13

STANDING COMMITTEE
ON ENERGY
(2001)

THIRTEENTH LOK SABHA

MINISTRY OF COAL

DEMANDS FOR GRANTS
(2000-2001)

[Action Taken by the Government on the Recommendations contained in the Thirty-Ninth Report of the Standing Committee on Industry]

THIRTEENTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

February, 200l / Magha, 1922 (Saka)

CONTENTS

COMPOSITION OF THE COMMITTEE

INTRODUCTION

CHAPTER I Report

CHAPTER II Recommendations/Observations that have been accepted by the Government

CHAPTER III Recommendations/Observations which the Committee do not desire to pursue in view of the Government's reply

CHAPTER IV Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee

CHAPTER V Recommendations/Observations in respect of which final replies of the Government are still awaited

ANNEXURES

I. Minutes of the First sitting of the Standing Committee on Energy (2001) held on 25.1.2001

II. Analysis of Action Taken by the Government on the Recommendations contained in the Thirty-Ninth Report of the Standing Committee on Industry (Thirteenth Lok Sabha)

COMPOSITION OF THE STANDING COMMITTEE ON ENERGY
(2001)

Shri Sontosh Mohan Dev - Chairman

MEMBERS

Lok Sabha

2. Shri Basudeb Acharia
3. Shri Prasanna Acharya
4. Shri Prakash Yashwant Ambedkar
5. Shri Rajbhar Babban
6. Shri Vijayendra Pal Singh Badnore
7. Shri Girdhari Lal Bhargava
8. Shri Jagmeet Singh Brar
9. Shri Lal Muni Chaubey
10. Shri A.B.A. Ghani Khan Choudhury
11. Shri Bikash Chowdhury
12. Shri M. Durai
13. Shri C.K.Jaffer Sharief
14. Shri Trilochan Kanungo
15. Shri P.R.Khunte
16. Shri Sanat Kumar Mandal
17. Shri K. Muraleedharan
18. Shri Ravindra Kumar Pandey
19. Shri Dalpat Singh Parste
20. Shri Amar Roy Pradhan
21. Shri B.V.N. Reddy
22. Shri Chada Suresh Reddy
23. Shri Harpal Singh Sathi
24. Shri B. Satyanarayana
25. Shri Chandra Pratap Singh
26 Shri Tilakdhari Prasad Singh
27. Shri Manoj Sinha
28. Shri Ramji Lal Suman
29. Prof. Ummareddy Venkateswarlu
30. Vacant

Rajya Sabha

31. Shri Lakhiram Agarwal
32. Shri Gandhi Azad
33. Shri Santosh Bagrodia
34. Shri Brahamakumar Bhatt
35. Shri Dara Singh Chauhan
36. Shri Manohar Kant Dhyani
37. Shri R.P.Goenka
38. Shri Vedprakash P.Goyal
39. Shri Rama Shanker Kaushik
40. Shri Aimaduddin Ahmad Khan (Durru)
41. Shri B.J.Panda

42. Shri V.V.Raghavan
43. Dr. Akhtar Hasan Rizvi
44. Shri Ramamuni Reddy Sirigireddy
45. Ven’ble Dhamma Viriyo

SECRETARIAT

1.	Shri John Joseph	Joint Secretary
2.	Shri P.K.Bhandari	Deputy Secretary
3.	Shri R.S.Kambo	Under Secretary
4.	Shri Arvind Sharma	Senior Committee Assistant

INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorised by the Committee to present the Report on their behalf, present this Thirteenth Report (Thirteenth Lok Sabha) on the Action Taken by the Government on the recommendations contained in the Thirty-Ninth Report of the Standing Committee on Industry on “Demands for Grants (2000-2001) of the Ministry of Coal”.

2. The Thirty Ninth Report of the Standing Committee on Industry was presented to Lok Sabha on 2nd May, 2000. Replies of the Government to all the recommendations contained in the Report were received on 1st August, 2000.

3. The Demands for Grants (2000-01) of Ministry of Coal were examined by the Standing Committee on Industry. Subsequent to the transfer of the Ministry to Standing Committee on Energy with effect from 24th August, 2000; the Standing Committee on Energy (2001) considered and Action taken replies of the Government and adopted this Report at their sitting held on 25th January, 2001.

4. An analysis of the Action Taken by the Government on the recommendations contained in the Thirty-Ninth Report of the Committee on Industry is given at Annexure-II.

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

New Delhi;
February 7, 2001
Magha 18,1922 (Saka)

SONTOSH MOHAN DEV,
Chairman,
Standing Committee on Energy.

CHAPTER I
REPORT

This. Report of the Committee deals with the action taken by the Government on the recommendations contained in the Thirty Ninth Report of the Departmentally related Standing Committee on Industry on 'Demands for Grants (2000-2001) of the Ministry of Coal which was presented to Lok Sabha on 2nd May, 2000.

2. Action Taken notes have been received from the Government in respect of all the 28 recommendations contained in the Report. These have been categorised as follows:-

(i) Recommendations/Observations that have been accepted by the Government:
Sl. Nos. 1, 2, 3, 6, 8, 9, 11, 12, 13, 14, 15, 17, 19, 99, 24, 25 and 27

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:

Sl. Nos. 16, 18, 20, 23 and 26

(iii) Recommendations/Observations in respect of which reply of the Government have not been accepted by the Committee:

Sl. Nos. 4, 10, 21 and 28

(iv) Recommendations / Observations in respect of which final replies of the Government are still awaited:

Sl. Nos. 5 and 7

3. The Committee desire that final replies in respect of the recommendations for which only interim replies have been given by the Government ought to be furnished to the Committee at the earliest.

4. The Committee will now deal with the Action Taken by the Government on some of their recommendations/observations.

Funds for Conservation and Safety of Mines

Recommendation Sl. Nos. 4 and 10,

(Para Nos. 7.7, 7.8, 7.9 and 13.4)

5. The Committee had noted that an arrangement was made under the Coal Mines (Conservation & Development) Act, 1974 for supporting the activities of the coal companies for conservation efforts, stowing operations for safety of coal mines and protection works. Coal Conservation and Development Advisory Committee (CCDA) carries out periodical assessment of the actual expenditure incurred by coal companies on and stowing and protective works. In view of the utilisation of Rs. 49.45 crore against a provision of Rs. 60.00 crore in 1998-99 for conservation efforts, the Committee had observed that CCDA should play pro-active role in monitoring the stowing and protective work of coal mines. The Committee had recommended that Department of Coal should take up the issue with Ministry of Finance and Planning Commission for enhancement of fund for conservation of coal and safety measures.

6. The Government, in their reply have stated that for the year 1998-99, a budget provision for Rs. 60.00 crore was made for assistance for conservation and safety in coal mines on the basis of proposals submitted by various coal companies. After receipt of the claims for assistance submitted by different coal companies, the CCDA Committee on scrutiny found only Rs. 49.45 crore admissible for assistance and hence this amount was recommended. Rs. 10.55 crore was left unutilized d since some of the work proposed by coal companies could not be carried out during 1998-99. CCDA Committee has taken action to monitor the actual expenditure for conservation of coal including stowing and protective work carried out by different coal companies through the Officers-on-Special Duty posted in each coalfield who are, though under the roll of the subsidiary companies of CIL, work under the administrative control of Coal Controller.

7. The Committee are constrained to note the indifferent attitude of Ministry of Coal, CIL and their subsidiaries towards Coal Conservation and stowing operation for safety of coal mines and protective work. This has been amply demonstrated in the under- utilisation of the earmarked amount for the purpose during 1998-99 where under, as against budget provision of Rs. 60 crore, only Rs. 49.55 crore could be made use of. The Committee have been informed that an amount of Rs. 10.55 crore could not be utilised as some of the work proposed by coal companies could not be carried out during 1998-99. The Committee view this as a lapse on the part of the Ministry of Coal/Coal Conservation and Development Advisory (CCDA) Committee. They expect the Ministry of Coal/CCDA Committee to take corrective measures in this regard in future and utilise the earmarked amount fully. The Committee would like to be apprised of the details of work proposed by coal companies that could not be carried out during 1998-99 along with the reasons therefor. The Committee also observe a total neglect on the part of BCCL and ECL in undertaking stowing and protective works, especially in open cast mines. Such a sorry state of affairs questions the propriety of deputing Officers-on-Special Duty in each coal mine to oversee coal conservation, stowing and protective works. In the opinion of the Committee, it should be the personal responsibility of these functionaries to ensure that coal conservation is carried out as per provisions of the various coal statutes. The Committee, while reiterating

their recommendation, desire that a complete list of abandoned mines where stowing is to be done alongwith a time bound programme to stow these mines should be prepared, subsidiary-wise and it should be supplied to the Committee within six months.

Long Wall Technology

Recommendation S1. No. 4 (Para No. 7.10)

8. Regarding percentage recovery by mechanised open cast mining and longwall methods in underground mines to achieve higher underground production with higher percentage of recovery, the Committee were of the view that efforts should be made for evolution of better methodology of coal exploration to achieve the highest percentage of recovery.

9. In their reply, the Government have inter alia stated that the Coal India Limited is continuously making efforts for evolution/ adoption/modification of suitable mining methodology to achieve higher percentage of coal extraction from underground coal mines with due regard to safety and conservation. So far, introduction of Power Support Long wall faces have yielded mixed results. Introduction of another type of modem technology for underground mines namely, room and pillar method with Continuous Miner and Shuttle Car capable of yielding 70%-80% recover is awaiting DGMS approval.

10. The Committee are anguished to note that Power Support Long-Wall Technology, imported from countries like UK, erstwhile USSR and France, with much fanfare, have yielded mixed results. The Committee have observed that the efficiency and efficacy of this technology in under ground mining has been proved beyond doubt and is currently under operation successfully in other coal producing countries. In the opinion of the Committee, the failure to induct this technology could be due to various reasons like apathy shown by the management of CIL and their subsidiaries in imparting training and upgrading the skills of coal workers, failure to keep spares, servicing of critical equipment and machinery and constraints of funds. At the same time, CMPDIL also cannot absolve themselves of their responsibilities, in not modifying/ mending the design of the mines for absorption of new techniques of coal mining. This is an indication towards lack of professionalism and commitment on the part of CMPDIL. The Committee, therefore, recommend that an independent probe be conducted to assess the reasons for failure of well proven Long Wall Technology in our coal mines. The Committee also desire that Government should assess the loss incurred to the exchequer due to the failure to use this technology and fix responsibilities for this neglect.

Implementation of High-Level Committee Report on Fire and Subsidence

Recornmendation SI. No. 4 (Para No. 7.12)

11. The Committee were perturbed to note that the department of Coal had not been able to implement the recommendation of High Level Committee as the problem of subsidence and fire in Raniganj, Jharia coalfields persisted. Enactment of a suitable legislation banning construction over unsafe areas was still awaited from the Government of Bihar. Moreover,

constitution of sub-authority for rehabilitation of non-BCCL people from endangered areas was also awaited from the Government of Bihar. The Committee were of the strong opinion that the Department of Coal should prevail upon the Government of Bihar for enactment of suitable legislation and constitution of sub-authority for rehabilitation of non-BCCL people from endangered areas.

