary or other financial assistance from the Government of India. In light of the promising financial position of Coal India Limited, when enquired whether the conferment of more autonomy to Coal India Limited is contemplated, particularly in the case of those projects for which, investment decisions do not relate to any budgetary or other financial assistance from Government of India, the CIL replied as under:

“The functional autonomy to Public Sector Enterprises (PSEs) is guided by the guidelines laid down by the Department of Public

Enterprise from time to time. PSEs conferred with Navratna and Miniratna status enjoy greater autonomy and power. A proposal to confer Miniratna status on CIL, and its profit making subsidiaries is under consideration of this Ministry.”

6.17 When asked about the eligibility requirement for grant of Miniratna status following was submitted: -

1. Category-I PSE: Public Sector Enterprises (PSE) should have made profit in the last three years continuously, the pre-tax profit should have been Rs.30 crores for more in at least one of the three years and should have a positive net worth.
2. Category-II PSE: These PSEs should have made profit for the last three years continuously and should have a positive net worth.
3. These PSEs shall be eligible for the enhanced delegated powers provided they have not defaulted in the repayment of loans/interest payment on any loan due to the Government.
4. These public sector enterprises shall not depend upon budgetary support for guarantees.
5. The Board of these PSEs should be restructured by inducting at least three non-official Directors as the first step before the exercise of enhanced delegation of authority, as indicated vide Department of Public Enterprises (DPEs) O.M. No.11/36/97-Fin. dated 09.10.1997

D – Infrastructure Status

6.18 The Committee noted that a proposal which envisages grant of infrastructural status to the Coal mining activities in the country has been mooted by the Ministry of Coal. When asked to specify the salient features and the benefits likely to be accrued from this proposal, the Committee were informed as under: -

“A Proposal for grant of infrastructural status to the coal mining activities in the country was placed before the Cabinet Committee on Infrastructure on 02.07.1997. However, the Committee did not approve the proposal. Thereafter, a proposal for grant of specific incentives and concession required to make private investment in Coal Sector more attractive was mooted. However, the Department of Economic Affairs, and Revenue in the Ministry of Finance did not agree to most of the proposals. The salient features of the proposal were as follows:

- 1) Full tax exemption for the first five years *(first seven year for coal

projects in the North-East) under Section 80-1A of the Income Tax Act, 1961 and concessional taxation in the next five years by way of 30% deduction.

- 2) Tax rebate under Section 88 of the Income Tax Act, 1961 in respect of investment in debentures and equity shares offered by the companies engaged in exploration and mining of coal and lignite.
- 3) Income Tax exemption upto 40% of the profits made by the long term financial institutions through investment in the projects for exploration and mining of coal and lignite.
- 4) 20% tax rebate for investments in shares, debentures and bonds of companies engaged in exploration and mining of coal and lignite or units of mutual funds subscribing to those securities upto a ceiling of Rs. 70, 000.
- 5) Exemption from capital gains tax if the whole of the net consideration received on transfer of the capital assets is invested in the securities of companies engaged in exploration and mining of coal and lignite, for a period of three years or the capital gains are invested similarly for a period of seven years.
- 6) Amendment in Securities and Exchange Board of India (SEBI) guidelines to the stock exchanges to provide that in public issues of companies engaged in exploration and mining of coal and lignite where the promoters contribution exceeds RS.10 crore, the contribution may be made in a phased manner, 50% before the issue opens and the rest before the calls are made on the public; instead of bringing in the entire amount before the public issue opens.
- 7) Instructions from SEBI to all the stock exchanges to amend their listing requirements so that the companies engaged in exploration and mining of coal and lignite can get their debt instruments listed without their equity being listed first.
- 8) Direct lending, refinancing and providing financial guarantees by the infrastructure Development Finance Corporation to the companies engaged in exploration and mining of coal and lignite subject to the following conditions:
 - i) The Corporation could consider financing the companies engaged in exploration and mining of coal and lignite based upon the merits of any case.
 - ii) The corporation is not prohibited from making investment in such companies on account of any specific stipulation in their objectives, Memorandum and Articles of Association or other directions.

- 9) Permission to the projects for exploration and mining of coal and lignite to avail of External Commercial Borrowing (ECB) to the extent of 50% of the total project cost and permission to such projects to use ECB for financing project-related rupee expenditure, in addition to meeting foreign currency capital expenditure.
- 10) Permission to companies engaged in exploration and mining of coal and lignite to raise ECB loans with a minimum average maturity period of five years, even for the borrowings exceeding US \$15 million.
- 11) Relief in import duty on import of machinery and equipment for Coal Industry as Infrastructure Industry.”

6.19 About the benefits to be accrued from the grant of infrastructure status, it was informed that Coal Companies would have benefited in terms of tax rebate, exemption, duty relief etc., if the package of incentives was agreed to.

6.20 The Committee noted that Energy Coordination Committee, headed by Prime Minister has asked the Finance Ministry to study the proposal in this regard from the Coal Ministry and take appropriate action, when sought to know the reaction of the Finance Ministry thereupon, the Ministry in their written reply stated that more recently the Ministry of Coal has taken up with Ministry of Finance for granting concessions on customs duty for specified mining equipments, their spares and replacement parts, which was not agreed by Ministry of Finance. Ministry of Coal has taken up these issues again with Ministry of Finance, as also the exemption from service tax on site formation and clearance, excavation and earth moving and demolition services by public sector coal/lignite companies which are under process in Ministry of Finance.

CHAPTER-VII**HUMAN RESOURCE MANAGEMENT****A – Manpower**

7.1 The sanctioned and actual staff strength of company both at the Executive and the Non-executive levels as on 1.8.2005.

	<u>Actual Strength</u>	<u>Sanctioned Strength</u>
Executive	: 16,694	19,083
Non-Executive	: 4,45,627	-

7.2 When asked whether any study has been conducted to assess the manpower requirement of the company, the Company submitted in a written note that a study is being undertaken by Indian Institute of Management, Lucknow for assessing the manpower requirement in executive cadre.

7.3 For non-executive cadre no such study has been undertaken. However, each Subsidiary while preparing the manpower budget every year, assess the requirement of manpower for next financial year keeping in view the production programme, technology adopted and other relevant factors including skill up-gradation, natural wastage etc. and the same is approved by the Board of Directors of the Subsidiaries for implementation. In the current year i.e., 2005-06 a reduction of manpower to the extent of 14,356 is planned which includes rationalization of manpower through VRS to the extent of 3,000. Surplus manpower in non-executive cadre at ECL, BCCL & CCL, as assessed currently is as follows:-

ECL	BCCL	CCL
5258	9234	8387

7.4 With regard to the steps taken to have the right size of manpower in the light of this study, the reply of the Company was as under: -

Following steps are taken for rightsizing of manpower:

- (a) To deploy the surplus manpower by transfer within the subsidiary or from one subsidiary to other subsidiary, keeping in view of the requirement.
- (b) Impart training to upgrade skill where there is requirement of skilled/highly skilled workmen and redeployment of such trained workforce in the areas where there is need.
- (c) Rationalization through V.R.S.

7.5 On being asked whether any training programme has been devised for up-gradation of the skill of the workmen and their proper redeployment, the reply of the Company was as under -

“Yes, training programmes are conducted in the company’s training Institutes for up-gradation of skill of the workers according to their designation and their proper placement. The no. of persons trained for their up-gradation of skill during the last five years are given below:”

Year	No. of unskilled manpower trained for skill up gradation(Superv. + Workers)
2004-05	8780
2003-04	8470
2002-03	8008
2001-02	8603
2000-01	10747

B – Safety Measures

Statutory framework for safety in coal mines

7.6 Safety in mines is governed by the Mines Act, 1952 and the rules and regulations framed thereunder. The Mines Rules, 1955, The Coal Mines Regulations, 1957, The Mines Rescue Rules, 1985 are some of the major statutes framed under the Mines Act. The Directorate General of Mines Safety (DGMS), under the Ministry of Labour has been empowered to enforce the statutes relating to mine safety. Mining operations in the coal mines of CIL are conducted in accordance with the above mentioned statutes relating to coal mine safety. This is monitored by DGMS. Corrective action is taken on the recommendations of the DGMS as and when required.

7.7 When the Committee asked what additional safety measures have been taken by CIL, the Company in a written note stated that in addition to compliance with the statutes related to coal mine safety the following broad safety measures are being adopted by CIL:

- (i) Safety Audits of mines are being conducted by experts for assessment of safety related threats once every two years or earlier if necessary and implementation of the recommendations thereof.
- (ii) CIL has established workmen’s participative bodies at various levels from the mine level to the Area (group of mines) level, to the subsidiary company level, as well as at the apex CIL level. These bodies monitor and review safety in mines periodically and make recommendations, which are implemented. TU leaders of these bodies also inspect mines and make

recommendations the status of implementation of which is placed before such bodies.

- (iii) CIL has established a structured multi-disciplinary Internal Safety Organization (ISO) to assist the line management at various levels in matters related to Safety.

7.8 Towards avoidance of accidents due to inundation the following measures are being taken: -

- (i) Assessment of danger from underground and surface sources of water in each mine prior to every monsoon and taking the required preventive measures against danger of inundation.
- (ii) Proving of barriers against waterlogged workings by drilling bore-holes.
- (iii) Trials of modern technology like Ground Penetrating Radar, Electrical Resistivity Survey, etc are in progress for establishing barriers without drilling through them.
- (iv) Conducting of check surveys by company's surveyors as well as cross-checking the same in some cases by external agencies.

7.9 Towards enhancement of emergency preparedness the following actions have been taken: -

- (i) Preparation of Emergency Action Plans in every mine
- (ii) Demarcation of escape routes in underground mines both on plans and below ground.
- (iii) Conducting of mock rehearsals for familiarizing workmen and supervisors with procedures to be followed and for improvement through failure analysis.
- (iv) Thrust on training and retraining of workmen, supervisors to increase safety awareness of the workmen. CIL has prepared training films on CD for imparting standardized training in all its training centers.
- (v) Monitoring of Safety in operations in Coal India Ltd.

7.10 In addition to statutory monitoring of safety in operations in the coal mines of CIL by the DGMS, the same is monitored at numerous levels as outlined below:

Line Management: The line management in the collieries constantly monitors safety in each mine through supervisors like Mining Sirdars and Overmen at each work place, the Assistant Manager in charge of the shift / mine, the Colliery Manager, the Agent/Sub-Area Manager/Project Officer under the overall supervision guidance and control of the Area CGM/GM. All supervisors and Asstt. Managers/Managers possess statutory certificates of competency issued by DGMS and have statutory safety responsibilities.

A Safety Officer, also possessing statutory qualifications and having responsibilities as above, is posted in every mine to assist the Manager in safety related matters.

Safety Committee: Safety in every mine is reviewed every month by the Safety Committee, comprising five representatives of Trade Unions and five representatives of the management.

Area level committees: Area level Committees where Trade Union representatives participate also monitor safety in the mines in the Area.

Subsidiary Company level Tripartite Committees: Tripartite Committees comprising Trade Union representatives, DGMS representatives and management representatives also monitor safety in the mines of the company.

The CIL Safety Board: The CIL Safety Board, where Trade Union representatives, the DGMS, representatives of the management participate also reviews safety in coal mines of CIL bi-annually.

The Standing Committee on Safety in Coal Mines: This Committee, which is a national level committee and is tripartite in nature as above, reviews safety in coal mines in India under the Chairmanship of the Hon'ble MOS for Coal.

The Internal Safety Organisation: The Internal Safety Organisation (ISO) of each subsidiary company, as well as at the apex CIL level, inspects mines and reviews safety and advises the line management on safety related matters. The head of the ISO reports to a technical Director of the company.

CMDs meets: Safety is also reviewed in monthly meetings of CMDs.