12. In this connection, the Government have stated that a number of letters have been written by BCCL, CIL to the Government of Bihar and Ministry of Coal at the level of Secretary (Coal) to Chief Secretary, Bihar on 17.11.99. The matter is being pursued on priority.

13. The Committee are deeply anguished to„-,note that the Government of erstwhile Bihar neither constituted a sub-authority to rehabilitate non-BCCL people from endangered areas nor enacted legislation to ban construction over unsafe areas thereby subjecting the citizens to live in hazardous and pathetic conditions. At the same time the Union Government cannot absolve themselves of their responsibilities as they failed to secure decent living conditions for the people of Raniganj and jharia and remained a mute spectator and took up the matter with State Government half-heartedly. In the opinion of the Committee, the role and responsibilities of State Government extend beyond collecting hefty coal royalties. The royalties so collected should also be spent for the benefit and development of people living coal bearing areas. The Committee now hope and trust that the newly formed State of jharkhand under whose jurisdiction jharia coalfields of BCCL and some other coal mines of ECL fall would be responsive and enact a legislation banning construction over unsafe areas in furtherance to their welfare policies. Moreover, such habitations over coal bearing areas also unnecessarily block the exploitation of coal beneath those areas. At the same time they also expect a sub-authority would be set up for the rehabilitation of non-BCCL people of endangered areas. A time bound programme should be formulated by the Central Government to rehabilitate those people.

Implementation of Voluntary Retirement Scheme (VRS)

Recommendation Sl No. 6 (Para No. 9.71)

14. The Committee while appreciating the efforts taken by the Department of Coal with regard to rationalisation of manpower in the loss making subsidiaries of the CIL such as ECL, BCCL and CCL were constrained to express it displeasure over the insufficient allocation of fund during 1999 to meet the requirement for rationalisation of manpower. Committee had been given to understand that against the project requirement of Rs. 20.00 crore in RE 1999-2000, only Rs. 5.00 crore are provided. Similarly, against the requirement of Rs. 230.00 crore, only Rs. 180 crore had been provided in the budget estimate for 2000-2001.

15. The Committee were the considered view that the Department of Coal should be required fund to the tune of Rs. 230.00 crore at RE stage during 2000-01 enabling it to give VRS to 11,500 persons in ECL, BCCL and CCL during 2000-01.

16. The Government in their reply, have inter alia stated that as per the plan submitted by CIL for VRS, an amount of Rs. 230 crore was provided for in the Budget 2000-01. After

discussion with Planning Commission and Ministry of Finance, an allocation of Rs. 200 crore was made. As per decision of the Planning Commission for transfer of 10% of GBS by each Ministry /Department of the non-lapsable pool of resources meant for North-Eastern State and Sikkim, Rs. 20 crore have been earmarked for transfer to non-lapsable pool of resources for developmental schemes/projects in Eastern States out of the above budget provision of Rs. 200 crore. As per the revised guidelines on VRS circulated by Department of Public Enterprises in May, 2000 the Department of Industrial Policy an Promotion have asked for the requirement of funds for implementer of VRS in central PSUs during 2000-01 for funding from National Renewable Fund. Accordingly, requirement of funds to the tune of Rs.230 crore (Rs. 90 crore--ECL, Rs. 90 crore-BCCL and Rs. 50 crore-.CCL) has been indicated to the Department of Industrial Policy & Promotion.

17. The Committee hope and that CIL would now be able to and effectively undertake rationalization of manpower with an increased budgetary outlay for Voluntary Retirement Schemes (VRS). However, the Committee would like to caution the Government that while granting VRS, it should be ensured that skilled labour,. porter, etc. do not exit in mass from the coal as it may hamper coal production in the collieries.

R&D Programme

Recommendation SI. No. 8 Para Nos. 11.6 and 11.7)

18. The Committee observed that Budget Estimates for R&D Projects were reduced at the Revised Estimate stage from Rs. 33.39 crore to Rs. 10.74 crore during 1998-99. During 1999-2000 these were reduced from Rs. 20.52 to 7.38 crore. Not only this, the actual expenditure on Science and Technology (S&T) projects remained confined to the tune of Rs. 5.49 crore as a result of which some S&T projects stopped midway. The Committee had recommend that the Department of Coal must prevail upon the of Finance and the Planning Commission for higher budgetary allocation for R&D Programme and make sure that the budget made a BE stage does not get stifled at the RE stage. An in-house budgetary experiment to explore latest technology to reduce the cost of production of coal was also recommended.

19. In their reply, the Government have stated that due care will be taken to ensure that the difference between the BE and RE is kept to the barest minimum. The main reason for difference in the past was reported to be due to long time taken for getting the approval of high financial outlay projects due to the necessity of clearance of such projects by a number of Committee/ Bodies. The Coal India Limited has been making efforts to upgrade technology both for open cast and underground mining through bilateral arrangements with other countries on Government to Government basis. While the coal companies are trying to introduce state-of-the-art technology, it is true that the linkages between research and development and transfer of technology has been somewhat over-looked in the past. Steps are being taken to strengthen the transfer and absorption of technologies to suit indigenous needs. Developing cost effective technology for underground mining and removing of ash content continue to be the thrust areas for R&D Programme.

20. The Committee are of the firm opinion that R&D Programme of an organisation is a determining factor in achieving the physical and financial performances. In the

absence of R&D, this become a limiting factor in realising the projected physical and financial targets over a period of time. CIL and their subsidiaries are under-performing their varied activities due to lack of interest shown towards R&D and other S&T projects. R&D and S&T projects have to pass through a host of Committees/ Bodies, before these are finally sanctioned. Consequently, the projected budgetary allocation for the same is stifled at RE stage. The bureaucratic delay further shrinks it when it comes to utilisation. The Committee recommend that the Government should review their policy of according clearance/finance to R&DIS&T projects. Accordingly, a R&D / S&T project should be cleared and sanctioned within a period of three months of its receipt. A steering/ screening Committee should be set up to sanction/clear a project, whereunder personnel from all the agencies/bodies be drawn up so as to minimise the delay in according approval. At the same time, the Committee recommend that there should be a clear linkage between R&D projects and the field agencies. This will ensure that new technologies evolved as a result of R&D efforts are transferred/ absorbed and assimilated in the field. The Committee also desire that R&D and S&T should form thrust areas of the Government's policy and adequate emphasis be laid on improving the quality and increasing the volume of coal and lignite.

Budgetary Provision for Compensation

Recommendation Sl. No. 12 (Para No. 15.2)

21. The Committee had observed that Coal Bearing Areas Acquisition and Development Act lay down the principles and procedure for determination. of compensation. The Committee were of the view that while making assessment of fair market value, the Department of Coal should take care the interest of persons whose land is being acquired and efforts be taken for timely disposal of cases of compensation as this measures if implemented would give timely help to the land owners as well as save considerable amount of money of Department of Coal.

22. The Government, in their reply, have *inter-alia* stated that the conditions laid down u/s. 13(5) of the CBA (A&D) Act as well as the circulars issued by the Government are kept in view while determining the payment of compensation to the person interested for lands acquired u/s. 9(1) of the CBA Act. The observations of the Committee have been reiterated to CIL and adequate steps are being taken for timely payment of compensation. During 1998-99 and 1999-2000 the Budgetary provision of Rs. 25 crore was made for each year and amount sanctioned to coal companies for payments as compensation to land owners under the Coal Bearing Areas (Acquisition and Development) Act, 1957. During the current year, the Budgetary provision of Rs. 25 crore has been made and Ministry is likely to incur the full expenditure.

23. The Committee note that during the last 3 years a budget provision of Rs. 25 crore is being made for making payment for compensation each year and the amount is utilised fully. The Committee recommend that the budgetary provision for making payment for compensation should be made taking into consideration the number of compensation cases pending with the subsidiary companies. A time-bound programme be drawn up for settlement of pending cases and especially the cases of tribal people.

Development of Coal in North-Eastern States

Recommendation Sl. No. 14 (Para No. 18.2)

24. The Committee, while welcoming the directive of the Government to each Ministry/Department including the Department of Coal for spending 10% gross budgetary support for development of North-Eastern States, had desired that a genuine implementation of the provision would help removing industrial backwardness in these States. The Committee had expected that the Department of Coal would make its contribution in the achievement of cherished national priority and goal.

25. The Government, in their reply have stated that a sum of Rs. 87.31 crore equivalent to 10% of GBS in the BE 2000-01 of this Ministry, for funding development schemes in Eastern Region as their company namely North-Eastern Coalfields, is incurring huge losses as the coal produced is not good enough to attract consumers. NEC needs revenue support for meeting cash loss on one hand and through VRS for down)sizing manpower. The entire Rs. 87.31 crore is proposed to be transferred to non-lapsable pool of resources meant for development of North-Eastern States and Sikkim. However, the Planning Commission has also been requested to provide Rs. 55.14 crore out of the amount of Rs. 87.31 crore proposed to be transferred by this Ministry to non lapsable pool of resources during 2000-01, as a revenue support of CIL to offset losses incurred by North-Eastern Coalfields.

26. The Committee approve the action proposed by CIL in transferring Rs. 87.31 crore to non-lapsable pool of resources meant for the development of North-Eastern States and Sikkim. The funds are proposed to be utilised as revenue support for meeting cash loss and Voluntary Retirement Scheme (VRS) for downsizing manpower in North-Eastern Coalfields. The Committee are aware of the inability of CIL in not taking up new coal projects/schemes due to difficult mining conditions and adverse quality of coal so mined. The coal mined in North-Eastern States is rich in sulfur and thus injurious for the use by steel and cement sector. The Committee desire that a part of the proceeds should be used to strengthen infrastructure in and around coal mining areas and also for undertaking R&D projects to improve the quality of coal.

Rationalisation of Freight

Recommendation S1. No. 21 (Para No. 25.4)

27. The Committee had noted that the additional burden of 30% charged from the coal sector by railways on account of the subsidisation of passenger traffic and recommended that the Department of Coal should take up the issue with the Ministry of Railways. And the same may be pursued with effective follow-up action. The Committee had desired that the outcome of the follow-up action may be informed to them while furnishing action taken replies.

28. The Government, in their reply, have *inter-alia* stated that coal freight is increased every year and it affects the ultimate consumers of coal making it a more expensive fuel at the distant consumption end. The CIL raised the freight issue with the railways on 24.12.919; however, in the railway budget for 2000-01, the freight on coal was further hiked by 2%. The increase in the previous was about 4% and earlier the tariff on coal had been increased by 5 to 10%. The Minister of Coal *vide* D.O. Letter No. 23011/3/99-CTD dated 18th May, 2000 has also written to Minister for Railways for personal intervention in redressing the imbalance in the railway freight structure. It has been indicated in the letter that when coal is supplied from South Eastern Coalfields Ltd. and Mahanadi Coalfields Ltd. to the coastal areas in Gujarat & Maharashtra, the freight charges are as high as 200 to 300% of the coal prices. The recommendation of the Standing Committee on Industry forwarded to Ministry of Railways on 24th May and 26th June, 2000 has also not been responded by Ministry of Railways.