7.11 The budget, Expenditure and utilization of the budget for safety and rescue for the last 3 years of coal India is as below:

(Figs. in Rs. Lakhs)

	2002-03	2003-04	2004-05
Budget	46791.62	52256.91	53358.15
Expenditure	41295.60	46755.53	48664.72
%Utilization	88.25	89.47	91.20

Safety Statistics for the last three years

7.12 Company-wise numbers of fatal accidents, fatalities, serious accidents and injuries in the mines of CIL in 2002, 2003 and 2004 are given below:

Year	Fatal Accidents	Fatalities	Serious Accidents	Serious Injuries
2002	62	69	382	411
2003	60	64	447	467
2004	66	70	459	474

Note : All figures for 2004 and those for serious accidents and injuries in 2003 are subject to reconciliation with DGMS

7.13 When sought to know the causes of occurrence of accidents and the preventive measures taken to obviate the occurrence of such accidents in future, the Company stated that causes of accidents & preventive measures being taken in the last three years are given below:

CAUSE	2002	2003	2004
Roof fall / Side falls	25	16	23
Winding	0	1	0
Haulage	3	5	3
Dumpers	9	12	10
Conveyors	2	1	2
Trucks & Wagons	5	5	5
Non-transport m/c	8	7	4
Explosives	4	2	2
Electricity	2	1	2
Fire, Gas, Dust etc.	1	1	3
Fall of object / persons	8	9	8
Water in-rush	0	0	0
Miscellaneous	1	0	4
TOTAL	68	60	66

Measures being taken for avoidance of accidents

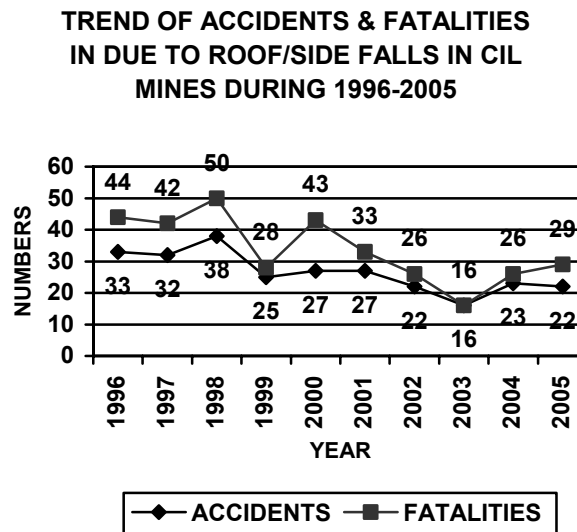
7.14 Analysis of fatal accidents in the last three years shows that on an average: -

- (i) 32.98 % of all fatal accidents took place due to roof/side falls.
- (ii) 23.71 % of all fatal accidents occurred due to movement of trucks & dumpers
- (iii) 11.34 % of fatal accidents occurred during use of machinery other than transport machinery.

7.15 The Committee noted that main cause for accident is roof fall and side falls. It is also noted that instead of a decline in the number of accidents, there has rather been a marginal increase during the last few years.

7.16 In the light of the above, when asked why for a prolonged period of time, this leading cause of accidents – side falls and roof fall could not be removed, the Committee were informed that the rocks constituting the earth's crust, are not homogeneous or uniform and all factors influencing their behavior are not known. Therefore failure of the roof and sides of excavations made below ground cannot be eliminated entirely. However efforts are made to prevent this failure by external supports (props, cogs, cross-bars, girders, powered supports, etc.) or using the strength of the rock to prevent its failure by roof bolting/roof-stitching.

7.17 Even though the number of fatal accidents due to this cause increased in 2004 over that in 2003, when the lowest number of accidents due to this cause were recorded, the trend of accidents due to this cause in the last ten years in CIL shows a decrease as will be seen from the graph below. The number of such accidents in 2005* were marginally less than that in 2004 *. though the number of fatalities are higher.



Note: Figures for 2004 & 2005 are subject to reconciliation with DGMS

7.18 The Committee were also informed that following efforts are underway to reduce the same to even lower levels through:

- (i) Thrust on Roof-bolting / Roof-stitching methods of support using Rock-Mass-Rating based Support Plans.
- (ii) Thrust on training & retraining of workmen in Roof-bolting/Roof-stitching.
- (iii) Continued mechanization of operations to reduce exposure of persons by
- (iv) Mechanisation of loading operations by SDLs / LHDs
- (v) Mechanisation of roof-bolting operations.
- (vi) Continuous Miner technology.
- (vii) Introduction of Resin-bolts in watery mines.

7.19 The Committee noted that there is a persistent complaint from the trade union that statutory safety measures are not being adhered to, when asked the reasons therefor and the efforts taken for their adherence, the Company stated that all complaints regarding non-adherence to safety measures made to the company are investigated and the outcome of the investigation are communicated to the trade unions.

7.20 When desired to know as to whether any Expert Committees have ever been appointed by the Government on suggesting safety measures on mining, the reply of the Chairman, CIL, was as under: -

“No expert committees have been appointed by the Government on suggesting safety measures on mining. However, Parliamentary Committees namely the Sub-Committee of Consultative Committee for the Ministry of Labour, chaired by Shri Gurudas Dasgupta in 1995-96, the Standing Committee on Energy, in 2004 and the Standing Committee on Coal & Steel in 2005 have addressed the issue of safety in coal mines from time to time.”

7.21 On being pointed out by the Committee that there was a suggestion by the Sub Committee set up by the Consultative Committee a few years back that one of the Directors of the Board should be in charge of the safety and that the Manager of a particular mine should be personally held liable for any safety lapse so that he can be proceeded against, when enquired whether the recommendation of the Sub Committee has been implemented, the Committee were informed that one technical Director of the Board of Directors of the company is in charge of safety for the company. He is the nominated owner for purposes of the Mines Act, 1952. The responsibilities of the owner relating to mine safety are laid down in Section 18 of the same Act. The penalties for failure by the owner to comply with specific matters are also laid down in the Act. The Manager is responsible for execution of all orders, instructions and recommendations regarding safety from the higher management, the DGMS, the Internal Safety Organisation, and other bodies like the Standing Committee on Safety in Coal Mines, the CIL Safety Board, the company level Tripartite Committees, the mine level Safety Committee, the Workmen's Inspector, etc. The duties and responsibilities of the Manager and penalties for failure to comply with specific matters are laid down in the Mines Act.

7.22 In reply to a specific question whether existing statutory provisions on mines safety have been reviewed from time to time, the Chairman, CIL, informed the Committee that the Mines Act or any rule or regulation framed there under is amended from time to time as per necessity as deemed fit by the DGMS, in view of any recommendation of any Court of Inquiry into any major accident or otherwise. However from time to time circulars are issued by DGMS on safety issues for adoption in mine operation. At present the Mines Act and the Coal Mines Regulations are in the process of being reviewed.

7.23 When the Committee desired to know, what action is taken by Ministry against the companies in case of any violation of these safety measures by coal companies, the details of action taken against the coal companies on violation of safety measures, were furnished as under: -

“Any deficiencies observed during the inspections by the officers of DGMS are communicated for rectification. In case the mine management fails to rectify the deficiencies to the satisfaction of the Inspecting Officer, within the given time-frame, DGMS may launch prosecution against the owner/agent/manager of the mine or official(s) appointed to perform the duties of supervision in respect of the provisions contravened. The Ministry of Coal constituted a Committee to inquire into the accident due to in-rush of water at Central Saunda Colliery on 15.6.2005. The Committee has since submitted its report and seven officers have been held responsible, of whom five have been suspended. Disciplinary proceedings are in progress. Deficiencies detected in the course of inspections by the ISO are communicated for rectification and the status of rectification is monitored. In case of repeated violations disciplinary action is taken against the concerned executive.”

7.24 When the Committee desired to know whether the Ministry was ready to have a judicial inquiry to be presided over by the Supreme Court or High Court Judge for looking into the cause of these accidents and fix the responsibility in view of increase in fatalities and accidents instead of going for court of inquiry, the Secretary, Ministry of Coal, during the course of evidence, replied as under: -

“Sir, I am not averse to it because I think that if somebody has faulted, then it should come in the light.”

7.25 Further, explaining the feasibility of ordering judicial enquiry and fixing responsibility for mine accidents in general and with specific reference to the recent mine accident in Bharat Coking Coal Limited, the Ministry informed the Committee through their written post evidence reply that a provision exists under sub-section (1) of Section 24 of the Mines Act, 1952. Power of Government to appoint Court of Inquiry in cases of Accidents whereby the Central Government may, if it is of the opinion that a formal inquiry into the causes and circumstances attending the accident ought to be held, appoint a competent person to hold an inquiry into any accident listed under Sec. 23(1). This list includes accidents causing loss of life or serious bodily injury, an explosion, ignition, spontaneous heating, outbreak of fire or irruption or inrush of water or other liquid matter. Appointing such Courts of Inquiry into major coal mining accidents is a normal practice and a Court of Enquiry is invariably set up in each major coal mine accident by the Ministry of Labour & Employment. So far feasibility of ordering a judicial enquiry into the coal mine accidents and the recent accident occurred at

Bhatdih mine of BCCL, it is being examined separately in consultation with the Ministry of Law.

CHAPTER-VIII

REVAMPING AND RESTRUCTURING OF CIL

Restructuring of Coal India/Subsidiaries

8.1 As per notification dated 18.11.2004 of Department of Coal, Ministry of Coal and Mines, a Seven Member Expert Committee under the Chairmanship of Shri T.L. Shankar to review the functioning of coal sector in the country was set up with the following terms of reference: -

- (i) Measures for meeting the demand-supply gap in coal in the short, medium and long-term.
- (ii) Measures to improve productivity of man and machinery in Indian Coal Sector, particularly in Coal India.
- (iii) Introduction of cutting edge technology.
- (iv) Measures to convert Central Mine Planning and Design Institute Limited (CMPDI) into a Center of Excellence for Planning and Research in coal sector.
- (v) Restructuring of CIL to make it a World class company.
- (vi) Other matters that the committee may consider important for the general improvement in the functioning of the Coal Sector.
- (vii) Examining the merits of opening up trading in coal.
- (viii) Examining the current policy of captive coal mining and considering recommendations which might reduce the demand-supply gap.
- (ix) Examination of major recommendations suggested by M/s KPMG Consultancy Pvt. Ltd.

8.2 Detailing further about the Expert Committee, the Chairman, CIL, stated during the evidence as follows: -

“Government of India appointed a seven member Expert Committee on 18-11-2004 to prepare a comprehensive Road Map for the Modernization of the Coal Sector. The Committee was assigned the task of considering the reports and recommendations of earlier Committees, professional bodies and technical institutions and making their own enquiry into the relevant issues and to make recommendations towards a result oriented reform roadmap. Initially a time period of three months was given for submitting the report. However it was extended till 31-3-2006.

Committee felt that it would be desirable to submit Report in two parts with PART-I dealing with the short to medium term issues and PART-II dealing with the rest. Committee submitted Part -1 Report on 28.12.2005 covering:

- (i) Assessment of demand-supply gap and meeting it in the short term (upto 2006-07) and also the medium term (upto 2011-12).
- (ii) Captive mining: examination of current policy and recommendations.
- (iii) Examining the merits of opening up trading in coal including the examination of the current e-auction procedures.”

8.3 When asked about the conclusions & major recommendations made by the Expert Committee, the Company in a written note stated that following are the major recommendations of the Expert Committee: -

1. A time-bound plan to cover the entire country by regional mapping in 15 years should be prepared. Central Mine Planning and Design Institute Limited's (CMPDIL) current capacity of drilling 3 lakh m/yr must be raised to at least 15 lakh m/yr. CMPDIL must be made an autonomous body with powers to independently hire sub-contractors or bid out exploration work. A list of recognized domestic and foreign contractors can be developed to enhance the number of players in the field of detailed exploration in India. Creation of a Revolving fund of Rs. 500 cr. to add 10 Bt coal annually to proven category. Funding for this should commence from the 06-07. The Ministry of Coal must launch a program of detailed exploration and drilling, in the 11th Plan.
2. Greater delegation of authority must accompany greater accountability and responsibility. CIL could be granted the status of Navratna company whereby it need not come to Government for approval of projects . Subsidiaries of CIL could be granted the status of Miniratna companies whereby proposals exceeding Rs.500 crore would need government approval. The boards of above companies should be restructured with the induction of independent non-government Directors.
3. Tenth and Eleventh Plan projects should be taken up on priority consideration by the Ministry of Environment and Forest (MoEF) and if necessary a Special Task Force with adequate powers may be set up. The Environmental clearances should be sought and given for production levels at least 25 % above the required capacity. The committee fails to see the logic of a strict adherence to a specific quantity for environmental approvals for mines which are in areas not environmental hot spots. For the areas where the environmental impact could be mitigated by creating compensatory afforestation, the environmental clearance should be given within four months. The State Government must be requested to give clearance within six months failing which it should be deemed to have been approved.

4. Next four years will be years of pronounced coal shortages in India. CIL's Emergency Production Plan offers the only hope. High grade thermal coal import to the tune of about 30-40 Mt of coal by 2011-12 is the principal short term measure. This would require that the port capacity and the evacuation facilities be taken be taken up for enhancement immediately. Ministry of Coal sets up a permanent Special Task Force to monitor progress of clearances and project implementation of all projects required to be completed by the end of the 11th Plan. The Task Force must include representatives of Ministry of Environment and Forest, Railways, Ministry of Surface Transport and Ministry of Power as well as the concerned State Governments.
5. Increasing proportion of all domestic coal (supported by imported coal where necessary) that is not earmarked for the Power Sector be brought into the E-auction market over the next 2 to 3 years. Need to replace within the next 2 to 3 years the current system of loose linkages feeding the power sector with formal long-term Fuel Supply and Transport.
6. The current provisions for increasing the level of competition in coal mining through captive mining are adequate and reasonable. However, procedures and processes need to be improved to expedite the allotment of the captive coal blocks in a transparent and effective manner. The established procedures/processes should be able to select serious allottees committed to developing and mining blocks allocated within a prescribed timeframe. The procedures/processes must include a set of punitive penalties for failure to do so.
7. Problems of delay in the pre mining stage of captive mine proposals should be examined in consultation with the concerned Central and State authorities. Ministry of Coal should take a proactive role in monitoring the approvals and clearances to be provided by the State authorities. The State Government must be requested to give clearance within six months failing which it should be deemed to have been approved. State Government to keep a land acquisition officer. Government to set up a High Power Committee of Secretaries who may consider the applications for Environmental clearance within 4-6 months. Legal measures should be evolved to cancel the licenses issued earlier to the defaulted allottees.
8. Coal block in the Proved reserve areas held by any company that cannot be put into production before 2026-27 should be de-blocked and taken over by the Govt. for allotment to immediate captive end users specially to power sector. Small and isolated blocks reserved for lessees producing for Coal India under sub-leases or for captive and group captive needs. With a minimum net worth of Rs.200 crore for 2.5 Mty block. Which is to be raised for Rs. 100 crores for every multiple of 2.5 Mty. A minimum net worth of Rs.50 crore for 0.5 Mty, rising in steps of Rs 25 crore for of 0.5

- Mty. A minimum net worth of Rs 5-20 crores, depending on the size of the deposit, for small and isolated blocks. An undertaking to produce a minimum of 2.5 Mt, 5.0, 0.5 to 1.0 Mt coal depending upon block size by an agreed date before the end of the 11th Plan Undertaking to set up the full capacity of the power plant by the end of 12th Plan for >10Mty blocks. All other end use capacities to be realized in full by the end of the 11th Plan.
9. An unconditional bank guarantee at the rate of Rs.40 per ton of coal to be mined per annum. The bank guarantee to be only Rs10 per ton of coal to be mined for small and isolated blocks guarantee to be encashed on a pro rata basis if production falls below the guaranteed production. Small and isolated deposits should be opened up for anyone to supply coal locally as a lessee of Coal India Limited. India. These blocks can also be given for captive/group-captive use of small end users such as the brick and ceramic industry. Group captive mines must be permitted for all categories blocks for 2.5 Mty.
 10. Incidental production from captive blocks during mine development or periodic surpluses during mine operation must be sold to Coal India Limited /Singareni Collieries Company Limited at a negotiated price with a band of plus or minus 10% of the CIL price for the same quality of coal. Alternatively, Coal India could auction such coal from captive mines through its e-auction platform for a handling fee of 1% of the value realized.
 11. Special price and supply arrangement for the power sector will keep Indian industrial production globally competitive and provide electricity at affordable cost to the poor. For Convenience Power Sector may be called Class-A consumer. All other consumer may be called Class- B Consumer. Coal prices would need to be regulated in light of the market realities. There is need for long-term supply and price contracts (Fuel Supply and Transport Agreement) (FSTA) between the power and coal industry that involve the Railways. Until the setting up of a Regulatory mechanism, the Ministry of Coal on the basis of periodic price studies can fix this price. A tripartite agreement involving coal supplier, coal consumer and the transporter
 12. Government would decide the quantity of coal out of the total production which should be earmarked for supply to Class 'A' consumers. The remaining coal production in the country should be sold to Class 'B' consumers on the following basis : the larger coal consumers including associations of consumers with minimal demand of 1 lakh tonnes per year can be given 60% of their need under FSTA at a price indexed to e-auction price. The remaining quantity required by these consumers and all other smaller consumers could get their needs through traders/import or e-

auction gradually increasing upto 30% of domestic production. Import parity price could increase dependence on imported coal, as many Indian consumers may prefer imported coal. This may aggravate India's energy security concerns.

13. Totally deregulating production from small mines, and imports by major users like National Thermal Power Corporation (NTPC) are encouraged. India's coal sector should integrate more closely with the world coal market for a competitive coal industry to develop. To keep the import option functioning efficiently as an essential supply option along with the regulation of price in the Indian coal industry which will ensure least cost supply of coal for power generation while allowing a competitive and transparent coal market to supply the needs of other consumers.
14. Three measures are urgently required concerned with Railways. Government of India (GOI) should ensure that all the concerned Ministries draw up a well-conceived model of Fuel Supply and Transport Agreement (FSTA). Railway tariff for coal should be subject to a review by an independent agency, preferably headed by a High/Supreme Court Judge. Railways determine the main corridors to move very large quantities of coal to power plants and examine setting up dedicated trunk-routes. The exercise can also consider involving rail-cum-coastal shipping and the use of double decker freight trains. This exercise should be taken up immediately to enable investment decision early in XI plan.
15. India must take up various measures of reducing the pollution impact of coal use by developing and adopting all appropriate emerging clean-coal technologies including carbon sequestration.

8.4 Part-I of the Report has been circulated to all concerned for necessary action and also this report has been posted on the Ministry's web site. The Committee is yet to submit Part-II of the Report.

8.5 When the Committee desired to know whether the Government has implemented the recommendations of the Expert Committee, the reply of the Company was that the following actions has been taken by the Government in pursuance of the recommendations of the Expert Committee: -

1. E-auction has been introduced in Coal India Limited during the year 2005/06. It was decided initially to sell 10 million tonnes of coal by COAL INDIA LIMITED subsidiaries through e-marketing for the year 2005-06 on trial basis which was subsequently enhanced to 20 million tonnes. During the year 2006-07, the Government has allowed CIL to sell 36 million tonnes of coal through E-marketing.

2. The matter of granting status of Navratna to Coal India Limited and Miniratna Status to Coal India Limited subsidiaries is under consideration of Ministry of Coal.
 3. Increasing production through Emergency Coal Production Plan. Coal India Limited under this scheme has identified 16 opencast projects/mines where production from existing mines/projects will be enhanced to a higher level yielding additional 71.3 Mt. Out of 16 projects, nine projects have been approved by Cabinet Committee on Economic Affairs (CCEA), CCEA note has been submitted for two projects. Two projects are being processed for CCEA approval and another three projects referred back to coal companies for approval under their delegated powers.
 4. Central Mine Planning and Design Limited has been advised to enhance drilling capacity through outsourcing.
 5. De-reservation of some coal blocks in favour of power sector & others is also being finalized.
 6. For promotion of Clean Coal Technologies action has been initiated with cooperation of Indo-US Working Group –Indo-EU Working Group and Asia Pacific Partnership etc.
- 8.6 To a question as to what were the obstacles in the way of CIL which inhibited the possibility of becoming globally competitive, the Chairman, CIL, during evidence replied as under: -

“Coal India Ltd. has achieved global scales of production during the last 30 years with a number of policy initiatives. Coal production, which was 79 Mt in 1974-75 has now reached a level of 323.62 Mt in 2004-05. However, it is pertinent to note that grade of coal in the country is largely poor by international standards. Most of the production is restricted to inferior grades of coal which are not internationally tradable. Nevertheless, Pit head prices of Indian coal in terms of Rupees per billion calories are quite competitive vis-à-vis prices of coal, internationally, on similar basis.

Industry Environment

Coal India Ltd was incorporated in Nov.1975 after nationalization of the coal industry into two phases, i.e. coking coal mines in 1972 and non-coking coal mines in 1973 and re-structuring thereafter with a view to bring most of the coal mines under one umbrella.

It may be noted that Coal India Ltd has been operating under administrative price regime since nationalisation except for the last 5-9 years, when prices were partially deregulated in the year 1996 and fully deregulated in the year 2000 and Coal India has been allowed to fix its own prices for the coal it produces. A large number of projects (e.g. Rajmahal, Khadia, Amlohri, Dudhichua etc.) were sanctioned with marginal economics with a view to meet the increasing demand of coal for the national economy. The administered prices, opening up of marginal projects coupled with huge manpower base and small uneconomic mines which Coal India inherited at the time of nationalization, set the stage for continued ill health for CIL. After operating for considerable length of time under the above regime, the budgetary support to CIL was also gradually withdrawn.

Thus, there have been historical reasons and the prevailing industry environment, which have inhibited the possibility of CIL becoming globally competitive in the true sense.”

8.7 When asked to identify the areas of major strength of CIL, the Company in a note stated that Coal India Limited is the largest coal company in the world and has the following major strengths to become globally competitive:

- (i) Abundant coal resources in the leasehold areas of Coal India Ltd
- (ii) Wide geographical spread of coal mines operated by Coal India Ltd
- (iii) Well developed marketing network
- (iv) Availability of surplus resources for investment
- (v) Support of Central and State govt. agencies
- (vi) Experience in development and operation of large scale mining operations upto 10 Mty of coal production and over 30 Mcum of overburden removal from a single opencast mine

8.8 One of the major strengths of CIL has been planning & design capabilities. Systematic exploration has been taken up since nationalisation to establish adequate proved reserves in the country. A strong planning base has been created based on which a number of OCPs have been planned and implemented. The effort continues.

8.9 In reply to a pointed question, what steps has been taken by the Company to achieve international standards & global competitiveness, the Company in a note stated that the following steps were taken to achieve international standards & global competitiveness: -

- (i) Rationalisation of manpower
- (ii) Efforts to evolve appropriate technology for underground mining
- (iii) Efforts to improve man and machine productivity
- (iv) Strategic cost reduction

- (v) Deployment of higher capacity HEMM in OC mines
- (vi) Efforts to improve quality of indigenous equipments & spare parts
- (vii) Outsourcing of coal production and OB Removal
- (viii) Maintenance contract for HEMM
- (ix) Improving work culture
- (x) Introduction of IT in coal mining
- (xi) Diversification for extraction of CBM and Underground Gasification of coal
- (xii) Efforts for adoption of International Financial Reporting Standards (IFRS) in Accounting Practices

CHAPTER-IX

ILLEGAL MINING

9.1 The Company-wise details of number of raids/number of incidents of illegal mining, quantity seized, value, FIRs lodged and arrest made in 2004-05 are as under:

Name of Company	No. of raids/ Incidents	Qty Seized (Tes)	Value Rs Lac	Arrests made	FIR Lodged
ECL	188	1331.97	10.64	11	17
BCCL	120	120.50	1.96	9	120
CCL	408	428.00	4.86	27	113
NCL	25	0.00	0.00	0	0
WCL	2	144.00	1.44	6	2
SECL	22	955.65	9.56	22	22
MCL	35	0.00	0.00	0	0
NEC	7	600.00	7.20	0	7
CIL (Total)	807	3580.12	35.66	75	281

9.2 Most of the illegal mining of coal in the States of West Bengal and Jharkhand takes place outside the leasehold area of coal companies. Wherever illegal mining comes to the notice of the coal companies, FIRs are lodged in police stations. Primarily, it is the responsibility of the State/district administration to take necessary deterrent action to stop/curb illegal mining. The Central Government has also requested the States, which produce coal, to take vigorous steps to arrest illegal mining and the consequent accidents. In addition, following steps are taken by coal companies to check illegal mining: -

- a) Rat holes created by illegal mining are being dozed off and filled up with stone and debris wherever possible.
- b) Trenches have been dug to isolate the illegal mining sites.
- c) Concrete walls have been created on the mouth of the abandoned mines to prevent access and illegal activities in these areas.
- d) Fencing is being constructed at the various illegal mining sites along with displaying of sign boards mentioning " Dangerous and Prohibited Place"
- e) Dumping of the overburden is being done on the outcrop zones which are not required to be mined.

9.3 When the Committee wanted to know whether State Governments have been asked to act against the mafia involved in illegal mining of coal, the CIL stated that illegal mining takes place mostly outside leasehold areas of CIL/Subsidiaries. It is done under the patronage of influential persons having money and muscle power. It takes place mostly in abandoned mines. Besides, there are some scattered/peripheral patches, which are not developed scientifically and economically by the subsidiaries.

9.4 The responsibility to control the mafia activities lies mainly with the district administration. The Central Government has also requested the States, which produce coal, to take vigorous steps to arrest illegal mining and the consequent accidents. The coal companies constantly keep in touch with the district administration and the other intelligence agencies to check the activities of coal mafia. However, To prevent illegal mining and theft of coal, West Bengal Government have formed committees at state level, district level, sub divisional level and block level with the members from the concerned subsidiaries from different levels. It is suggested that all state governments may form such committees and hold regular meeting to curb theft and illegal mining. Secretary (Coal) has held two meetings with Chief Secretary, Jharkhand on 13.4.2003 and 17.5.2005 emphasizing the need for continuous interaction between the state Govt. and the coal companies and to chalk out strategy to eliminate the problem.

9.5 When further asked how far these committees have been preventing illegal mining and theft of coal, the reply of the Company was as follows: -

“The decisions taken by the committees formed by WB Govt. are being implemented by ECL & BCCL management. with the help of Police and District Administration. This has had some impact on curbing of illegal mining. However, a lot more need to be done.”

9.6 When further asked what steps have been taken to impress upon other State Governments to form such Committees, the Committee were informed that cases of Illegal mining are reported predominantly from eastern region mainly in the states of Jharkhand covering BCCL, CCL & ECL and in West Bengal covering ECL & BCCL.