29. The Committee are anguished to note that in spite of the recommendation of the Standing Committee to rationalise freight on coal, the Ministry of Railways have raised the freight of coal by another 2% during 2000-01, thus making coal un-economic fuel at the consumers end. As of now, there is additional burden of 30% charged from coal sector by Railways on account of subsidisation of passenger traffic, notwithstanding that coal provides 48% of the total tariff to the Indian Railways. Moreover, in transport of coal by Railways, it is the long distance haul that suffers most. Between 1981-99 the element of rail freight in power grade coal has increased from 43% to 54% at 750 km. It has risen to 60% in the Budget 2000-01. As a result, some individual power stations of Gujarat and Maharashtra receiving coal for SEC and MCL, may have to bear a freight as high as 200-300% of the coal price. Reiterating their earlier recommendation, the Committee desire that Ministry of Coal should prevail upon the Railway Board to rationalise the freight on coal so that indigenous coal can compete with imported coal. At the same time, the matter should also be placed before the Cabinet Committee on Economic Affairs (CCEA) for their Government opinion. The Committee would await action taken by the Government in this regard.

Coal Royalties

Recommendation S1. No. 22 (Para Nos. 26.6, 26.7 and 26.8)

30. The Committee observed that a huge amount of funds have been collected by the States as royalty from the coal companies. The Committee' were, however, concerned to note the general backwardness of coal bearing areas which was reflected in the most famous dictum that "India is rich but Indians are poor". The Committee had recommended that the Department of Coal in tandem with the State authority should make all out efforts for general development of coal bearing regions on priority basis.

31. The Government, in their reply, have *inter-alia* stated that the coal producing States do not utilise their coal royalty income for development of coal bearing areas. This is being shouldered by CIL single handedly.

32. The Committee are concerned to note that coal producing States do not utilise their

coal royalty income for the development of coal bearing areas and only CIL is shouldering this responsibility single handedly. The Committee recommend that a part of proceeds of coal royalty be spent on the coal bearing areas for improving infrastructure, dwellings, schools, colleges, hospitals and other civil amenities and the relevant statute, if any, may be amended for the purpose.

Conversion of Coal into Oil on Commercial Basis

Recommendation S1. No. 24 (Para No. 28.2)

33. The Committee had desired that the Department of Coal should undertake a detailed study of the possibility of conversion of inferior grade coal into oil and other by-products and come up with a viable project report within 6 months.

34. In their reply furnished to the Committee, the Government have informed that liquification of coal leading to conversion of coal to petroleum product is one of the clean coal technologies and it has a good future in India. The subject has got attention of the Ministry consequent upon the visit of South Africa by official delegation of Ministry of Coal. It has also stated that CIL is actively involved in formulating a scheme/project with or without joint venture for coal liquification.

35. The Committee are pleased to find that CIL is actively involved in formulating a scheme /project with or without joint Venture for coal liquification. The Committee desire that the Coal India Limited should utilise the experience and expertise of CFRI, CMPDIL and other R&D scientific institutes in the evolution of coal liquification, especially in the context of techno-economic viability of the project technology. The usage and practices of this technology in other countries should also be made use of. The Committee would await the fructification of this technology at the earliest.

Exploitation of Coal Bed Methane

Recommendation 51. No. 25 (Para No. 29.2)

36. The Committee had appreciated the farsightedness of the Department of Coal in exploiting coal bed methane to generate clean fuel. The Committee had also recommended the Department of Coal not to leave any stone unturned for exploring the possibility of potential exploitation of coal bed methane. The Committee had desired that the Department of Coal would take up the project of exploitation of coal bed methane to the Ministry of Finance and Planning Commission for required working capital.

37. About the coal bed methane the Government have informed that it has been identified as a major component of green house gases. It occurs naturally in coal seams and poses a safety hazard during mining operations. Its release also contributes to global warming. In leading countries like USA, exploitation of coal bed methane is going for the past decade. India too have a potential for exploitation of coal bed methane in its coal deposits but exploitation being capital intensive activity has not yet been taken up on commercial basis. A demonstration project for coal bed methane recovery and commercial utilisation has

reportedly been taken up with Global Environment Facility/UNDP assistance with a total project cost at Rs. 69.24 crore. The updated cost estimated is Rs. 80.6 crore. The Global Environment Facility/UNDP and Government of India are the collaborators of the project. The CMPDIL / BCCL are the implementing agencies on behalf of Government of India.

38. The Committee are happy to note that India too have a potential for exploration of Coal Bed Methane (CBM). Since CBM poses a safety hazard in mining and also contributes to the global warming, its exploitation becomes prerequisite for safer coal mining operations. CBM exploitation is a capital intensive activity and has not been taken up in the country on a commercial basis. However, a beginning has been made in the country. A demonstration project for Coal Bed Methane recovery and commercial utilisation has been taken up with GEF/UNDP assistance. The Committee are of the view that CBM is likely to be future potent source of energy and should, therefore, be tapped commercially. Efforts made in this regard by CFRI and other R&D scientific institutes in the country and abroad should be made use of in commercially exploiting CBM. Since CBM is capital intensive activity, Ministry of Coal should prevail upon Ministry of Finance and Planning Commission for allocating adequate resources for this newer technology. The Committee also desire that Government should decide in clear terms, the Nodal Ministry, which should be entrusted work for undertaking exploration of CBM- whether Ministry of Coal or Ministry of Petroleum and Natural Gas. At the same time, the Committee recommend that Coal PSUs should explore the possibilities of entering into joint venture with oil PSUs and other private sector companies in this field.

Sale of surplus power to National Grid/joint Venture

Recommendation S1. No. 28 (Para No. 32.1)

39. The Committee were informed that there was no taker of surplus power produced by the captive power plants in Dhanbad and Central Coal Fields. The Committee were also informed that the Damodar Valley Corporation, having surplus power, was not interested in purchasing power from the Department of Coal. The Committee, therefore, had recommended that Department of Coal should explore the possibility of selling power through National Grid or to set up joint Venture on its own to sell the excessive power.

40. In their reply, the Government have inter-alia stated that as per section-28 of the Indian Electricity Act, 1910 and DVC Act (Clause No. 18), CIL is not allowed to sell power. There is no National Grid available near the captive power plants of CIL and, therefore, surplus power can only be transmitted through DVC grid. The Government have further stated that CIL and its subsidiary companies (BCCL & CCL) have been pursuing the matter with DVC for wheeling out the surplus power from its captive power plants. A Committee consisting of engineers from DVC and CIL was constituted on 27th April, 2000 to work out the technical and commercial details for synchronisation of the captive power plant of CIL and DVC grid so that the surplus power can be wheeled out.

41. The Committee are aware that Captive Power Policy of the Government entitles a captive power producer to sell surplus power to the Grid on mutually agreed terms. Further, State Government can also assure access to the transmission system of the

State Grid on payment of mutually agreed wheeling charges. The Committee are of the opinion that BCCL and CCL should continue to prevail upon DVC for wheeling out the surplus power from the captive power plants. At the same time, they should also take up the matter with the State Government concerned for the sale of surplus power in accordance with the Captive Power Policy. Now that the Government propose to bring forward an updated Bill on Electricity laws, the Ministry of Coal may take up this matter for suitable amendment of Section 28 of the Indian Electricity Act, 1910. The Committee would like to be apprised of the outcome thereof.

CHAPTER II

RECOMMENDATION/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation/ Observation

1. Provision for Information Technology

The Committee is pleased to note that Department of Coal is giving due attention to information technology. Provision of Rs. 0.22 crore in RE 1999-2000 and Rs. 0.33 crore in BE 2000-2001 has been earmarked for the purpose. As a matter fact, modem information technology is the life line of the communication is dot corn age so appropriation of funds for having to efficient and effective Management Information System (MIS) is a prudent stilt: Times to come, all economic contracts including Memorandum of Understanding (MoU) are likely to be arranged on chips. Henceforth, Department of Coal should continue and enhance its projects on information technology. .

(Para No. 4.2)

Action Taken

Ministry of Coal has noted the recommendations for compliance. It shall be the endeavour of the Ministry to attain excellence in the use of I.T.

Recommendation / Observation

At the same time Committee would like to recommend that Department of Coal should \post all relevant information and data pertaining to the Department on internet so that interested people may approach the same. This would result in reduction in the cost of disseminating information in long term besides injecting transparency in the systems.

(Para No. 4.3)

Action Taken

Ministry of Coal has already opened a web site and information considered useful to the public is continuously being fed at the site.

Coal India and its subsidiaries have launched their web sites. The web sites are being further enhanced to add facilities of on-line interactive user feedback/query response etc. in order to keep all concerned informed about functioning of Coal India as well ushering in the era of c-commerce in CIL.

Neyveli Lignite Corporation Ltd. has given due attention to information technology using its own funds. On instructions from the Ministry, NLC has launched its Web site on 26.1.2000 which can be accessed in the following address:-

www.nicindia.com www.nic india.co.in

The different features of the NLC web site includes Location details, details of Board of Directors, details of various units besides information related to Human Resource Management, Future Plans, Projects Under Construction, Physical and Financial performance, brief history, achievements, Ecology and R&D efforts. Apart from the above consultancy and marketing details, contents of Annual Report, Tenders and other notices, Press Releases are also provided in the Web site. E-Mail facilities are in use for transmitting information/details as and when required by Ministries.

Singareni Collieries Company Limited has taken up Computerisation Programme including Information Technology. During 2000-2001, a budget provision of Rs. 70 lakhs has been provided towards Computerisation. Presently, efforts are on to link and centralise all the departments in Corporate Office through network using an system. Efforts are being put to link between areas and Corporate by introducing V-Sat.

Recommendations /Observation

2. Social Security for Coal Mines Labour

The Committee expresses its pleasure to note that the Department of Coal has introduced Coal Mines Pension Schemes based on the contribution made by the employees and Central Government. A provision for meeting for such social obligation is really commendable. The Committee is of the view that an ensured future would definitely motivate the workers in Mining Sectors which in turn would increase labour productivity. However, Coal Mines Pension Scheme should be broad-based by giving due consideration to the interest of workers so that workers may feel contended while working in Coal Mining

(Para No. 5.2)

Action Taken

The Coal Mines Pension Scheme, 1998 introduced in replacement of the Coal Mines Family Pension Scheme, 1971 aims to increase benefits to the fund members as well as their families.

2. In the erstwhile Coal Mines Family Pension Scheme, 1971 only the following benefits were accruing to the Fund members and their families :-

(i) Regular monthly pension to the widow/children of a member who died on colliery roll.

(ii) Retirement/Withdrawal Benefits on cessation of service,

(iii) A lump-sum grant of Rs. 2000/- was payable to the widow children as Life Assurance Benefit.