9.7 Govt of Jharkhand have formed committees at Chief Secretary level to conduct quarterly meeting and at Divisional Commissioner's level to conduct monthly meeting for discussing measures to prevent illegal mining and theft of coal in BCCL. Meetings at regular intervals are also held with Dy. Commissioner, SP of the District, Railway Authorities and other state Govt. officials regarding the matter. Similarly for CCL areas, Jharkhand State Government has constituted a task force at State Level and District Level for the above purpose. Division level Commissioner of the respective Division conducted meeting with CCL officials and other State officials. Area security officer of the concerned area has been included as the member of the task force at District Level and the team is conducting surprise raid jointly to check the menace. Further, at District level monthly meeting with DC/SP is held by concerned CGMs to review the progress and suggestions are implemented strictly. In this respect, the State Government is fully supporting CCL to curb the menace.

9.8 When the same question was put to the Ministry of Coal, the reply was that the Ministry is very much seized of the increasing instances of illegal coal

mining due to indiscriminate pillaging of natural resources by unscrupulous elements while endangering the life of innocent people. The Ministry has drawn the attention of state governments repeatedly towards this menace. As per Section-4(1) of the Mines and Minerals (Development & Regulation) Act, 1957, no mining operation can be undertaken except under a mining lease granted as per the provisions of the said Act and the rules made thereunder. Further, Section 5(1) of the said Act also provides that no mining lease can be granted for a mineral specified in the first schedule of the said Act, without prior approval of the Central Government. Coal and lignite are specified in the first schedule. Therefore, mining of coal and lignite without obtaining a mining lease would be illegal. The State Government has been vested with powers to frame rules for preventing illegal mining, transportation and storage of mineral and for the purposes connected therewith under Section 23(C) of the MM (D&R) Act.

9.9 A Committee under the Chairmanship of Minister of State for Coal has been formed to look into the issues related to illegal mining of coal. The terms of reference of the Committee are as under: -

- a) Identification of area most susceptible to illegal mining – both in the leasehold area of coal companies and outside leasehold areas.
- b) Socio-economic dimension of the illegal mining and measures required to address them.

9.10 When asked what steps need to be taken to effectively stop illegal mining at the level of coal companies and the State Government, the Chairman, CIL, informed the Committee that identification of specific areas of cooperation between the State Government agencies, coal companies and Central Government to effectively deal with the incidents of illegal mining and role and responsibility of each of the agencies in prevention of illegal mining. Implementation of specific technical and technological innovations to effectively seal the abandoned mines.

9.11 Illegal mining takes place in the leasehold areas of coal companies as well as in the coal bearing areas outside the lease hold areas. While the coal companies do take preventive and punitive action in respect of illegal mining in their leasehold areas, for the non-leasehold areas, the State authorities have to take action. The concerned states/districts authorities are being informed by the coal companies whenever illegal mining activities come to the notice of local management. Illegal mining is carried out stealthily and clandestinely from abandoned/closed mines/non-working part of mine or from outcrop regions. As such, it is not possible to have full details of such instances and quantity of coal that might have been extracted by illegal mining.

9.12 The matter has been taken up with State Govt. The letters were written by Secretary (Coal) to Chief Secretary of various State Government where illegal coal mining is being carried out. Minister of Coal (State) had taken this up with

the Chief Ministers of various States such as West Bengal, Jharkhand, etc. In pursuance of these meetings, Committees have been formed at State level to look into the issue of illegal mining and suggest preventive measures.

9.13 When asked whether Coal India Ltd. and its subsidiaries have taken up the issue of illegal mining with State Government of Jharkhand, the reply given by the Chairman, CIL, during deposition before the Committee:

“Yes, The Secretary, Government of Jharkhand in a Notification no. 6/Vigilance 7 – 70/2003 dated August’04 has communicated formation of Committees, viz. (i) A committee at State Headquarter level chaired by Chief Secretary, Government of Jharkhand having 11 members which include representatives of CIL subsidiaries; and (ii) Committees at Regional Level and formation of Task Force under the chairmanship of Commissioner.”

9.14 Meetings of the above Committees are being held regularly and suitable actions are being taken from time to time to stop the menace of illegal mining and coal theft. State Govt. officials at State level, Divisional level and District level are holding meetings with BCCL authorities to interact regarding the actions taken by the Coal Companies and help required from the State Administration to combat illegal mining and theft of coal. Accordingly, necessary help in the form of Police protection are provided by the State Administration while carrying out preventive measures as and when required. In order to prevent illegal mining in CCL, a high level meeting by CCL with the Secretary(Mines), Govt. of Jharkhand was held in the month of October, 2005 in which all the Commissioners/DCs and senior police officials were present. It was decided to constitute a task force at State Level and District level for checking and curbing illegal mining in the State. CCL was advised to constitute a task force at headquarter and area level to close all illegal mining places so that no coal is illegally mined either from working or non-working mines.

9.15 Secretary (Mines) of Jharkhand State Government has constituted a task force at State Level and District Level for the above purpose. Division level Commissioner of the respective Division conducted meeting with CCL officials and other State officials. Area security officer of the concerned area has been included as the member of the task force at District Level and the team is conducting surprise raid jointly to check the menace. Further, at District level monthly meeting with DC/SP is held with concerned CGMs to review the progress and suggestions are implemented strictly. In this respect State Government is fully supporting CCL to curb the menace. On the question of concrete steps being taken/proposed to be taken by CIL and its subsidiaries to check illegal mining in Jharkhand, following was submitted to the Committee: -

“Various steps are being taken/proposed to be taken by CIL and its subsidiaries to check illegal mining in Jharkhand are:

- a. Rat holes created by illegal mining are being dozed off and filled up with stone and debris wherever possible.
- b. Trenches have been dug to isolate the illegal mining sites.
- c. Concrete walls have been created on the mouth of the abandoned mines to prevent access and illegal activities in these areas.
- d. Fencing is being constructed at the various illegal mining sites along with displaying of signboards mentioning "Dangerous and Prohibited Place."
- e. Dumping of the overburden is being done on the outcrop zones, which are not required to be mined.
- f. Intensive patrolling and joint raids are being carried out by Security, CISF and Police.
- g. Meetings with local Administration, District Law & Order Authorities at regular intervals are done, drawing their attention on these aspects.
- h. Management of BCCL has taken a decision that for the new projects in future there will be a chapter on mine closure plan in order to back-fill the worked out areas to cover exposed coal faces and fill up openings to prevent illegal mining.
- i. Notices had been issued jointly by BCCL and District Administration in the local newspapers for wide spread publicity intimating that mining coal in abandoned mines is illegal.
- j. A high level Committee of Secretary, Ministry of Coal and Chief Secretary, Jharkhand shall take stock of the Law and Order situation by holding periodical meetings at Delhi / Ranchi and suggest remedial ways.
- k. Help from local thana is sought during filling/dozing work at the illegal mining sites in case of any obstruction from the local inhabitants who are engaged in illegal activities.
- l. The management of the collieries are lodging FIRs against illegal mining with the local thana, whenever such activities come to notice, with the request to take necessary action against the miscreants
- m. Collection of intelligence report by Security Department and transmitting the same to concerned police station/District authorities to prevent such activities.
- n. Places which are prone to illegal mining activities has been identified and it has been given to State Government authorities for maintaining close watch on such identified mines/areas. The State authorities have been requested to strengthen their surveillance of places falling beyond leasehold area.
- o. Task Force is constituted by the concerned Deputy Commissioner of the District, which identifies the measures to be taken to prevent illegal mining. The Task Force reviews the

execution of the measures carried out with the active involvement of the Project/Area Management.”

9.16 When the Committee wanted to know whether CIL has sought the protection of police force from Central Government/State Government to prevent illegal mining and has the company's request been acceded to, the Company stated that CIL and its subsidiaries are taking help from CISF and State Police Force while conducting raids and carrying out preventive measures to stop illegal mining. The District Authorities have provided police for joint patrolling and conducting surprise raids to prevent illegal mining. Requests have also been made by CCL to the Central Government for deployment of CISF in CCL area. The Government has agreed to deployment of CISF in Piparwar and NK areas.

CHAPTER X

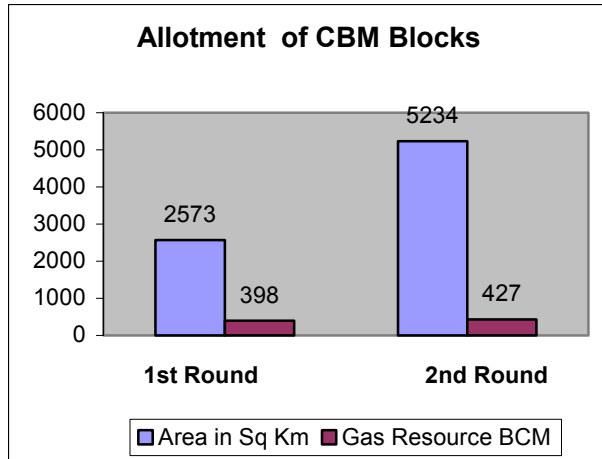
A - Unconventional Energy

10.1 In view of the persistent threat of energy crises and continuously mounting gap between demand and supply of coal, when asked what other viable fuel sources have been contemplated, the Ministry replied that the energy requirement can be met by various fuels other than coal. These are nuclear, hydro, gas, oil and renewable energy such as biomass, wind, solar, etc. Though, there is likely to be gap in demand - supply, the effort would be on harnessing other alternative viable fuels like wind, solar and bio-mass. Even in coal new technologies are being developed to exploit coal reserves to the maximum extent. Efforts are also on for tapping reserves of Coal Bed Methane and Pilot Projects on coal gasification is also underway.

10.2 When sought to know about the Coal Bed Methane and Coal gasification with South African technology in detail, the Company in a written note informed that Coal bed Methane is a hydrocarbon and is a bi-product of coalification process. Coal seams act as reservoir for these gases and therefore, it is named as coal bed Methane. In 1997 a CBM policy was formulated and put in place. As per this policy, MPO&NG has been made administrative ministry for the subject and Directorate General of Hydrocarbon (DGH) is nominated as nodal agency for management and promotion of CBM in the country. Blocks were to be offered through global competitive bidding. Delineation of blocks are to be made in consultation with MoC. Modalities of block delineation is to be decided in such a manner so that the long term perspective of coal mining industry is taken care and with this background a MOU was signed between MoC & MoP&NG.

10.3 Under above background, two rounds of Global competitive bidding have already been concluded where blocks were delineated by CMPDI at the instance of MoC & corresponding Data packages were also largely prepared by CMPDI.

10.4 As a result of this exercise, prospective CBM blocks were delineated by CMPDI in two phases i.e. 1st phase in 1998-99 & 2nd phase in 2002-03. In the 1st phase of delineation of blocks, a total of 3010 sq.km with prognosticated CBM resource of about 621 BCM (21.64 TCF) distributed in 8 prospective CBM blocks (5 through open bidding, 2 on nomination basis and 1 through FIPB route later brought under the ambit of CBM policy) were allotted for exploration and production of CBM whereas in the 2nd phase, nine prospective CBM Blocks were bided out of which 8 blocks together measuring 5234 sq.km with prognosticated resource of about 427 BCM were allotted through bidding as per approved policy of Govt. of India.



CBM activities in these awarded blocks are now under progress as per policy directive and monitoring is being carried out by M/o P&NG through DGH.

As regard CIL's endeavor in this related field, following has taken place.

CBM RELATED ACTIVITIES BY COAL INDIA LTD./CMPDI as Implementing Agency:

10.5 CIL has been associated with the development of coal bed methane from 1993 when it provided consultancy service to oil companies. In subsequent years, CIL's involvement with coal bed methane has been in the form of sharing of coal exploration data, delineation of prospective CBM blocks and helping the Govt. in evolving a policy in this regard. Various CBM related activities by CIL are enumerated below:

CBM Recovery & Commercial Utilization Project (Ind/98/G-34): UNDP/GEF/GOI Project- Coal bed Methane Recovery & Commercial Utilisation.

10.6 A demonstration project named Coal bed Methane Recovery & Commercial Utilization has been taken-up by Govt. of India in collaboration with United Nations Development Program (UNDP) Global Environment Facility (GEF). The Project has been sanctioned by Govt. of India vide letter no.: 34012/15/96 - CRC dated 15th September 1999 and the project is now under implementation at Sudamdih and Moonidih mines at BCCL at an estimated cost of Rs 92.556 crore (January, 2004) for anticipated completion date of Oct., 2006.

10.7 Development of CBM by consortium of CIL & ONGC in Jharia & Raniganj Coalfields:

“Government of India has allotted two blocks – one in Raniganj and the other in Jharia coalfields approximately of 356 and 85 sq. km respectively on nomination basis to the consortium of CIL and ONGC. CIL Board approved the proposal of Joint Venture between CIL & ONGC on Coal Bed Methane in its 203rd meeting on 20th August, 2002. The contract was

signed on 6th February, 2003 between Government of India, ONGC and CIL. As per terms of the contract, a Joint Operating Agreement (JOA) between CIL and ONGC was signed on 17.10.2003 in New Delhi and sent to the Government. Work is in progress, Petroleum Exploration Licence (PEL) for Jharia Block has obtained from State Govt. The first steering committee meeting was held in Delhi on 18/05/2003. PEL for Raniganj was also obtained on 09/06/2004 from State Govt. Location of the drilling sites will be released shortly. At Jharia, Slim hole drilling from CIL end is in progress and drilling was commenced since 30/12/2004 by deployment of one Rig. 2nd Rig was also deployed on 26/01/05 and the 3rd Rig deployed on 29/05/05. So far 7704.25 m has been drilled upto 31.01.2006 since commencement. CBM related test has been carried out. Out of 8 slim holes to be drilled, 6 have been completed and 2 are in progress.”

10.8 At Raniganj CBM Block, Site inspection has been carried out for firming up the location of the boreholes. Drilling of slimholes in Raniganj is proposed to start from March, 2006 by deployment of CMPDI drill.

Long term perspective of CIL in the field of CMM/AMM (integral part of coal mining but subset of CBM)

10.9 An important subset of CBM is coalmine methane (CMM)/ Abandoned mine methane (AMM), which is CBM produced before (through pre-drainage of methane from coal seams from would be mining area) during (through horizontal wells in active mining areas) and after mining (from goaved-out areas). For commercial recovery of CMM/AMM, a long-term perspective of CIL has been formulated in the form “ Concept Paper for Development of Coal bed Methane by Coal India Ltd.”. Perspective includes generation of base line data for evaluation of area to delineate viable CMM/AMM blocks for embarking upon commercial recovery of CMM/AMM. The project proposal with financial details would be implemented as R&D Scheme by CIL.

National Perspective of CBM related Data generation

10.10 In course of initial assessment of CBM resources, it was observed that there is a lack of dedicated data like desorption & adsorption character of coal for CBM potentiality assessment. Besides present practice of indirect assessment also need calibration as per geological diversity of Indian Coal.

10.11 In view of above, it was evolved in national perspective that routine coal exploration through borehole under promotional funding may be used for incremental data generation in regard of CBM potentiality assessment. Accordingly a scheme of " Assessment of Coal bed Methane Gas-in Place Resource of Indian Coalfields during X plan" as integral part of Report of Sub group II on coal exploration under X plan have been approved. Now, the scheme is under field implementation by CMPDI and desorption data from various coalfields are being generated.

B - Coal Gasification with South African Technology

10.12 SASOL of South Africa is known to be the world's only commercial producer of liquid fuels and chemicals from high ash coal (27-30%). The process is based on indirect coal liquefaction. In indirect liquefaction, coal is first gasified to obtain synthesis gas mixture (CO and H₂), which is further converted to liquid and gaseous fuels through Fischer-Tropsch (FT) synthesis. About 7.3 tonne of such type of coal is required for producing 1.0 tonne of crude oil.

10.13 The commercially proven technologies of SASOL to convert coal into liquid and gaseous products comprise of two basic steps:

- (i) Conversion of coal into synthesis gas using the SASOL LUGRI developed Fixed Bed Dry Bottom (FBDB) Coal gasification process;
- (ii) Conversion of synthesis gas into liquid fuels and chemicals utilizing SASOL developed FT Technology of oil conversion processes like Sasol Advanced Synthol Reactor (SAS) or Sasol Slurry phase Distillate (SSPD) process depending on the specific market requirement.
- (iii) FBDB Sasol lurgi coal gasification technology is commercially proven. A number of different coal gasification units with different throughput capacities are available, depending on many factors including properties of coals being gasified.

10.14 A fixed bed dry bottom gasifier is a vertical water jacketed, steel lined reactor, where lump coal (above 2 mm size) flows down as a slow moving continuous fixed bed in counter current with up flow of oxygen, steam and reactant gases. The process is continuous and autothermic, the fuel-oxygen reaction supplying the heat. The operational pressure is 27-29 bar. Various gasification reactions between carbon of coal with oxygen and steam take place. The typical product gas leaving the gasifier on (Vol% dry) is H₂ : 40%; CO:22%; CO₂:27%; CH₄:9.5%.

10.15 In order to obtain the synthesis gas mixture (H₂+CO), unwanted CO₂ is removed in the Rectisol process downstream. However, the methane content of about 10% which does not take part in the FT reactor is ultimately transformed into hydrogen and carbon monoxide (CO) downstream of FT in the gas reforming plant and re-circulated back to FT synthol, where catalytic reaction between CO and H₂ take place to convert various liquid and gaseous hydrocarbons. Based on earlier information, Sasol's synfuels and chemical operations add value annually to more than 40 million tonnes of low grade coal. Sasol produces in excess of 150000 barrels per day of transportation fuels as well as more than 150 chemical products.

10.16 As per the report (Financial Express dated 3rd March, 2006), India and the US reached an understanding to expand energy sector cooperation beyond the nuclear arena in the coal sector with focus on adoption of clean coal technology and joint development of projects that include the ambitious coal liquefaction project, when asked to furnish details, the Committee were informed that the 3rd

meeting of Indo-US Coal Working Group was held on 4th and 5th April, 2006 in New Delhi. The following milestones have been achieved:

- i) Indian participation in Future Gen Project has been signed by Ministry of Power.
- ii) Memorandum of Understanding (MOU) for United States Trade Development Agency grant for preparation of a project report for Neyveli Lignite Corporation Limited has been signed.
- iii) Establishment of Coal Bed Methane / Coal Mine Methane Clearing House in association with United States Environmental Protection Agency is under advance stage of consideration.

10.17 A detailed work plan on the identified topics has been signed during the 3rd Coal Working Group meeting which has focused following eight areas (i) Coal beneficiation;(ii) Waste coal utilization;(iii) Coal fine recovery; (iv) Coal gasification; (v) Coal mine safety;(vi) Overburden dump stability;(vii) Coal bed methane/Coal Bed Methane/Coal Mine Methane/ abandoned mine methane; and (viii) Steep seam production enhancement

10.18 About the efforts for acquiring clean coal technology, the Secretary, Ministry of Coal while deposing before the Committee explained as under:-

“efforts are being made in order to make progress with respect to these clean coal technologies. Some of the areas mentioned are coal gasification, coal bed methane, coal beneficiation and also coal liquefaction. In coal bed methane, there has been quite some progress in the sense that a large number of coal-bed blocks have been allocated and exploratory work is going on in these blocks. That is handled by the Ministry of Petroleum. While a pilot scale study has been done for Assam Coal Liquefaction process, underground coal gasification is still in conceptual stage.”

10.19 Elaborating further, the Secretary stated that:-

“..... Coal India Limited has signed MoUs with ONGC and GAIL. They are also thinking of signing an MoU with Oil India Limited on coal liquefaction. We are trying to get technologies for further progress in these areas with the help of bilateral co-operations and multilateral co-operations. For example, we have a working group with USA where some of these issues are being addressed. Similarly, there is an Asia-Pacific Task Force where there are six member countries to develop further cooperation in these areas.”

Part-II**OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE****RECOMMENDATION NO. 1****FILLING UP OF VACANCIES ON THE BOARD OF DIRECTORS OF CIL AND ITS SUBSIDIARIES.**

As per the prescribed composition of the Board of Directors of the CIL, there is a provision of three Non-official Directors. The Committee however, note that there have been no Non-official Directors on CIL's Board for the last 4 years beginning from 2002-03. Similarly, few posts of non-official Directors are also lying vacant in the subsidiaries of CIL. Regarding the reasons for these vacancies, the Committee have been informed that the appointment of Non-official Directors is done on the basis of recommendations made by Public Enterprise Selection Board (PESB) through Department of Public Enterprises (DPE) by way of selection amongst public men, technocrats, management experts, consultants and professional managers in industry and trade with high degree of proven ability. The Committee have also been informed that DPE have recently recommended a list of names, company-wise, for appointment as non-official Directors on the Board of Directors of CIL and its eight subsidiaries (5 each for Coal India Limited, Eastern Coalfields Limited, Bharat Coking Coal Limited, Central Coalfields Limited, Northern Coalfields Limited, Western Coalfields Limited and Coal Mines Planning and Development Institute Limited and 4 each for South Eastern Coalfields Limited and Mahanadi Coalfields Limited). Thus, action to induct the non-

official Directors on the Boards of CIL and its subsidiaries has reportedly been initiated. The Committee have been further apprised that vacancies of non-official Directors in the Board has not substantially affected the decisions / work of the Board of Directors. The Committee wonder as to how the functions sought to be performed by the non-official Directors are being actually managed in the CIL and its subsidiaries in their absence. Further, no information has been brought to the notice of the Committee which may suggest that any serious efforts have been made/are being made by the Government to fill up the vacant post during the last four years.

The Committee are not at all satisfied with the above-mentioned reply of the Ministry. In the opinion of the Committee, by not filling up the vacant posts of non-official Directors for four years, the Board has been deprived of the services of persons who are expert in the field of management, industry and trade. The Committee express their displeasure over the lackadaisical attitude of the Government in filling up the vacancies of non-official Directors whose significance in running the organization require no special mention. The Committee, therefore, strongly recommend that all out efforts must be made by the Government for filling up the remaining vacancies of non-official Directors on the Boards of CIL and its subsidiaries without any further loss of time. The Committee further recommend that a mechanism should be put in place wherein a specific time limit is prescribed for filling up the vacancies for each category of

posts on Board of Directors and action must be initiated in advance for filling up the forthcoming vacancies which are generally known in advance.

RECOMMENDATION NO. 2**RESTRUCTURING OF COAL INDIA LIMITED**

The Committee note that CIL was incorporated in November, 1975 after nationalization of the coal industry and thereafter to bring most of the coal mines under one umbrella. The administered prices, opening up of marginal projects coupled with huge manpower base and small uneconomic mines which CIL inherited at the time of nationalization resulted in continued ill health of CIL. These facts coupled with poor quality of indigenous equipment and spare parts, low utilization of Heavy Earth Moving Machinery, social problems relating to land acquisition and rehabilitation, poor work culture, administrative constraints etc. have inhibited growth of CIL in truly becoming a globally competitive company.

In this regard, the Committee note that an expert committee constituted by the Planning Commission to formulate an Integrated Coal Policy in 1995 under the Chairmanship of Shri K.S.R. Chari, former Secretary (Coal), in its report had inter-alia recommended that holding company approach of CIL be given a fresh look and each subsidiary of CIL be given the status of an independent company. Subsequently, another Expert Committee under the Chairmanship of Shri T.L. Shanker was constituted by the Ministry of Coal in November, 2004 for the purpose of reviewing the functioning of Coal Sector in the country. One of the terms of reference of this Committee was restructuring of CIL to make it a world class company. Though Part – II of the report of this committee is still

awaited, the Expert Committee in Part – I of their report has inter-alia recommended that greater delegation of authority must accompany greater accountability and responsibility. CIL could be granted the status of Navratna company whereby it need not come to Government for approval of projects. Subsidiaries of CIL could be granted the status of Miniratna companies whereby proposals exceeding Rs.500 crore would need government approval. The boards of above companies should be restructured with the induction of independent non-governmental Directors.

In the above context, the Committee note that CIL is the largest coal company in the world and have the potential to become globally competitive with abundant coal resources in its leasehold areas, well developed marketing network and availability of surplus resources for investment. The Committee, therefore, feel that the Government must address the issue of restructuring CIL with more functional autonomy so that the company can meet the challenges of the competitive world by making it a world class company. The Committee also note that a proposal of CIL for claiming Navratna Status for it and Miniratna Status for its subsidiaries is currently under consideration of the Government. The Committee recommend that Government should process this matter expeditiously and ensure that the company is able to meet all the guidelines laid down by the Department of Public Enterprises (DPE) in this regard.

RECOMMENDATION NO. 3**AUGMENTATION OF COAL PRODUCTION**

The Committee note that over the years, the production of coal in the country has been increasing continuously. However, in view of the ever-increasing demand of coal, the demand and supply gap has continued to widen. From the information furnished, the Committee note that as against the demand projections of 473.18 million tonnes (Mt) and 676.00 Mt during the X Plan and XI Plan periods, supply of coal from indigenous sources [Coal India Limited (CIL), Singareni Collieries Company Limited (SCCL) and others] is estimated to be 421.50 Mt. and 593 Mt. respectively, leaving thereby significant gap between the demand and the supply. To meet the burgeoning demand of coal, the CIL has formulated a time-bound enhanced production programme. The targets for coal production in terminal year of X Plan i.e. 2006-07 has been enhanced by 13 Mt from earlier level of 350 Mt. The production programme during XI Plan period has also been enhanced so as to reach a level of 508 Mt by terminal year of XI Plan i.e. 2011-12 which incorporates an incremental production of 63 Mt over earlier projection of 445 Mt.