3. Under the Coal Mines Pension Scheme, 1998 the various benefits that are payable to a member and his families are as under:-

i Monthly pension

ii Disablement pension

iii Monthly Widow/Widower

iv Children pension pension

v Orphan Pension

Apart from above provisions, a sum of Rs. 5000/- as Ex-gratia payment is payable to the surviving widow/widower in the case where an employee before attaining the age of superannuation dies while in service.

Recommendation   Observation

4. Based on suggestions received, the Coal Mines Pension Scheme, 1998 has been revised to make it more worker friendly. *Vide* this Ministry's Notification No. GSR 218(E) dated 22.3.1999, the Scheme was amended to extend the joining time. This facilitated the entry of the retired employees/non-family pension scheme members even after the time limit prescribed in the original scheme. The scheme is proposed to be amended to cover more categories of ex-employees and their successors. The minimum Pension payable to widow / widower is being revised to Rs. 320/- per month from the present level of Rs. 250/- per month.

Recommendation/ Observation

3. Deposit - Linked - Insurance Scheme

Taking into account the fact that coal mining involves greater degree of risk the Deposit Linked Insurance Scheme is a much-needed thing. By introducing the scheme the Department of Coal is working in a responsive and responsible manner towards the establishment of a welfare state.

Moreover the Committee hopes that the Department of Coal must have disbursing the due amount in time to the dependent of a person in case of casualty.

(Para No. 6.3)

Action Taken

The eligible nominee or nominees under Coal Mines Deposit Linked Insurance Scheme, 1976 are being paid the benefit without any delay on receipt of application through the concerned employer.

Recommendation/ Observation

6. Implementation of VRS

The Committee appreciates the efforts taken by the Department of Coal with regard to rationalization of manpower in the loss making subsidiaries of the CIL such as ECL, BCCL and CCL. It is praiseworthy that CCL has been able to achieve a net manpower reduction of 21, 399 persons during 1999-2000 upto 1st March, 2000 and CIL expects to reduce further about 2000 person during March, 2000. The pursuit of action taken by the Department of Coal will not only help the Coal Companies in reducing the cost of production but also help the workers in starting their new means of livelihood by appropriating the fund received through VRS.

However, the Committee is constrained to express its displeasure over the insufficient allocation of fund to meet the requirement for rationalisation of manpower. The Committee has been given to understand that against the project requirement of Rs. 20.00 crore in RE 1999-2000 only Rs. 5.00 crore has been provided. Similarly, against the requirement of Rs. 230.00 crore, only Rs. 180 crore has been provided in the budget estimate for 2000-2001. The Committee finds the Department of Coal in a piquant situation due to cash crunch for giving VRS to additional 1000 person in a 1999-2000 and 11,500 persons during *2000-01* in ECL, BCCL and CCL.

The Committee is of the considered view that the Department of Coal should be allocated required fund to the tune of Rs. 230.00 crore at RE stage during 2000-01 enabling it go give VRS to 11,500 persons in ECL, BCCL and CCL during 2000-01

Action Taken

As per the plan submitted by CIL for VRS, amount of Rs. 230 crores was provided for in the Budget 2000-01. After discussion with Planning Commission and Ministry of Finance, an allocation of Rs. 200 crores was made. As per decision of the Planning Commission for transfer of 10% of GBS by each Ministry/Department to the non/lapsable pool of resources meant for North Eastern States and Sikkim., Rs. 20 crores have been earmarked for transfer to non-Iapsable pool of resources for developmental schemes/projects in North Eastern States out of the above budget provision of Rs. 200 crores. As per the revisedGuidelines on VRS circulated by Department of Public Enterprises in May 2000, the Department of Industrial Policy and Promotion have asked for the requirement of funds for implementation of VRS in central PSUs during 2000-01 for funding from National Renewal Fund. Accordingly, requirement of funds to the tune of Rs.230 crores (Rs.90 crores – ECL, Rs.90 crores – BCCL and Rs.50 crores – CCL) has been indicated to the Department of Industrial Policy & Promotion. As and when these funds are made available to this Ministry by the Department of Industrial Policy & Promotion, allocation of Rs.230 crores will be made as advised by the Committee. In case no funds are received from Department of Industrial Policy and Promotion, the allocation of Rs.180 crores (including Rs.20 crores to be transferred to Non lapsable pool of North East) would be utilized towards VRS from the developmental budget.

Comments of the Committee

(Please see Para 17 of Chapter I of the Report)

7. Regulatory Framework Review Project

The Committee upholds the efforts made by the Department of Coal in conduction the in-depth study of "Review of Regulatory Framework of Coal Industry in India" by TERI-IMC. The said project would give the picture of comparative regulatory framework of USA, Canada, Australia, UK and South Africa and would prove landmark in improving regulatory framework of Coal Section in India.

The Committee hopes that action taken by the Government on the recommendation of TERI-IMC on Review of regulatory framework will pay the way for procurement of funds of Coal / power projects from the financial institution and encourage private investors to enter into joint ventures with existing coal companies.

(Para Nos.10.2 & 10.3)

Action Taken

The Ministry of Coal is at present formulating a Time Bound Action Plan on the recommendation in the final report of TERI-IMC. This Action Plan will be discussed with the World Bank and after the discussion a final picture on the recommendations to be implemented will emerge. However, the expectations of the Standing Committee will be kept in view while finalizing the action plan.

Recommendation / Observation

8. Research and Development Programme

The Committee strongly believes that Research and Development activities is the determining factor in the physical and financial performance of a company. It is really a matter of grief that budget estimate gets reduced at the revised estimate (Rs.33.39 crore reduced to Rs.10.74 crore during 1998-99 and Rs.20.52 crore reduced to Rs.7.38 crore during 1999-2000) on R&D projects. Not only this the actual expenditure on S&T projects remained confined to the tune of Rs.5.49 crore, as a result of which some S&T projects stopped midway. Such undesirable exercise is unwanted because the Department of Coal has requested for modernization of technology for exploration of Coal. The Committee recommends that Department of Coal must prevail upon the Ministry of Finance and the Planning Commission for higher budgetary allocation for R&D programme and make sure that the budget made at BE stage doesn't get stifled at RE stage. The Department of Coal should undertake in house research experiment to explore latest technology to reduce the cost of production of coal so that coal sector may achieve comparative cost advantage vis-à-vis international players.

The Committee is of the firm view that once R&D is used as the storehouse of experiment and observations and knowledge skimmed of R&D projects would be helpful in developing cost effective technology for underground mining and removing of ash contents. At the same time the Committee would also like to recommend that each project study must involve the highest degree of intellectual honesty.

(Para No.11.6 & 11.7)

Action Taken

Difference in Budget Estimate, Revised Estimate and Actual expenditure

Coal India has informed that due care will be taken to ensure that the difference between the budget estimate and the revised estimate is kept to the barest minimum. However, the main reasons for this difference in the past is reported to be due to the unduly long time taken for getting the approval of high financial outlay projects due to the necessity of clearance of such projects by a number of Committees / Bodies.

Research experiment to explore latest technology to reduce the cost of production

Up-gradation of technology has been considered as one of the important thrust area by Coal India and accordingly Coal India and continuously upgrading the technological status.

In case of opencast mining the higher capacity state of art equipment have been introduced to deal with higher volume of material. which ultimately results in optional cost of extraction.

In case of underground mining, newer technologies are being introduced through bilateral arrangements with other countries on Government to Government basis. Newer technologies are also being introduced through global tendering basis with risk/gain sharing provision with the global players.

While the coal companies are trying to introduce state of art technology it is true that the linkages between research and development and transfer of technology has been some what over looked in the past. Steps are now being taken to strengthen this linkage so that the technology is suitably modified to suit 'indigenous need and technology transfer & absorption is on scientific basis.

Developing cost effective technology for underground mining and removing of ash content.

These two subjects have been attracting the attention of Coal industry since nationalisation and number of R&D projects were taken up in this area and quite a few are also under implementation at present juncture. These would continue to be the Thrust Areas for R&D programme for quite some time to come.

Comments of the Committee

(Please see Para 20 of Chapter I of the Report

Recommendation/Observation

9. Regional Exploration

The Committee is pleased to note that Department of Coal is making sincere efforts for expediting the regional exploration in order to upgrade the geological resources to proved category and for augmenting coal production to meet the growing demand. The Committee would also like to congratulate the Department for achieving the target of promotional drilling for coal and lignite during 1998-99.

The Committee would like to recommend that the GSI and MECL should survey the new potential coal bearing areas in Bihar, Orissa and West Bengal and enable the coal companies to expedite the process for exploring the coal in these States so that demand and supply gap of coal may be minimised and general economic development of these States may swing forward.

The Committee is unpleased to note that the budgetary provision at BE stage get reduced at RE stage. The Committee is of the firm view that adequate funds should be earmarked for regional exploration.

(Para Nos. 12.6, 12.7 & 12.8)

Action Taken

GSI has informed that possibility of finding new potential coal bearing areas in Bihar, Orissa and West Bengal are limited. Notwithstanding the facts that the potential coal bearing areas in Bihar have been mostly covered by regional exploration barring the deeper area of Bokaro, North Karanpura and Western part of Hutar coalfield, possibility of coal occurrence under the cover of (a) Rajmahal traps in Bihar Coalfield and (b) Tertiary/Alluvium coal areas in the eastern extension of Raniganj coalfield, West Bengal are being actively pursued by Coal Wing, GSI. Besides, GSI have been making concerted efforts to establish the possible coal deposits at shallow levels in the western part of Talcher and with the Raniganj formation of IB river coalfield in Orissa. Such endeavours from GSI is expected to help in socio-economic development of the States through enhancement of the resources. The residual areas in these coalfields, however, are not enough to warrant sustain regional exploration by two (2) agencies i.e. GSI & MECL.

In the States of Bihar, West Bengal and Orissa, MECL has carried out exploration of coal involving around 15 lakhs on the drilling for proving of 206 prospects estimating 44739 m.t. of coal reserves.

The available data indicate that over 35 new mines were opened, while around 50 mines were extended in the States of Bihar, Orissa and West Bengal.

Expenditure Finance Committee has approved the proposal for 'Coal Programme for the IX Plan" for total at its meeting held on 7.2.2000 Lignite Promotional Exploratioin expenditure of Rs. 147 crores.

Recommendation /Observation

11. Detailed Drilling

The Committee appreciates the Perspective Plan for Exploration for IX Plan in non-CIL Block Under the Command area of CIL where Detailed Drilling of 3.39 lakh metre at an estimated cost of Rs. 91.18 crore was proposed to be conducted. The Committee is of the considered view that the Government should expedite the process for approval of detailed drilling in non-CIL block industry 2.984 lakh metres at the estimated cost of Rs. 81.80 crore in the balance years of IX Plan. The Committee is unpleased to note that during 1999-2000 additional budget provision of Rs. 11.32 crore was not made by the Government in the absence of the scheme. Allocation of fund must follow the pursuit of release of the allocated fund for timely implementation of originally conceived schemes.

(Para No. 14.9)

Action Taken

During 1999-2000, additional budget provision of Rs. 11.32 crores was not made by the Government as the Scheme for Detailed Drilling in Non-CIL blocks was awaiting approval by the Government. Department of Coal vide its O.M. No. 17022/6/98-CRC dated 25th April 2000 has circulated the EFC Note for Perspective Plan for Detailed Drilling in Non-CIL blocks during IX Plan.

The drilling. meterage and provision of funds for the year 2000-01 for Detailed Drilling in Non-CIL blocks, as proposed by Department of Coal is as under:-

Sector	Agency	Meterage	Funds (Rs. Crs.)
Coal	CMPDI	55000	-
	MECL	56000	-
Total		111000	29.51

Recommendation/ Observation

Moreover, the Committee is of the firm view that Government should explore the possibility of carrying out detailed drilling in untapped areas like Gujarat, Rajasthan and North Eastern States. An Action Plan may be chalked out and processed for approval of separate budgetary support for the purpose.

(Para No. 14.10)

Action Taken

The Promotional Drilling is already being carrying out in Gujarat and Rajasthan.

Reserves of 0.93 B Tonnes have been established in 7 Potential/ Semi-potential lignite blocks in Rajasthan.

Further, During 2000-01, it is proposed to conduct Promotional Drilling for lignite including 1600 m. in Gujarat and 21000 m. Rajasthan Sub-Committee on Coal and Lignite have identified drilling of 1.90 lakh m. for lignite in the States of Gujarat (0.40 lakh M.) and Rajasthan (1.50 m.) to be conducted in the IX Plan.

Drilling in North Eastern States

(a) In North Eastern Region, important coalfields are Makum coalfield in Assam, Namchik-Namphuk coalfield in Arunachal Pradesh, West Darrangiri, Langrin, Siju and Bapung coalfields in Meghalaya.

(b) Detailed Drilling in potential areas of Makum and Namchik-Namphuk coalfields has already been completed and further exploration is not contemplated as potential areas are not available. Further Detailed Exploration in the coalfields of Meghalaya is also not contemplated due to occurrence of thin and inconsistent coal seams.

(c) Further the Promotional Exploration has been concluded in the North Eastern Region, as new promising coal bearing areas are not available.

Recommendation/Observation

12. Compensation for land acquisition

The Committee observes that regulatory provision for compensation for land acquisition for regional exploration and detailed drilling. Section 13(5) of the Coal Bearing Areas Acquisition and Development Act lapse down the principles and procedure for determination of compensation. The Committee is of the view that while making assessment of fair market value the Department of Coal should take care the interest of persons whose land is being acquired and efforts should be taken for timely disposal of cases of compensation as this measures if implemented would give timely solve to the land owners as well as save considerable about of money of Department of Coal, its be given to land owner in case of delay of compensation cases.

(Para No. 15.2)

Action Taken

Compensation for any necessary damage done uls. 4 (including exploration and drilling) is dealt under the provisions of sec. 6(1) of the CBA (A&D) Act 1957 and not under Sec 13(5). The provision of Sec. 6 (1) reads as under-.-

"Whenever any action of the nature described in sub-section (3) of sec. 4 is to be taken, the competent authority, shall, before or at the time such action is taken, pay or tender payment for all necessary damage which is likely to be caused, and in case of dispute as to the sufficiency of the amount so paid or tendered or as to the person to whom it should be paid or tendered, he shall at once refer the dispute to the decision of the Central Government, and the decision of the Central Government shall be final."

The conditions laid down u/s. 13(5) of the CBA (A&D) as well as the circulars issued by the Government are kept in view while determining the payment of compensation to the person interested for lands acquired uls. 9(1) of the CBA Act.

The observations of the Committee have been reiterated to CIL and adequate steps are being taken for timely payment of compensation. During 1998-99 and 1999-2000 the Budgetary provision of Rs. 25 crores was made for each year and amount sanctioned to coal companies for payments as compensation to land owners under the Coal Bearing Areas (Acquisition and Development) Act, 1957. During the current year, the Budgetary provision of Rs. 25 crores has been made and Ministry is likely to incur the full expenditure.

Recommendation/Observation

13. Environmental Measures and Subsidence Control

The Committee views that the Department of coal should make efforts in right earnest for reclamation of degenerate land and restoration of ecology of the area. The Committee is unpleased to note that sanctioning of Environment Management Plan (EMP) get delayed on a consequence of which allotted fund for the scheme keep as shifting to next year. The Committee is constrained to express its displeasure over numbers of slippages in the implementation of major environmental measures and hopes that Department of Coal will take meaningful and result oriented follow-up action for implementation of environmental measure plans.

The Committee further hopes that Expert Committee for review in implementing agencies namely in ECL, CCL and BCCL will play effective role in implementation of on-going EMSC projects.

(Para Nos. 16.10 & 16.12)

Action Taken

The Committee's views has been communicated to all concerned to ensure smooth running of all the on-going EMSC Projects and completion of the same, as scheduled.

Recommendation/Observation

The Committee took note of level of subsidence in Jharia (not Jhanjharia) project areas and hopes that the Department of coal would take adequate and timely action regarding rehabilitation and shifting of people of the areas.

(Para No. 16.11)

Action Taken

Recommendation/ Observation

One demonstration scheme for shifting of people from most endangered areas of BCCL has been sanctioned in May '98 at an estimated cost of Rs. 33.88 Crores (under revision) for construction of 1500 BCCL houses and 3100 for non-BCCL houses. Initially only Rs. One crore has been released for implementation of the project with the stipulation that further release of funds will be subject to satisfactory utilisation of funds and review of the physical progress by a Committee, particularly the willingness of the people to shift to new site and the extent of cooperation by the State Government.

On successful completion of this demonstration scheme, larger schemes for rehabilitation will be taken up.

Recommendation / Observation

The Committee strongly believes that a proper budgeting and planning for time bound framework for implementation of envisaged project/plans at the estimated cost is the need of the time. A procrastinating approach not only delays completion of projects but also enhances the cost of the project. A good manager can well understand the opportunity cost of delayed projects. And delaying of ESMP project, for whatever reasons, in the present case absence of EFC clearance,. has far reaching impact due to social cost involved.

(Para No. 16.13)

Action Taken

The delayed EFC clearance has resulted in incurrence of expenditure by CIL without adequate reimbursement from IDA credit but no work has been held up for it.

CIL has gone ahead with execution of jobs meeting expenses from its own resources and the Department of Economic Affairs received its related reimbursement from the World Bank. This could not be passed by Department of Economic Affairs or Ministry of Coal since EFC clearance was not there.

Thus, while financial transactions have been delayed, no adverse impact has been received thereon the work related ESMP. CIL have stated that all works are under progress and will be completed on schedule. An amount of Rs. 99.78 crores have already been released by Ministry of Coal to CIL from the budget of 1999-2000 on 30.03.2000 to meet the expenses by CIL against the IDA credit.

Recommendation / Observation

14. Lump sum provision for North East Region and Sikkim

The Committee welcomes the directive of the Government to each Ministry / Department including the Department of Coal for spending 10% gross budgetary support for development of North-Eastern States. A genuine implementation of the provision would help removing industrial backwardness in North-Eastern States. The Committee is of the firm opinion that a balanced and rapid national economic growth and development is possible only through decentralization of industrial growth and removal of regional disparities. The Committee hopes that Department of Coal would make its contribution in the achievement of cherished national priority & goal.

(Para No. 18.2)

Action Taken

A sum of Rs. 87.31 crores, equivalent to 10% of GBS in the BE 2000-01 of this Ministry, for funding development schemes in North Eastern Region including Sikkim has been earmarked. CIL has expressed its inability to take up new coal mining projects/schemes for implementation in North Eastern Region as their company namely North Eastern Coalfields, is incurring huge losses as the coal produced is not good enough to attract consumers. NEC needs revenue support for meeting cash loss on one hand and through VRS for downsizing manpower. The entire Rs. 87.31 crores is proposed to be transferred a non-laps able pool of resources meant for development of North eastern States & Sikkim. However, Planning Commission has also been requested to provide Rs. 55.14 crores out of the amount of Rs. 87.31 crores proposed to be transferred by this Ministry to non-laps able pool of resources during 2000-01, as a revenue support to CIL to offset losses incurred by North Eastern Coalfields. This will ensure continued sustenance of North Eastern Coalfields in the overall interest of the North Eastern Region.

Comments of the Committee

(Please *see* Para 26 of Chapter I of the Report)

Recommendations/Observation

15. PSUs Department of Coal

15(A). Neyveli Lignite Corporation Limited

The Committee has reasons of apprehension regarding management skill to materalise German aided project for power, with the aid of M/s KFW as a result of which a provision of Rs. 2792 crore kept in BE 1999-2000 as a loan to NLC got totally obliterated at RE stage. The Committee is not concerned about the total obliteration of provision of a fund of Rs. 27.92 crore but the daily-daillying approach of NLC in the materialisation of the project. Moreover, NLC failed to take up adequate follow-up action to get the environmental clearance for Mines IA a result of which originally conceived planned expenditure to the tune of Rs. 165 crore in 1999-2000 was reduced to Rs. 120.49 crore at RE stage. The Committee strongly recommends that the provision of Rs. 360.00 crore made in BE 2000-2001 should be fully utilised in a meaningful manner and the Mine-IA project should get compl2ted within the stipulated time and at estimated cost.

(Para No. 19.1.11)

Action Taken

The observations made by the Standing Committee on industry regarding full utilisation of the budget provision made for mine-IA has been noted and all efforts will be made to utilise the budget provision of Rs. 360 crores for mine-IA in the current financial year. All efforts will be made to complete the project within the stipulated time and sanctioned cost.

Recommendation/Observation

15 (B). Coal India Limited

The Committee is pleased to note that both the schemes namely ESMP project and Jharia longwall project are on schedule. The Committee is hopeful that Coal India Limited will be able to raise IEBR to the tune of Rs. 2790.32 crore and all schemes and plans will be completed at estimated cost and within stipulated period. If CIL has surplus fund/reserve it may be utilised in ECL, BCCL & CCL.

(Para No.19.2.5)

Action Taken

Coal India Ltd.'s ESMP projects and jharia longwall project (instead of jharia longwall project) are processing satisfactorily. Constant monitoring is being done to ensure satisfactory achievements in future as well All out efforts shall be made to mobilize funds to the tune of Rs. 2790.32 crores through IEBR during 2000-01 as indicated below:-

(Rs. in crores)

Source of funds	Amount
1. Internal resources	888.91
2. Commercial loan	435.00
3. Loan from IBRD/JEXIM	1379.24
4. External Commercial Loan through budget	87.17
Total	**2790.32**

Recommendation/Observation

15(C). Singareni Collieries Companies Limited

The Committee hopes that SCCL would be able to raise IEBR to the tune of Rs. 263.21 crore during 2000-01 and schemes/plan would be completed by stipulated time and at the originally envisaged cost. At the same time Committee hopes that plan outlay earmarked for 2000-2001 for Medapallis (OCP) and G.K. O.C. would be fully utilized. At the same time the Committee would also like to highlight that with the opening of Mining Sector to the private sector, PSUs of Department of Coal must be competitive and resilient to face the challenges ahead.