In this regard, the Committee note that the CIL has identified a total of 101 projects with 250.27 Mt. production capacity to be taken up during the X Plan period. Out of these, 64 projects with aggregate production capacity of 106.77 Mt have so far been sanctioned by the Government and the approval for balance projects is being pursued vigorously. The

implementation of these projects have been taken up with utmost priority by the CIL, resulting in likely contribution of 72.48 Mt. in 2006-07 from 51 projects and it is envisaged that a total of 67 projects out of 101 projects would contribute 89.51 Mt. during the terminal year of X Plan. The Committee find that though coal companies are making consistent efforts to increase the coal production, they have not been able to keep pace with the growing demand of coal in the country. As a result, the gap between supply and demand is continuously widening thereby forcing the country to depend on import to meet the coal requirements besides burdening the country's exchequer. The Committee, therefore, recommend that not only the approval for the remaining projects should be accorded top priority but a mechanism should also be put in place for ensuring that all the identified projects are completed and commissioned as per schedule. In order to remove the mismatch between the demand and supply of coal in the country, the Committee strongly recommend that coordinated efforts must be made at the level of various concerned agencies to remove the bottlenecks causing delay in execution of various projects which have already been approved by the Government.

RECOMMENDATION NO. 4**NEED TO IMPROVE EXTRACTABILITY OF COAL**

As per the information furnished to the Committee, there are 92.55 billion tonnes of proved resources of coal (excluding North-Eastern Coalfields Region) available in the country. However, the resources which have been identified as extractable constitutes only about 34.76 billion tonnes. Thus, the extractable reserves are very meagre as compared to the overall available resources. It is, therefore, evident that there is a great scope for conversion of proved resources into extractable reserves. In this direction, the Committee note that with a view to increase the percentage of extraction, a number of research and development projects have been undertaken by the CIL from time to time, including technological upgradation. These projects include the research projects funded by the Ministry of Coal under Coal Science & Technology (S&T) Grant and the CIL Research and Development Projects. The Committee, however, note with concern that CIL has not been able to complete their sanctioned projects during 9th and 10th Plan as per schedule. The reasons for delay for non-completion of the R&D projects include delay in procurement of equipments, delay in getting statutory permission and obtaining environmental clearances etc. The Committee are of the view that extractability can improve only when it is ensured that all the R&D projects which are under implementation are completed by their scheduled dates. Keeping in view the importance of coal in the present energy requirement

scenario, the whole issue needs serious consideration. The Committee, therefore, recommend that in order to ensure that all R&D projects are implemented on time and in cost effective manner, a cross monitoring mechanism to oversee the progress of implementation of these projects be established by the Coal Mines Project and Development Institute Limited (CMPDIL), Standing Scientific Research Committee (SSRC) of the Ministry of Coal and the CIL R&D Board. Further, an exclusive monitoring cell headed by the Coal Secretary and also the experts in the field, be established in the Ministry to collect and analyze the feedbacks received from the above mentioned monitoring agencies in implementation of the R&D Projects and providing the necessary governmental support/guidance wherever necessary.

RECOMMENDATION NO. 5**CLEAN COAL TECHNOLOGIES**

The Committee note that as per one of the recommendations of the Expert Committee (T.L. Shanker Committee) set up by the Ministry of Coal in 2004 to review the functioning of the coal sector, the country needs to take various measures for reducing the pollution impact of coal use by developing and adopting all appropriate clean coal technologies including carbon sequestration. In pursuance of this recommendation, the Committee note that the Government of India and CIL have initiated action with cooperation of Indo-U.S. Working Group, Indo-EU Working Group and Asia Pacific Partnership, etc. The Committee have been informed that during the third meeting of Indo-US Coal Working Group held on 4th and 5th April, 2006, it was decided for establishment of Coal Bed Methane (CBM)/ Coal Mine Methane (CMM) clearing house in association with United States Environmental Protection Agency and the same is under advance stage of consideration. Further, detailed work plan on many identified topics have also been signed. These include coal beneficiation, waste coal utilization, coal fine recovery, coal gasification, etc. The Committee further note that Coal India Ltd. has signed MoUs with ONGC and GAIL on coal gasification and coal liquefaction projects. The CIL is trying to get technologies for further progress in these areas with the help of bilateral cooperation and multilateral cooperation. The Committee feel that development and adoption of clean coal technologies are promising areas for future from the

point of view of environmental protection as well as generation of extra energy. This would also enable to utilize deep-seated coal for energy generation and meeting the energy requirements. The Committee, therefore, recommend that continuous efforts must be made for evolvement and putting into use the plans of clean coal technologies in a time bound manner.

RECOMMENDATION NO. 6**PERFORMANCE OF UNDERGROUND MINING OPERATIONS**

The Committee note that in India, the coal mining is done by two methods namely the shaft mining generally called 'Underground mining' and the strip mining known as 'Open cast mining'. The Open cast mining is much more advantageous to underground mining in terms of the net output as well as the cost of production. This is indicated by the fact that Output per Man Shift (OMS) for open cast mine is 7.18 as compared to underground mining which is just 0.69. In this regard, the Committee observe that most of the underground mining operations in Coal India Limited are incurring losses. There are only 38 mines out of 284 underground mines of Coal India Ltd., which are yielding profit. Most of the 500 underground mines that Coal India Limited inherited at the time of its establishment were basically small units. The infrastructure available with these mines is very old and most of such mines do not have any scope for improving their evacuation facilities which is a must for improving production/ productivity. According to CIL, all these mines though incurring heavy losses could not be closed because of difficulties in redeployment of surplus manpower and strong opposition from trade unions. Any improvement in augmentation of evacuation capacity in these mines and other related infrastructure to implement modernization of operations would require considerable investment. Further, since many of

the loss making mines are also mining inferior grade coal, it would not be economically viable to invest for such modernization programmes.

In view of the above stated position, the Committee feel that an in-depth analysis of all the underground mines should be undertaken to identify the possibilities of improving productivity from such mines by way of modernization, wherever feasible. Further, to cope up with the heavy loss making underground mines where the improvement in productivity by way of modernization is not possible, the Government may explore the possibility of closing down such mines and using the resources – both manpower as well as mechanical so made available, for improving the economics of other mines where economic turnaround is possible.

RECOMMENDATIONS NO. 7**NEED FOR INTRODUCING STATE-OF-ART TECHNOLOGY FOR UNDERGROUND MINING**

The Committee note that underground mining has always been an area of major concern on account of lack of appropriate technology in respect of geo-mining conditions prevailing in the deeper seated coal deposits. Track records of indigenous manufactures of underground mining equipment has also been poor. This has inhibited the desired growth of underground coal production. However, efforts have been made by the CIL to mechanize the underground mining operations with introduction of Intermediate Technology i.e. Side Discharge Loader / Load Haul Dumper (SDL/LHD) in a number of mines, as a replacement of manual mining. As a result, the total underground production has increased from 38% in 1998-99 to 61.5% in 2004-05. This mechanization process has also reduced the exposure of workers to mining hazards in underground mines. Further, in few selected underground mines, another highly mechanized Longwall Technology is also in use. However, as per the information furnished to the Committee, this technology has not been very successful in the country as the performance of this technology has been below expectations in view of the involvement of multiple complex factors like inadequate geo-technical assessment, under rated equipment, inadequate infrastructure links, poor spare part management, poor back-up services by overseas suppliers etc. The Committee has been informed that in order to improve production and productivity of underground mines, introduction

of Intermediate Technology using SDL and LHD has been taken up on a large scale. Further, a recently introduced technology namely 'Continuous Miner Technology' has come up with successful results. Accordingly, this technology has been proposed to be introduced in some more mines of CIL where suitable geo-mining conditions exist.

From the above, the Committee feel that introduction of latest technology is the need of the hour as it is linked not only to the enhancement of coal production from the underground mines but also to the safety of the mine workers. The Committee, therefore, recommend that CIL should make continuous efforts for introducing improved technologies including international proven technologies from foreign companies in more and more underground mines, wherever feasible. For this purpose, suitable time schedules be chalked out within which the whole exercise is to be carried out.

RECOMMENDATION NO. 8**NEED FOR UPGRADING THE RAIL AND SURFACE TRANSPORT INFRASTRUCTURE FOR EVACUATION OF INCREASED COAL PRODUCTION.**

The Committee note that the production of coal at a site is directly linked to the evacuation facilities available there in view of the limited storage capacity. In this regard, the Committee observe that one of the major difficulties being faced by CIL and its subsidiaries in dispatching coal to the consumers is the inadequacy of the existing infrastructure for evacuation of coal from the production point. The evacuation is primarily done by rail transport system. The Committee have been informed that Ministry of Railway's insistence on supplying wagons as per their own convenience has adversely affected continuation of production at coal companies for paucity of stacking space. Instead of supplying wagons to the coal companies which have the potential to load wagons, the wagons are supplied to those sites where the Railways could ensure higher freight earning with least difficulties. As a result, on one hand, some of the coal companies starve for wagons to ensure matching evacuation of coal and on the other, wagons remain idle in some other companies where the supplies are forced to be made without indent. This results in uneven stocks at consuming ends, particularly at power stations. The Committee also note that over the years, the CIL and its subsidiaries have made huge investments for updating infrastructure for augmenting wagon loading. However while coal companies have been deploying more loading

equipment to ensure faster loading, the Railways has been found to be lacking to develop matching infrastructure by not adding the desired rolling stock and hauling capacity to upgrade the evacuation facilities. In this regard, the Committee note that both CIL as well as Ministry of Coal have been pursuing the issue at different fora in the Ministry of Railways, up to the level of Chairman, Railway Board to impress upon the need for bringing improvement in infrastructure and suitable amendment in operating and commercial rules. However, the operational and commercial difficulties being faced by coal companies are yet to be addressed by Railways.

The Committee are, therefore, of the view that presently there is a mismatch between the production of coal at various coal companies vis-à-vis the availability of infrastructure to evacuate it. Since the issue of meeting the requirement of the coal from the indigenous resources is of paramount importance, it needs to be ensured that this objective is not defeated on account of transport networking problem. The Committee, therefore, strongly recommend that the operational and commercial difficulties which are being faced by the CIL and its subsidiaries must immediately be addressed by the Railways by developing the matching infrastructure in terms of rolling stock as well as hauling capacity besides sorting out the networking problems in consultation with the coal companies.

Another area of dispute between the coal companies and the Railways, which has come to the notice of the Committee, is the transportation of the low density coal. The bulk density is considerably less for superior grades / washed variety of coals as compared to other varieties of coal. However, the Railways have presently a uniform carrying capacity for wagons without giving any cognizance to significant variations in bulk density for various grades of coal. As a result of this, certain coalfields and coal washeries are facing difficulties in loading the wagons upto their carrying capacity ending up paying under loading charges while dispatching higher grades of non-coking coal and washed coking coal. The Committee, therefore, agree with the suggestion of CIL that exhaustive joint loadability tests by the Ministry of Railways and Coal Companies are required to be undertaken for such coals individually in all coal fields to ascertain what should be the chargeable carrying capacities of different grades of coal, prior to bringing any change in the chargeable carrying capacity and recommend for implementation of the same. The Committee further recommend that the railways should notify the findings of the earlier trials conducted jointly by the railways and the coal companies for revising the loading capacity of Box-N wagons

RECOMMENDATION NO. 9**INTEGRATED COAL RESOURCES INFORMATION SYSTEM (ICRIS)**

The Committee note that Coal Mines Project and Development Institute Limited (CMPDIL) has taken up a Government of India funded project on development of an Integrated Coal Resources Information System (ICRIS) for estimation of mines/block wise coal reserves etc. as per United Nations Framework Classification (UNFC) guidelines in X Plan. The Committee have been informed that on completion of this project, an updated integrated mines / block wise coal reserves data base will be created to facilitate perspective planning for coal development. The Committee have been informed that for ICRIC which is scheduled to be completed by October, 2009, procurement of hardware and software is in an advance stage. Further, the process of collection of collieries maps, bringing colliery survey reference points to National Grid and capturing of borehole and descriptive data of first lot of 122 Geological reports in Computer Media is also in progress. The Committee are of the view that creation of an updated integrated mine/block wise coal reserves data base would certainly facilitate perspective planning of coal development in the country. The Committee, therefore, recommend that ICRIS project should be provided all support (financial and technical) by the Government so that it may be completed within the stipulated timeframe.

RECOMMENDATIONS NO. 10**RECOVERY OF OUTSTANDING DUES**

The Committee note that as on 31st March 2005, the outstanding coal sales dues of the coal companies amounts to Rs. 3489 crores consisting of disputed dues amounting to Rs. 1596 crores and undisputed dues amounting to Rs. 1893 crores. The reasons for such huge outstanding dues, as attributed by the CIL include-disputes raised by State Electricity Boards (SEBs), non-availability of funds with the SEBs/Other Power Utilities and the time lag between billing and payment.