(Para No. 19.3.8)

Action Taken

SCCL estimated to achieve a target of 31.670 m.t. of coal during 2000-01. While estimating the internal resources for 2000-01, the existing Wage Structure with Interim relief, and an amount of Rs. 85.00 crores, towards VRS Schemes have been considered resulting the net Internal Resources available to the Rs. 199.21 crores. Thus the total IEBR is estimated at Rs. 263.21 crores for 2000-2001 (Rs. 64.00 crores Government of AP equity + Rs. 199.21 crores of International resources) which is within the reach.

For 2000-01 Annual Plan, Rs. 20.00 crores each for GK. OCP and Medapalli OCP has been earmarked in plan outlay, and the allocated plan expenditure will be fully utilised.

SCCL is putting all out efforts to satisfy its customers by supplying coal as per the demand by improving its production as well as its quality.

Recommendation/ Observation

17. External Financial Assistance for implementation of schemes and projects

The Committee appreciates the efforts made by the Government for obtaining external assistance for implementation of schemes and projects and hopes that financial assistance so procured will be properly utilised for timely completion of projects undertaken.

(Para No. 22.4)

Action Taken

The observations made by the Standing Committee on Industry have been noted for compliance in future.

Recommendation/ Observation

19. Non-Payment of bills by the Electricity Boards

The Committee understands the problems of Department of Coal caused by non-payment of bills by the Electricity Board. However, with the introduction of a Cash and Carry Policy by the Department of Coal the general percentage of bills went up 90% to 95% in the period from November, 1998-January, 2000. The Committee welcomes the steps taken by the department of Coal towards the recovery of bills by the Electricity Boards. The Committee also expects that the Department of Coal would be able to fulfil its commitments of supplying good quality coal to the Power stations.

(Para No.24.2)

Action Taken

The Indian coal traditionally has high ash and low calorific value, because of the mixing of extraneous material in the geological formation itself. However, various quality control measures compatible with the mining and loading operations at Collieries such as (i) installation of feeder breakers/coal handling plants; (ii) sizing and crushing of coal; (ill) proper planning of coal faces both in underground and open cast mines; (iv) advance of overburden (OB) benches to eliminate mixing of coal; and (v) sampling and analysis at loading points and unloading ends and engagement of third party agency for independent sampling and analysis, have been introduced to improve the quality of coal supplies.

Recommendation/Observation

22. Payment of royalty

The Committee would also like to have a comparative analysis of ex-pit mouth value of coal produced India *vis-a-vis* other major coal producing countries of the world. The Committee has noted that the royalty rate in India seems to be highest.

As regards the mode of payment of royalty the Committee notes that the same is paid on "tonnages basis" or in ram *i.e.* royalty charged on units of goods either mines or sold. However, some other countries charge ad valorem royalty which are value based royalties linked to the value of goods sold. The Committee feels that the Department of Coal should examine the possibility of fixing royalty on ad valorem basis. If CIL has surplus fund/reserve it may be utilized in ECL, BCCL & CCL. In view of the fact that the rate of royalty/Cess has not been increased since last 6 years Coal Ministry should review the matter at the earliest in consultation with State Governments.

The Committee is also concerned about the general backwardness of coal bearing areas which is reflected in the most famous dictum that "India is rich but Indians are poor". Receiving states to pay attention towards the development of coal bearing regions. In this regard the Committee recommends that the Department of Coal, in tandem with the state authorities should make all out efforts for general development of coal bearing regions on priority basis.

(Para Nos. 26.6, 26.7 & 26.8)

Action Taken

As per information made available to the Ministry of Coal in the final report TERI-IMC, ad valorem mode of fixation of coal royalty rates is prevalent only in Queens land State of Australia and Alberta State of Canada. The coal royalty rates in India are already highest in the World. Moreover, adoption of ad valorem mode will further increase the coal royalty rates in India at a time when Indian coal prices are already *very* high the State Electricity Boards and the Steel Industry are both in financial difficulties and the domestic coal industry is facing stiff challenge from the imported coal. ClL does not have adequate cash flow for subsidising the losses of ECL, BCCL and CCL. The coal producing States do not utilised their coal royalty income for development of coal bearing areas. CIL is shouldering this responsibility single handedly.

Comments of the Committee

(Please *see* Para 32 of Chapter I of the Report.)

Recommendation/ Observation

24. Conversion of Coal into Oil on Commercial Basis

The Committee desires that the Department of Coal should undertake a detailed study of the possibility of conversion of inferior grade coal into oil and other by product and come up with a viable project report within sixth month.

(Para No.28.2)

Action Taken

Liquification of Coal leading to conversion coal to petroleum products is one the Clean Coal Technologies, which has good future in India. Consequent to the visit of South Africa by official delegation of MoC, this subject has caught attention of this Ministry.

Coal India Limited is actively involved in formulating a scheme project with or without Joint Venture for coal liquification.

Comments of the Committee

(Please *see* Para 35 of Chapter I of the Report.)

Recommendation/ Observation

25. Exploitation of coal bed methane

The Committee appreciates the foresightedness of the Department of coal in exploiting coal bed methane to generate clean fuel for energy. The Committee extends its best wishes for all the success to the

Department of Coal for the projects on coal bed methane recovery and its commercial utilization. The Committee recommends that the Department of Coal would leave no stone unturned for exploring the possibility of potential exploitation of coal bed methane. The Committee further recommends that the Department of Coal would take up the project of exploitation of coal bed methane to the Ministry of Finance and Planning Commission for getting required working capital.

(Para No. 29.2)

Action Taken

Coal Bed Methane (CBM) occurs naturally in coal seams and poses a safety hazard during mining operations. Its release in the atmosphere also contributes to global warning. CBM has been identified as a major component of Green House Gases (GHG). Developed countries like USA now tap CBM commercially on a large scale to use the gas for energy needs, as well as to make subsequent mining operations safer.

Exploitation of coal bad methane, a newly developed clean source of energy, is going on in different developed countries-leading country being USA where it is going for the past decade or so. India too have a potential of exploitation of coal bed methane in its coal deposits. Coal bed methane exploitation is a capital intensive activity and has not yet been taken up in India on a commercial basis.

Exploitation of coal bed methane not only provides a clean fuel for energy generation but also harnesses and utilizes methane gas which is a potent Green House Gas. Global Environment Facility (GEF) has funds earmarked for taking up activities which will reduce the emission of green house gases in the atmosphere.

A demonstration project for coal bed methane recovery and commercial utilisation has been taken up with GEF /UNDP assistance. Brief details of the project are given below:

Objective:

The main objective of the project is to degasify coal seams for safer extraction of coal, and to demonstrate economic viability of harnessing coal bed methane in India.

Need and justification:

CBM resource, if found viable for exploitation will enable the country to have access to huge untapped resources of unconventional sources of energy. CBM exploitation prior to mining will make mining safer. Besides, it will result in low green house gas emission by utilizing the methane as alternate energy source.

Source of funds:

The total project cost has been estimated (with an exchange rate of Rs. 36.00 to a US $ prevailing at the time of proposal) at Rs. 69.24 crores. The updated cost estimates is Rs. 80.6 crores.

Collaboration arrangement and implementation agency:

Global Environment Facility (GEF)/UNDP and Government of India (GoI) are the collaborators of the project. The CMPDIL / BCCL will be the implementing agencies on behalf of GoI.

Comments of the Committee

(Please *see* Para 38 of Chapter I of the Report.)

Recommendation/ Observation

27. Placement of Purchase Order to MAMC

Since MAMC is engaged in manufacturing longwall machines used in underground mining so that e-Commerce is of the considered view that the Department of Coal should place order to MAMC for the purchase of longwall equipments as & when required so that MAMC can survive. The Committee thinks that placement of purchase order to MAMC by the Department of Coal may give a new lease of life to MAMC.

(Para No.31.1)

Action Taken

MAMC does not have expertise on their own for manufacturing Longwall Machines. They have supplied a few Longwall Packages with the assistance from their collaborators.

Further DOC vide letter no. 45016/24/99-CRC Dated 15.2.2000 had advised CIL and its subsidiaries not to award any contract to MAMC due to its failure in carrying out turnkey projects.

Presently, Coal India Ltd./Subsidiaries have taken recourse to procurement of equipment on "Risk and Gain sharing basis" with part financing of the Package and guaranteed performance (with bonus & penalty).

MAMC may participate in these tenders either on "Stand alone" basis or with a collaborator.

CHAPTER-III

RECOMMENDATIONS / OBSERVATIONS WHICH THE COMMITIEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY

Recommendation / Observation

16. Under utilization of plan outlay for Coal & Lignite

The Committee is unpleased to note that actual expenditure remained short of projected plan expenditure. A plan outlay to the tune of Rs. 543.29 crore in 1999-2000 at BE stage earmarked for coal and lignite was revised to Rs. 545.01 crore. The Committee assumed that the intended increase must have been planned after. a lot of prudent economic exercise but it is a matter of utmost surprise that actual expenditure incurred remained confined to the tune of Rs. 15.26 crore. The Committee hopes that Department of coal will come with a proper planning in future.

(Para No.21.3)

Action Taken

The total plan outlay for Coal & Lignite for the year 1999-2000 was Rs. 3898.35 crs. (BE) and Rs. 3943.61 crs. (RE) including Gross Budgetary support of Rs. 571.21 crs. and Rs. 545.01 crs. respectively. The Gross Budgetary support has been reduced from Rs. 571.21 crs. to Rs. 545.01 crs. at the revised estimate stage. The details of plan outlay for the year 1999-2000 and the actual expenditure incurred are as below:

(Rs. in crores)

Company / Scheme	Plan outlay 1999-00		Actuals	% of Plan outlay	
	B.E.	R.E.		B.E.	R.E.
1	2	3	4	5	6
Coal India Ltd.	2556.60	2676.19	2804.28	109.71	104.79
Singareni Collieries Co.Ltd.	227.19	217.20	141.07	62.09	64.95

1	2	3	4	5	6
Neyveli Lignite Corpn. Ltd.	872.62	821.86	614.03	70.37	74.71
Environmental measures & subsidence control	20.00	11.63	8.00	40.00	68.79
Regional Exploration	32.56	32.56	32.56	100.00	100.00
Science & Technology	20.71	7.57	5.00	24.14	66.05
Detailed Drilling	5.38	5.38	5.38	100.00	100.00
Regulatory Framework Project.	3.89	6.00	5.06	130.07	84.33
Voluntary Retirement Scheme	160.00	165.00	165.00	103.125	100.00
Information Technology	0.00	0.22	0.22	-	100.00
Total	**3898.35**	**3943.61**	**3780.60**	**96.97**	**95.86**

Monthly review of plan expenditure is done by the Ministry of Coal and whenever low pace of expenditure is noted, the concerned PSUs are appropriately advised to take concrete steps to improve the pace of expenditure.

Recommendation/ Observation

18. Setting up of washeries

The Committee observes that high ash content is a very serious problem of coal sector in India. The Committee, while appreciating the role of Department of Coal in the direction of setting up of washeries strongly believes that Department should intensify its efforts towards setting up of washeries, invite consumer driven potential investor to set-up washeries in various coalfields. In this regard, experiment should be undertaken in R&D wing.

(Para No.23.7)

Action Taken

The Ministry of Power had set up a Joint Apex Committee to monitor/ implement the stipulations contained in the notification by the Ministry of environment & Forests for the use of coal with ash content not exceeding 34% in Thermal Power Stations with the following composition:

(1)	Member (Thermal), Central Electricity Authority	Chairman
(2)	Joint Secretary (Thermal), Ministry of Power	Member

(3)	Joint Secretary (Coal), Department of Coal	Member
(4)	Director (Technical), Coal India Ltd.	Member
(5)	Advisor (Projects), Department of Coal	Member
(6)	CGM, Washeries, Coal India Ltd.	Member
(7)	Executive Director (Traffic-Transp.),	Member
(8)	Rly. Board Representative from NTPC	Member

The Committee held its first meeting on 28.6.2000.

Ministry of Coal has decided that coal companies will facilitate setting up of washeries by third party participation. They will be requiring land, water, electricity or mutually agreed terms, if available.

Currently following Projects on Coal Beneficiation approved under S&T schemes of DOC/DST, are at various stages of implementation:

(a) Installation of washery for benefication of Low Volatile coking coal at Golukdih in BCCL.

(b) Development of a mobile four channel module Radiometric Analysis & Measurement Device and Removal System (RAMDARS) for dry Benefication of Coal for demonstration in different mines.

Recommendation/ Observation

20. Rationalization of tax structure

The Committee is of the view that Department of Coal should strengthen its competitive resilience to combat the problem of import of coking and non-coking coal with low ash content as such import is essential for supporting other industries. The Committee is of the view that import of 6 million tones of non-coking coal and 9 to 10 million tonne of coking coal may not just pose a threat to coal sector in India keeping in mind total production of 250 MT. It is upto the PSUs of Department of Coal where the onus lies for improving the quality of coal to match requirement of potential consumer.

(Para No.25.3)

Action Taken

In the present globalised economic environment, where imports of coal have become easier for consumers, the Indian coal can not compare favourably with imported coal on quality ground because of Indian coal is traditionally high ash coal and of low calorific value due to mixing of the extraneous material in its geological formation itself. The average GVC of coal despatches from CIL during past three years has been of the order of 4900 K. Cal/Kg. GCV of the imported coal often exceeds 6000 K.Cal/Kg.

Various quality control measures compatible with the manual/ mechanized /semi-mechanised / loading operations of coal cos. have been introduced to meet the consumers' expectations. However, an effective solution for consistent quality lies in coal benefication/ washing. This requires high capital investment and the washed coal will cost higher than the raw coal. The consumers do not appear to be willing for such high investment or for higher costs.

Recommendation/Observation

23. Strategic partnership through joint venture

The Committee observes that with the globalisation and privatisation trend entering into strategic business partnership through joint ventures is inevitable. Now that the Coal Mines (Nationalisation) Amendment Bill, 2000 has been introduced the Committee may have opportunity to examine the same in case it is referred to the committee.

(Para No. 27.2)

Action Taken

The Coal Mines (Nationalisation) Amendment Bill, 2000 is under consideration of the Standing Committee. In case this Bill is passed by the Parliament, CIL would be able to form joint Ventures with private parties and in such joint Ventures CILs equity participation would be in minority. Tffi such time the Bill is passed by the Parliament, such joint Ventures should have at least 51% equity from CIL. Unfortunately, the private sector parties are not showing much interest in forming joint Ventures with CIL with CILs equity participation of 51% and above.

Recommendation/Observation

26. Waste Product Management

The Committee opines that no Industry can survive in this competitive and commercial world until and unless the Industry undertakes economic utilization of waste products. It is a general phenomena that during the process of production there is accumulation of waste products or by-products. Henceforth, the Committee recommends that the Department of Coal should undertake specific project/scheme for harnessing of waste material so that new avenues for profits may be opened.

(Para No. 30.1)

Action Taken

In the process of benefication of coal, middhngs, slurry and rejects are produced as by-products.

Middlings are consumed by the Thermal Power Plants,

Slurry, depending upon its quality, is mixed with washed coal or middlings for supply to the consumers.

Rejects contain high ash% (above 60%) and its prime uses are as follows:

- Fuel for Fluidised bed combustion thermal power plants,

- Sold in open market for brick burning and other industrial purposes.

- Rejects with very high ash content are used for back-filing in the open cast mines.

- Other uses of projects are also being explored

In the coke ovens, there is no waste product. The by-products have commercial values and are being sold in the market.

As such, Coal Companies are already taking steps for gainful utilisation of all waste products.

CHAPTER IV

RECOMMENDATIONS / OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation/Observation

4. Conservation and safety in Coal Mines

The Committee is of the view that higher the degree of risk involved, greater is the necessity to give adequate and sufficient impetus to the measures undertaken for safety.

The Committee is pleased to note that an arrangement has been made under the Coal Mines (Conservation & Development) Act, 1974 for supporting the activities of the Coal Companies for conservation efforts, stowing operations for safety of Coal Mines and protection works. It also notes that coal conservation and development advisory Committee (CCDA) carries out periodical assessment of the actual expenditure incurred by the Coal Companies on sand stowing and protective works. However, the Committee is constrained to express its displeasure over the non-utilisation of funds earmarked for the purpose. Against the provision of Rs. 60.00 crore in 1998-99 the actual expenditure remained confined upto Rs. 49.45 crore. In this regard, the role played by CCDA Committee is wanted pertaining to periodic assessment of the actual expenditure. The Committee is of the considered view that CCDA should play pro-active role in monitoring the actual expenditure for conservation of coal including stowing and protective work.

Moreover, the Department of Coal should take up the issue the Ministry of Finance and the Planning Commission for enhancement of fund for conservation of coal and safety measures.

(Para Nos. 7.7 7.8 & 7.9)

Action Taken

For the year 1998-99, a budget provision for Rs. 60 crore was made for assistance for conservation and safety in coal mines on the basis of proposals submitted by various coal companies for 1998-99. After receipt of the claims for assistance submitted by different coal companies the CCDA Committee on scrutiny found only Rs. 49.45 crore admissible for assistance and hence this amount was recommended. Rs. 10.55 crore left unutilised since some of the work proposed by coal companies could not be carried out during 1998-99.

CCDA Committee has taken action to monitor the actual expenditure for conservation of coal including stowing and protective work carried out by different coal companies through the Officers-on- Special Duty posted in each coalfield who are though under the roll of the subsidiary companies of CIL work under the administrative control of Coal Controller.

As regards the suggestion for enhancement of fund, the fund available at present are sufficient within the norms of subsidy being offered to coal companies.

Comments of the Committee

(Please see Para 7 of Chapter I of the Report)

Recommendation/Observation

The Committee notes that the percentage recovery by mechanised open cast mining is up to 80% to 90% in situ reserve of coal and application of longwall methods in underground mines to achieve higher underground production with higher percentage of recovery. In this regard, the Committee is of the view that efforts should be made for evolution of better methodology of coal exploration to achieve the highest percentage of recovery.

(Para No. 7.10)

Action Taken

Coal India is continuously making efforts for evolution, adaptation/ modification of suitable mining methodology to achieve higher percentage of coal extraction from underground coal mines with due regard to safety and conservation.

So far, introduction of Powered Support Longwall faces have yielded mixed results.

Introduction of another type of modem technology for underground mines namely room and pillar method with Continuous Miner and Shuttle Car capable of yielding 70%-80% recovery is awaiting DGMS clearance.

Comments of the Committee

(Please see Para 10 Chapter I of the Report)

Recommendation/Observation

The Committee is constrained to express its displeasure and to note that despite the mechanism of Mine safety and rules and regulations jharia Coalfield is affected incidence of fire. The Committee is of the considered view that the Department of Coal should make an all out effort to extinguish fire in various coalfield including Raniganj and Jharia.

(Para No. 7.11)

Action Taken

As a result of concerted efforts made by the Coal Companies, the incidents of fire and its extent have been brought under control. Against 70 fires covering an area of 17 Sq. Kms. in Jharia alone, today, 10 fires have been liquidated, 60 fires are under control and area affected by fire has reduced to 9 Sq. Kms. Further efforts are continuing to liquidate the remaining fire. The blazing fire area like jogta, Kustore, Ena, Pootkee, Bansjora, Lodna etc. have been reclaimed and converted into Green Belt.

Recommendation/Observation

The Committee is perturbed to note that Department of Coal has not been able to implement the recommendation of High Level Committee as the problem of subsidence and fire in Raniganj, Jharia Coalfield persists. As is reflected in the Annual Report 1999-2000, enactment of suitable legislation banning construction over unsafe areas is still awaited from Government of Bihar. Moreover, Constitution of Sub-authority for rehabilitation of non-BCCL people from endangered areas is also awaited with the Government of Bihar. The Committee is of the strong opinion that the Department of Coal should prevail upon the Government of Bihar for enactment of suitable legislation and constitution of Sub-authority for rehabilitation of non-BCCL people for endangered areas.

(Para No. 7.12)

Action Taken

In this connection, number of letters have been written by BCCL / CIL to Government of Bihar and from Ministry of Coal at the level of Secretary (Coal) to Chief Secretary, Bihar on 17.11.99. The matter is being pursued on priority.

Recommendation/Observation

The Committee further hopes that the Department of Coal is making all out effort to protect the interest of inhabitants over the surface area of Jharia and Raniganj coalfields and due compensation is given to those whose dwellings are endangered due to fire incidents.

(Para No. 7.13)

Action Taken

Raniganj Coalfield

To protect the interest of inhabitants over surface area of Raniganj Coalfield declared unsafe, stabilisation works have been taken up and are in progress under the EMSC scheme at Fatehpur, Borachak, Palashban, Coyalabasti, Pottery, Porarbandh, Bhutdoba and Haripur and under CCDA at Arun TaWes and Kumarbazar areas.

Rs. 32.52 crores has been sanctioned to rehabilitate inhabitants of Samdi, Harishpur, Kenda and Bangalpara villages. The alternate site offered is not acceptable to Village Communities in spite of regular follow up by the Committee with ADM as member.

Jharia Coalfield

(a) A Demonstration Scheme for Rs. 33.88 crores has been sanctioned by the Government of India for shifting of 4600 houses (1500 for BCCL and 3100 for non-BCCL) from the most endangered areas. This Scheme is under implementation. Bihar Government has not yet set up such authority for implementation of this scheme due to which no expenditure could be incurred for rehabilitation of non- BCCL employees from endangered areas.

(b) Shifting of people living in most critically endangered areas is in progress.

(c) BCCL has put a total ban on construction of new dwellings/ houses on unsafe and coal bearing areas.

(d) Government of Bihar has been requested for enactment of a suitable legislation to ban construction of dwelling/houses over coal bearing areas.