As regards recovery of outstanding dues, the Committee note that Ministry of Coal and Ministry of Power jointly appointed umpires in 1995 to settle the disputed dues of SEBs/Power Utilities. The Committee, however, observe that this system did not prove very effective because due to absence of any prescribed time limit, the umpires took very long periods to pronounce awards. Even after a lapse of 10 years, the final award in respect of few disputes are still awaited. The Committee further note that in one case, even after pronouncement of the award in favour of Central Coalfields Ltd. (CCL) and Bharat Coking Coal Ltd. (BCCL) amounting to Rs. 428 crore, the amount is yet to be recovered from the concerned party viz. the Badarpur Thermal Power Station (BTPS). Another measure taken by the Government of India for settlement of outstanding dues is the Securitisation Scheme launched in 2001. This scheme has a provision for opening irrevocable Letter of Credit (LC) by the SEBs for payment of coal

sale bills and payment of interest for delay in payment beyond a stipulated period. This scheme also provides for regulation in coal supply in case of non-payment within the stipulated period. The Committee note that while some of SEBs have already opened LC, others are being pursued for opening it.

From the above, the Committee conclude that presently, there is no effective mechanism available with the coal companies for recovery of their outstanding dues from various SEBs/Power Utilities. In the absence of any stringent provision for realization of arrears, the appointment of umpires or the securitisation schemes etc. have not proved very effective in achieving the desired results. Though it may not be an appropriate idea to altogether stop supply of coal in case of non-payments by some SEBs/Power Utilities, the Committee are of the considered opinion that some coordination mechanism is required to be evolved involving the Ministry of Coal, Ministry of Power and respective State Governments to look into the issue of outstanding disputed payments due to CIL and its subsidiaries and to work out the solutions in an expeditious manner. Further, it may also be made mandatory under the securitization scheme for opening of LC by all the SEBs and other Power Utilities for availing supply of coal from coal companies.

RECOMMENDATION NO. 11**ALLOCATION OF COAL BLOCKS THROUGH COMPETITIVE BIDDING**

The Committee note that prior to 1976, the coal mining activities in the country were governed by Coal Mines (Nationalization) Act, 1973 and it was restricted to public sector only. Subsequently, by various amendments in the said Act carried out in 1976, 1993 and 1996, private companies engaged in the production of Iron & Steel, generation of power, working of coal, cement production etc. were also permitted to participate in the coal mining sector by way of captive mining. The underlying idea was that allotment of captive coal blocks would help in augmenting the production of these basic inputs to the economy besides contributing to the Central and State Government exchequers by way of revenue from taxes, royalty etc. As per the existing mechanism, the allocation of coal blocks to private parties is done through the mechanism of an inter-ministerial inter-governmental body called the Screening Committee. The Screening Committee is chaired by the Secretary (Coal) and has representation from Ministry of Steel, Ministry of Power, Ministry of Industry and Commerce, Ministry of Railways, Coal India Limited, CMPDIL and the concerned State Governments. The application is received from the applicant in the Ministry of Coal along with its enclosures and is then sent to the concerned administrative Ministry for their scrutiny and recommendations. It is also sent to CIL/CMPDIL for their scrutiny and recommendations. In the Screening Committee, the applicant is given an

opportunity to present his case before the full Screening Committee. In this regard, the Committee note that a large number of applications for allocation of coal blocks for captive mining are pending in the Ministry of Coal. Considering this large number of applications per block, the allocation through the existing mechanism has become a difficult task. To overcome this problem, the Committee note that a new formulation namely competitive bidding process of selection has been proposed which would be more objective and transparent. To implement this new process, an amendment to Coal Mines (Nationalization) Act 1973 has been considered necessary which is under consideration of the Government and is likely to take some time. As such the Government have decided to continue for the time being with the existing mechanism. The Committee further note that another option to introduce competitive bidding by amending the Mines & Minerals (Development and Regulation) Act 1957 that could be applicable to all minerals covered under the said Act, including coal and lignite, is also under consideration of the Government. The proposed formulation has been referred to Ministry of Law and Justice for their legal opinion. A final view will reportedly be taken only after the views of the Ministry of Law and Justice are obtained.

The Committee, therefore, observe that though the private participation in the Coal Sector has been permitted by the Government by way of captive mining, the desired objectives have not been fully achieved in view of the cumbersome process involved in the allocation of the coal

blocks. In view of the huge backlog of the applications from private participants, the need of the hour is the expeditious implementation of the competitive bidding process of selection. The Committee, therefore, recommend that coordinated efforts must be made by the Government to remove the impediments involved in the introduction of the competitive bidding by carrying out expeditiously the requisite proposed amendments in the Coal Mines (Nationalisation) Act 1973 or the Mines & Minerals (Development & Regulation) Act, 1957, whichever is deemed more appropriate. The Committee recommend that this matter needs to be finalized by the Government in a time bound manner keeping in view its national importance. In order to implement the proposal expeditiously, the Committee recommend that the follow- up action with regard to drafting/ amending of relevant rules may also be taken up simultaneously.

RECOMMENDATION NO. 12**EXTENDING CONSULTANCY ROLE OF CMPDIL FOR PRIVATE PLAYERS**

The Committee note that with the opening of coal mining sector to private companies for the purpose of captive mining, more and more private companies are coming forward seeking allocation of coal blocks. Such private participation is likely to attain further momentum after the introduction of the proposed process of allocation by competitive bidding. The question which obviously arise is whether such private companies possess the requisite expertise in the field of coal mining as it is a highly technical area. In this regard, the Committee have been informed that currently a company without necessary expertise in Coal mining can source mining expertise from the market or it enters into a joint venture (JV) with a mining company holding 26% equity in it under special dispensation allowed under the existing guidelines. Towards this end, the Committee are of the view that Central Mine Planning and Design Institute Limited (CMPDIL), an engineering, design and exploration subsidiary company of Coal India Limited, can play a crucial role in providing necessary expertise to the private allocatees of captive blocks on commercial considerations. The Ministry of Coal has also found it a desirable solution. The Committee, therefore, recommend that the Government should explore the feasibility of extending the consultancy role of CMPDIL to private players for promoting the commercial interests of coal mining industry as well as the commercial interests of CIL.

RECOMMENDATION NO. 13**COAL MINES NATIONALISATION AMENDMENT BILL**

The Committee note that since nationalization of coal mines in 1973, the coal sector is dominated by the public sector. The present legal framework permits private sector participation in coal mining to a very limited extent through the route of captive mining. The lack of any competition has been a major factor that has constrained the growth of coal industry. As per the Economic Survey (2005-06), in the coal sector, lack of private competition and market orientation has stifled growth which has affected the power sector most. In this regard, the Committee note that in line with the recommendations of the Committee constituted by the Planning Commission, under the Chairmanship of Shri K.S.R. Chari, former Coal Secretary in 1995, the Government decided to open the Coal Sector for private participation. Accordingly, a Coal Mine Nationalization Amendment Bill was introduced in the Rajya Sabha in the year 2000. The main objective of this Bill was to allow the companies registered in India to mine coal and lignite without the existing restriction of captive consumption as well as to engage in exploration of coal and lignite resources in the country. In this regard, the Committee note that as per the deliberations in the various meetings between the trade unions and the government, it was decided that the matter for processing of the Bill further in Parliament shall be decided only after having discussions with the Trade Unions. A Group of Ministers (GOM) was constituted in this connection.

After change of the Government at the Centre, the GOM is required to be reconstituted. As per the latest information made available to the Committee, the matter of reconstitution of the Group of Ministers is being pursued with the Cabinet Secretariat. The Committee, therefore, feel that the objective sought to be achieved by the Coal Mines Nationalization Amendment Bill is still pending. This important issue needs a serious consideration by the Government keeping in view the future interest of the proper development of coal sector in India. The Committee, therefore, recommend that Cabinet Secretariat should take up the matter of constituting the GOM on top priority so that the contentious issues may be resolved with the Trade Unions expeditiously.

RECOMMENDATION NO. 14**COAL VIDESH LIMITED**

The Committee note that presently there is a demand supply gap in respect of metallurgical and low ash thermal grade coal in view of their limited domestic reserves. With the objective of enhancing energy security of the country, CIL is contemplating to invest in prospective coal mining opportunities abroad. In this regard, presently, the Coal India Limited has set up a separate Coal Videsh Department with a view to pursue matters for acquisition of coal property abroad. Even the Ministry of Coal has reportedly constituted a dedicated group of experts mandating to explore possibility of acquiring coal equities abroad. The Committee note that a proposal for setting up a new subsidiary of Coal India Limited namely Coal Videsh Limited which would accrete overseas reserves and participate in import of coking and high grade non-coking coal to meet the domestic deficit has already been considered by the Ministry of Coal. Now, a draft Cabinet note for consideration of the Cabinet has been prepared and which have been circulated to the concerned Ministries/ Departments for their comments. The said Cabinet note would be finalized accordingly. Taking into consideration the importance of the issue, the Committee recommend that the Government should take an early decision on this proposal. In the opinion of the Committee, the setting up of Coal Videsh Limited as an entity to deal exclusively with the overseas coal acquisition projects will definitely impart cutting edge over the present scattered arrangement.

Towards this end, the Committee also desire that Coal India Limited should explore the possibility of entering into Joint Ventures with leading companies for acquiring coal mines abroad.

RECOMMENDATION NO. 15**NEED FOR INTERNATIONAL REPORTING SYSTEM (IFRS)**

The Committee note that in order to participate in international bids for acquisition of coal property abroad, the accounts of Coal India Limited and its subsidiaries are required to be prepared under International Financial Reporting System (IFRS). Presently, the said accounts are prepared in line with Indian Accounting Standard and in compliance with the Companies Act, 1956. In this regard, the Committee note that the CIL Board has already taken a decision to prepare the accounts of CIL and its subsidiaries as per the International Financial Reporting standard and get it audited by Auditors of international repute. To this effect, the necessary guidelines have also been formulated and selection of the Auditors is in process. Keeping in view the fact that acquisition of coal equities abroad will continue to rise in the near future, the Committee recommend that the maintenance of accounts by the CIL and its subsidiaries be made IFRS compliant at the earliest possible. The Committee also desire that the selection of the concerned Auditors which reportedly is in progress, be also completed within a specific timeframe so that no delays occur in implementation of this system.

RECOMMENDATION NO. 16**NEED TO CURB ILLEGAL MINING**

The Committee note that as per the provisions of Mines and Minerals (Development and Regulations) Act, 1957, no mining operation can be undertaken except under a mining lease granted as per the provisions of the said Act and the rules framed thereunder. Therefore, mining of coal and lignite without obtaining the mining lease would amount to illegal mining. The Committee observe that most of the illegal mining activities are confined to the States of West Bengal and Jharkhand and is taking place mostly outside the leasehold areas of CIL and its subsidiaries. While the coal companies do take preventive and punitive action in respect of illegal mining in their leasehold areas, for non-leasehold areas, the State Authorities have to take action. The Committee have been informed that the Central Government is also seized of this problem by requesting, from time to time, various States which produce coal, to take vigorous steps to arrest illegal mining and the consequent accidents. Also, the Coal companies are constantly in touch with the district administration and other intelligence agencies to check the activities of coal mafia. The Committee observe that to prevent illegal mining and theft of coal, the West Bengal Government have formed Committees at the State level, District level, Sub divisional level and block levels with the members from the concerned subsidiaries. The decisions taken by these Committees are being implemented by the concerned subsidiaries with the help of Police

and District Administration. Similarly, the Government of Jharkhand have formed Committees at Chief Secretary level to conduct quarterly meetings and, at Divisional Commissioner's level to conduct monthly meetings for discussing measures to prevent illegal mining and theft of coal. On the part of the Central Government, the Committee have been informed that under the Chairmanship of the Minister of Coal, a Committee has been formed to look into the issues related to illegal mining of coal.

From the above, the Committee note that though a number of measures taken at the Centre as well as State Governments levels, the same have not proved effective to check illegal mining. As it is a serious issue resulting in loss to the coal companies and endangering the lives of the innocent people, the Committee feel that some concrete steps are needed to be taken to prevent it. For this purpose, the Committee desire that specific areas of cooperation between the State Governmental Agencies, Coal companies and the Central Government need to be identified to effectively deal with the incidents of illegal mining. The role and responsibilities of each of these agencies also needs to be specified. Further, the implementation of specific technological innovations to effectively seal the abandoned mines from where the majority of illegal mining takes place, be also considered.

RECOMMENDATION NO. 17**SAFETY OF MINE WORKERS**

The Committee note that safety in mines is governed by the Coal Mines Act, 1952 and the Rules and Regulations framed thereunder. Mines Rules, 1955, the Coal Mines Regulations, 1957, and Mines Rescue Rules, 1985 are some of the major statutory provisions related to the safety of mine workers. The Committee have been further informed that mining operations in the coal mines of Coal India Limited are conducted in accordance with the above-mentioned statutes relating to Coal Mine Safety which is monitored by the Directorate General of Mines Safety (DGMS) under the Ministry of Labour. The Committee feel that the safety of mines workers is one of the major areas of concern in the coal mining industry. The number of fatal accidents in CIL during the years 2002 to 2004 has been 189 resulting in 200 casualties besides more than 1000 serious injuries. The Committee note that the major factors responsible for fatal accidents in coal mines are roof/side falls; movements of trucks and dumpers; use of machinery etc. According to CIL, since the rocks in earth's crust are not homogeneous or uniform, their behavior is not known and as such, the falling of the roof and sides of excavations made below the ground cannot be eliminated entirely. In this regard, the Committee has been apprised that CIL has taken a number of protective measures to enhance safety of mine workers. Such as thrust on roof bolting/ roof stitching, training and re-training of workmen, continued mechanization of

loading and roof bolting operations and introduction of modern technologies besides involving trade union in safety matters by way of their representation in various safety committees.

In order to ensure safety of mine workers and also to protect the coalfields, the Committee recommend that the following safety measures be undertaken by the CIL/Government:

- (i). More emphasis be laid on training programmes for mine workers on various aspects of mining such as geo-mining conditions, familiarization with new mining technologies as and when introduced, operating various mine related equipments etc. besides making mandatory for the mine workers to undergo such training programmes.**
- (ii). Introducing modern mining technologies in more and more mines so as to reduce the manual working to the barest minimum.**
- (iii). Ensuring that the recommendation of the DGMS on various mine safety aspects are implemented within the prescribed time-limit in letter and spirit.**
- (iv). Stringent punitive action be prescribed for those persons who are found responsible for cause of accident due to any negligence or dereliction of duties on their part.**

RECOMMENDATION NO. 18**NEED FOR A NATIONAL INTEGRATED COAL POLICY**

The Committee note that at present 50% of the total commercial energy needs in the country are met by coal and the scenario is likely to remain the same for another 20 years or so. The Committee feel that in order to promote the development and utilization of the coal resources in a planned manner, there is definitely a need for formulation of a National Integrated Coal Policy for meeting the present and future coal requirements of the country. The Committee observe that the country already has a nuclear policy as well as the electricity policy whereas a petroleum policy is being worked out. In this regard, the Committee note that for quite some time now, the Government is seized with preparation of a National Coal Policy. The Planning Commission in 1995 constituted a Committee on Integrated Coal Policy for adoption by the Government during the 9th and 10th plan periods. The Committee also note that this Committee after undertaking a review of the coal sector had made several landmark recommendations, some of which have also been reportedly implemented by the Government. The Committee are however, constrained to note that even though a number of recommendations were put forth by the Committee since then, an Integrated Coal Policy in a documented form have not so far been brought out. The Committee are not satisfied with the reply of the Ministry that though there is not a documented policy on coal, there is a policy framework through various enactments and orders which

is being followed in the functioning of the coal sector. The Committee feel that a bunch of scattered enactments and administrative orders issued from time to time cannot be a substitute for a well-defined Integrated Coal Policy serving as a road map for development of the coal sector in a planned manner. In this regard, the Committee note that recently a committee was constituted by the Planning Commission which has given its report on Integrated Energy Policy. The said report has dealt with energy security viewpoints of the country taking into account the nuclear energy prospect, thermal energy prospect and non-conventional energy prospect altogether. This report contains a chapter on coal also as to what is going to be the future scenario in respect of coal sector. The Committee feel that taking that chapter as one of the guiding principles, the Ministry of Coal must evolve a National Coal Policy for the coal sector which is the need of the hour. The Committee, therefore, strongly recommend that the Government must formulate an Integrated Coal Policy without any further loss of time.

RECOMMENDATIONS ON MISCELLANEOUS ISSUES

- 19 The Committee note that there is a persistent demand of various coal producing States for revision of the royalty structure. Keeping in view the considerable improvement in the profit of Coal Companies over a period of time, the Committee feel that the demands for review of royalty structure of the concerned States needs to be addressed in the light of the recommendations of the 11th and 12th Finance Commission and the recommendations of the Sarkaria Commission.
- 20 The Committee note that in many coalfields, particularly near the Raniganj Area of West Bengal, there are many unstable locations where the cases of subsidence have been reported. The Committee feel that there is an urgent need to initiate early and appropriate steps to assess the danger being posed to residential areas adjacent to the mining areas where people suffer from a sense of insecurity and uncertainty in the wake of reports about continued subsidence. The Committee further feel that a long-term view of this enormous problem is urgently required to be undertaken.
- 21 In view of the rapid changes internationally taking place in coal technology, the Committee feel that there is a need to continuously train and update our technical people of different categories by setting up a Modern National Institute of Coal Technology with adequate infrastructure as a part of or in close relation with the Indian School of Mines, Dhanbad.

New Delhi
6th December, 2006
15 Agrahayana, 1928

RUPCHAND PAL
CHAIRMAN
COMMITTEE ON PUBLIC UNDERTAKINGS

ANNEXURE-I

D.O. No. 17014/4/2004-CPFC

Harbhajan Singh
Joint Secretary & F.A.
Tel. 23384211
Fax. 23387528
E-mail: jsfa.moc@sb.nic.in

GOVERNMENT OF INDIA
MINISTRY OF COAL AND MINES
DEPARTMENT OF COAL

Shastri Bhawan, New Delhi

Dated: 28-06-2004

Dear Shri Shashi Kumar,

I have reviewed the progress of plan expenditure of Coal India Limited (CIL) up to the month of May, 2004. The review indicates that CIL has incurred an expenditure of only 3.78% of the B.E. plan outlay during the current financial year (2004-05). Since two months in financial year have already elapsed the present pace of expenditure is very slow and needs to be geared up.

2. You are advised to take appropriate action to speed up the present pace of expenditure to avoid any shortfall in achievement of the targets in the current year.

With regards

Yours sincerely,

sd/-
 (Harbhajan Singh)

Shri Shashi Kumar,
 Chairman, Coal India Limited,
 10, Netaji Subhash Marg,
 Kolkata – 700 001.

ANNEXURE-II**MINUTES OF THE 9th SITTING OF THE COMMITTEE ON PUBLIC
UNDERTAKINGS HELD ON 5th OCTOBER, 2005**

The Committee sat from 1130 hrs to 1320 hrs.

CHAIRMAN

Shri Rupchand Pal

MEMBERS**LOK SABHA**

2. Shri Manoranjan Bhakta
3. Shri Gurudas Dasgupta
4. Smt. Preneet Kaur
5. Shri Shrinivas Patil
6. Shri Kashiram Rana
7. Shri Mohan Rawale
8. Shri Rajiv Ranjan Singh
9. Shri Bagun Sumbrui

MEMBERS**RAJYA SABHA**

10. Prof. Ram Deo Bhandary
11. Shri Ajay Maroo
12. Shri Pyarimohan Mohapatra
13. Shri Dinesh Trivedi

SECRETARIAT

- | | | |
|----|---------------------|-----------------|
| 1. | Shri S. Bal Shekar, | Joint Secretary |
| 2. | Shri J. P. Sharma, | Director |
| 3. | Shri N. C. Gupta, | Under Secretary |

REPRESENTATIVES OF COAL INDIA LIMITED

1.	Shri Shashi Kumar	CMD	Coal India Ltd.
2.	Shri P.S. Bhattacharya	CMD	Bharat Coking Coal Ltd.
3.	Shri M.K. Thapar	CMD	Southern Eastern Coalfields Ltd.
4.	Shri G.S. Chug	CMD	Western Coalfields Ltd.
5.	Shri Abhiram Sharma	CMD	Mahandi Coalfields Ltd.
6.	Shri V.K. Singh	CMD	Northern Coalfields Ltd.
7.	Shri A.N. Singh	Dir (Tech Oper)	Northern Coalfields Ltd.
8.	Shri R.P. Ritolia	CMD	Central Coalfields Ltd.
9.	Shri S. Choudhuri	CMD	Central Mine Planning & Design Institute Ltd.
10.	Shri D. Chakrovoty	CMD	Eastern Coalfield Ltd.
11.	Shri D.K. Verma	Dir (Fin)	Coal India Ltd.
12.	Shri Mohd. Slimuddin	Dir (P&IR)	Coal India Ltd.
13.	Shri L. Jha	Dir (Tech.)	Coal India Ltd.

2. The Committee took oral evidence of the representatives of Coal India Limited in connection with the comprehensive examination of Coal India Limited.
3. Verbatim proceedings of the meeting has been kept on record separately.
4. The Committee decided to hold their next sitting on 20th October, 2005.

The Committee then adjourned.

**MINUTES OF THE 8th SITTING OF THE COMMITTEE ON PUBLIC
UNDERTAKINGS HELD ON 26th SEPTEMBER, 2006**

The Committee sat from 1230 hrs to 1400 hrs.

CHAIRMAN

Shri Rupchand Pal

MEMBERS - LOK SABHA

2. Shri Manoranjan Bhakta
3. Shri Gurudas Dasgupta
4. Dr. Vallabhabhai Kathiria
5. Shri Shrinivas Patil
6. Shri Kashiram Rana
7. Shri Mohan Rawale
8. Shri Ramjilal Suman
9. Shri Bagun Sumbrui
10. Shri Ram Kripal Yadav

MEMBERS - RAJYA SABHA

11. Shri Ajay Maroo
12. Shri Shahid Siddiqui
13. Prof. Ram Deo Bhandari
14. Shri Dinesh Trivedi

SECRETARIAT

- | | | |
|----|-------------------|-----------------|
| 1. | Shri J.P. Sharma | Joint Secretary |
| 2. | Shri N. C. Gupta, | Under Secretary |
| 3. | Shri Ajay Kumar, | Under Secretary |

REPRESENTATIVES OF MINISTRY OF COAL

- | | | |
|----|------------------------|-------------------------------------|
| 1. | Shri H.C. Gupta | Secretary |
| 2. | Shri Pradeep Kumar | Special Secretary |
| 3. | Shri Rajiv Sharma | Joint Secretary |
| 4. | Shri K.S. Kropcha | Joint Secretary |
| 5. | Shri Sujit Gulati | JS&FA |
| 6. | Shri P.R. Mandal | Adv. (Project) |
| 7. | Shri Shashi Kumar | CMD, Coal India Limited |
| 8. | Shri P.S. Bhattacharya | CMD, Bharat Coking Coal Limited |
| 9. | Shri S. Choudhuri | CMD, Central Mine Planning & Design |

	Institute Ltd.
10. Shri D. Chakravarty	CMD, Eastern Coal Fields Limited
11. Shri B.K. Sinha	CMD, Southern Eastern Coalfields Limited
12. Shri G.S. Chug	CMD, Western Coalfields Limited
13. Shri Abhiram Sharma	CMD, Mahanadi Coalfields Limited
14. Shri V.K. Singh	CMD, Northern Coalfields Limited
15. Shri R.P. Ritolia	CMD, Central Coalfields Limited
16. Shri K. Ranganath	Director (Marketing), Coal India Limited
17. Shri S. Bhattacharya	Director (Finance), Coal India Limited
18. Shri L. Jha	Director (Technical), Coal India Limited
19. Shri Mohd. Salimuddin	Director, (P&IR), Coal India Limited

2. The Committee took oral evidence of the representatives of the Ministry of Coal in connection with the comprehensive examination of Coal India Limited, which has been selected as a subject for examination during the year 2006-2007.

3. At the outset, the Chairman welcomed the representatives of Ministry and also drew their attention to direction 58 of the Directions by the Speaker relating to evidence before the Parliamentary Committee. Thereafter, the representatives of Ministry of Coal made an audio-visual presentation on the overall working of Coal India Limited. After audio-visual presentation, Members raised queries on various aspects pertaining to the subject and the explanations/clarifications on the same were made by the representatives of Ministry. Information on some of the points raised by the Committee was not readily available with the representatives of Ministry. It was, however, promised by them that the same would be furnished to the Committee Secretariat in due course.

4. The Chairman then thanked the representatives of Ministry for providing all the information on the subject matter as desired by the Committee.

5. A copy of the verbatim proceedings has been kept on record separately.

6. The witnesses then withdrew.

The Committee then adjourned.

**MINUTES OF THE 12th SITTING OF THE COMMITTEE ON PUBLIC
UNDERTAKINGS HELD ON 6th December 2006**

The Committee sat from 1630 hrs to 1715 hrs.

CHAIRMAN

Shri Rupchand Pal

MEMBERS - LOK SABHA

- 2 Dr. M. Jagannath
- 3 Shri Suresh Kalmadi
- 4 Dr. Vallabhbbhai Kathiria
- 5 Smt. Praneet Kaur
- 6 Shri Shriniwas Patil
- 7 Shri Kashiram Rana
- 8 Shri Ram Kripal Yadav

MEMBERS - RAJYA SABHA

- 9 Shri Rishang Keishing
- 10 Shri. K. Chandran Pillai
- 11 Prof. Ram Deo Bhandary
- 12 Shri Dinesh Trivedi

SECRETARIAT

- | | | |
|----|------------------|-----------------|
| 1. | Shri J.P. Sharma | Joint Secretary |
| 2. | Shri N. C. Gupta | Under Secretary |
| 3. | Shri Ajay Kumar | Under Secretary |

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2. The Committee considered the two Draft Reports on the following subjects and adopted the same with some modifications: -

- (i) XXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXX; and
- (ii) Coal India Limited.

3. The Committee authorized the Chairman to finalise the Reports for presentation.

4. XXXXXXXX XXXXXXXXXXX XXXXX XXXXXXXXXXX

The Committee then adjourned.