Recommendation/ Observation

The Committee is pleased to note that two new schemes one each for Jharia and Raniganj coalfields at an estimated cost of Rs. 33.38crore and Rs. 32.50 crore respectively has been sanctioned and provision of Rs. 6.60 crore has been proposed in BE 2000-2001 to rehabilitate the inhabitants from usage areas. The Committee hopes that the Department of Coal would work in the right earnest in implementation of projects as control of fire and subsidence in Jharia and Raniganj coalfields so that inhabitants of these areas may get slice of solace.

(Para No.13.5)

Action Taken

Raniganj Coalfield

Rs. 32.52 crores sanctioned to rehabilitate inhabitants of Samdi, Harishpur, Kenda and Bangalpara villages. The alternate site offered is not acceptable to Village Committees in spite of regular follow up by Committee having ADM as member.

Jharia Coalfield

(a) From the sanctioned scheme at the cost of Rs. 33.88 crores, construction of 1500

BCCL houses is under progress and 32 Nos. have been completed and another 312 houses are under different stages of completion.

Further, out of Rs. 33.88 crores sanctioned, only an amount of Rs. 1.00 crore has been released so far and spent. The progress of construction has been held up due to non progress in rehabilitation of non-BCCL employees.

(b) Government of Bihar is to construct 3100 Nos. of houses for non-BCCL people, for which a Sub-authority is yet to be constituted by the Government of Bihar.

The Committee set up by the Government of Bihar in March, 1999 with Commissioner, North Chotanagpur as Chairman and C.M.D., BCCL and D.C., Dhanbad as members deliberated and decided to modify the design of conventional Indira Awas Yojana type houses, for non-BCCL people and to name it as Visthapit Awas, considering its rehabilitation in an urbanised manner.

Considering the above, revised cost estimate (RCE) were prepared, which after incorporating the modification as suggested comes to Rs. 58.78 crores. RCE requires approval of SSRC.

(c) The Government of Bihar has also been requested to enact suitable legislation to ban construction of houses over coal bearing areas; this has also not been done so far.

Recommendation/ Observation

10. Rehabilitation control of Fire and subsidence in Jharia and Raniganj Fields

The Committee observes that the Department of Coal has framed R&R policy which has two parts physical resettlement and economic compensation; under physical settlement plots are allotted for rehabilitation of persons in a civic village pattern and persons who are not interested in getting the plot, is given economic compensation to the tune of Rs. 50,000 (fifty thousand) and in case of vacancy in the collieries, service is also provided in the grade-Iv. However, the Committee would like to recommend that the Department of Coal should fully implement its R&R policy for the inhabitants of the areas where mining process is going to be undertaken.

(Para No. 13.4)

Action Taken

CIL's Rehabilitation & Resettlement Policy is already being implemented in all the subsidiary companies of Coal India Limited.

Comments of the Committee

(Please *see* Para 7 of Chapter I of the Report)

Recommendation/ Observations

21. Rationalization of freight

The Committee notes the additional burden of 30% charged from coal sector by railways on account of subsidization of passenger traffic and recommends that the Department of Coal may take up the issue with the Ministry of Railways and pursue the same with effective follow-up action and inform the result thereof to the Committee while furnishing Action Taken Note of the present Report.

(Para No. 25.4)

Action Taken

As coal-freight is increased every year it affects the consumers of coal, making coal no more an economical fuel at the distant consumption end. Therefore" this issue was taken up with the Railways, during the meeting of the Hon'ble Minister of Railways with Trade and Industry on 18.11.99. Subsequently, CIL also raised the freight issue with the Railways on 24.12.99.

In the Railways budget for 2000-01, the freight on coal has been further hiked by 2%. The increase in the previous year was about 4%, and earlier the tariff on coal had been increased by 5% to 10%.

The Ministry of Coal vide D.O. letter No.23011/3/99-CPD dated 18.5.2000 (copy enclosed as Annexure-I) has written to Minister of Railways requesting for personal intervention in redressing the Railways requesting for personal intervention in redressing the imbalance in the railway freight structure, which is heavily loaded against the commercial viability of domestic coal. The above recommendation of the Standing Committee on Industry was also sent to Ministry of Railways on 24.5.2000 and 26.6.2000 for their comments.

There has so far been no response from the Ministry of Railways in the matter.

ANNEXURE-I

Copy

P.R. Kumaramangalam,
Minister of Power and Mines and Minerals

D.O. No. 23011/3/99-CPD
Dated May 18, 2000

Dear Mamataji,

The Department of Coal has written on more than one occasion for rationalisation of the overall freight structure corresponding to transport of domestic coal. Coal provides 48% of the total tariff to Indian Railways; and yet, the coal freight has increased at an annualised rate of 13% in the last 18 years, while in the same period, the increase in basic coal price has been limited to 9% only. The coal sector was, therefore, looking forward to some relief in terms of reduction in rail freight. The Railway Budget for the current year, which has raised the overall tariff by 2% for domestic coal, has indeed been a disappointment.

In transport of coal by Railways, it is the long distance haul that suffers most. Between 1981-1999 the element of rail freight in power grade coal has increased from 43% to 54% at 750 km. In the current Budget, the share of rail freight in destination price for Talcher coal, hauled over 750 kms, comes to as high as 60%. In some individual power stations of Gujarat and Maharasthra this is likely to escalate further.

While taking an overview, one cannot help feeling that somehow coal has been singled out to bear the burden of high freight. The railway freight, as percentage of basic price, is 1555 in the case of coal as compared to 6% for steel and 13% for oil. One, therefore, does not go far to seek reason that has rendered indigenous coal uncompetitive, while its cost of production is perhaps the lowest in the world.

There are instances, when coal going from South Eastern Coalfields Limited, and Mahanadi Coalfields Limited, to the coastal areas in Gujarat and Maharashtra has had to bear a freight as high as 200 to 300 per cent of the coal price. On the other hand, the volume of imported non-coking coal has increased to 6 million tonnes in a span of 7 years only. The domestic coal industry, therefore, requires substantive relief from burden long carried on account of Indian Railways.

I would reiterate our request for your kind personal intervention m redressing the imbala ,ce in the railway freight structure, which is heavily loaded against the commercial viability of domestic coal.

With regards,

Yours sincerely,

Sd/-

(P.R. KUMARAMANGALAM)

Km. Mamata Banerjee,
Minister of Railways,
Government of India,
New Delhi.

Recommendation/Observation

28. Sale of surplus power through national grid/joint venture

During the course of oral evidence the Department of Coal impressed upon the Committee that there is no taker of surplus power produced by the captive power plants in Dhanbad and Central Coalfields. The Committee has been informed that DVC is not interested in purchasing power from the Department of Coal because DVC has itself surplus power. In the circumstances, the Committee is of the view that the Department of Coal should explore the possibility of selling power through National Grid or endeavour to set up joint venture or its own company. The Committee views that the power produced by coal captive power plants at cheaper rate will be beneficial to consumers, farmers and industrial units.

(Para No. 32. 1)

Action Taken

Ministry of Coal vide D.O. letter No. 37020/1/2000-CPD dated 30.3.2000 (copy enclosed as Annexure-II) requested Ministry of Power to advise DVC to allow coal companies (BCCL and CCL) to feed the surplus power generated in their captive power plants into the DVC grid.

CIL and its subsidiary companies (BCCL and CCL) have been pursuing the matter with DVC for wheeling out the surplus power from its Captive Power Plants. During a meeting held on 27.4.2000 in the office of DVC, Calcutta, a Committee consisting of Engineers from DVC and CIL was constituted to work out the techrdcal and commercial details for synchronisation of the captive power plants of CIL and DVC grid so that the surplus power can be wheeled out. This Committee will soon have a meeting at Calcutta.

There is no national grid available near the captive power plants of CIL, and hence surplus power can be transmitted through DVC grid only.

Further, as per Section - 28 of the Indian Electricity Act 1910 and the DVC Act (Clause No. 18), CIL is not -allowed to sell power.

ANNEXURE II

Copy

D.O. NO. 37020/1/2000-CPD
DATED 30.3.2000

Devdas Chhotray,
Joint Secretary
Tele.. 3384224

Dear Shri Vasudevan,

I am enclosing a copy of letter No. CIL/E&W/2x10/CPP/151 dated 13/16.3.2000 from Chairman, Coal India Limited addressed to Secretary (Power) regarding inter-connection of the captive power plants of coal companies with DVC grid.

As you are aware, coal companies have set up a few captive power plants based on FBC technology using washery rejects as fuel in order to meet the inadequate power supply from DVC. These captive power plants are now being operated at a very low PLF, because DVC is not permitting the surplus power generated into the DVC grid. CIL has informed that in that event, the PLF of these captive power plants will be very low, making the operation unviable.

I shall therefore, be grateful if the Ministry of Power could kindly advise the DVC to allow the coal companies (BCCL and CCL) to feed the surplus power generated in their captive power plants into the DVC grid.

With regards,

Yours sincerely,

Sd/-

(Devdas Chhotray)

Shri J. Vasudevan,
Additional Secretary,
Ministry of Power,
New Delhi.

Copy to:

1. Chairman, Damodar Valley Corporation, DVC Tower, VIP Road, Calcutta 700054.

2. Shri E.K.Sengupta, Chairman, Coal India Limited, 10-Netaji Subhas Road, Calcutta.

(Sd/-)
(Devdas Chhotray)

CHAPTER V

RECOMMENDATIONS / OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Recommendation/Obseration

5. Development of Transportation Infrastructure in Coalfield Areas

The Committee is of the opinion that Coal being bulky, its transportation needs developed infrastructure but the Committee finds that the existing transportation infrastructure is not sufficient in some of the coalfield areas. The Committee notes that out of 171 road schemes originally envisaged during 1999-2000, only 86 roads schemes have been completed, 10 roads have been dropped due to land disputes and rest 75 roads are in various stages of construction. Moreover, rail infrastructure is lagging behind in North Karanpura Coalfield, Rajmahal Coalfield, IB valley and Mand-Raigarh.

As a result of non-materialisation of the schemes to the expected extent the actual expenditure on infrastructure development remained short of the projected allocation. The Committee is constrained to express its displeasure that actual expenditure was to the tune of Rs. 43.20 crore as against the projection of Rs. 50.00 crore in RE 1996-97, and to the tune of Rs. 32.49 crore against Rs. 45.00 crore during RE 1998-99.

The Committee strongly believes that infrastructure being the backbone for transportation of Coal, the Department of Coal should take appropriate steps for completion of unfinished scheme/plants at the earliest and ensure timely utilisation of allotted funds, amounts to serious lapse on the part of the Department and reflects on the role of the department. The Committee hopes that the Department of Coal would take steps for timely completion of infrastructure projects in the coalfields so that funds allotted are fully utilised. The Departments of Coal should make efforts for enhancement of funds.

(Para Nos. 8.8, 8.9 & 8.10)

Action Taken

Out of 171 road schemes originally envisaged during 1999-2000, only 86 road schemes have been completed and 10 roads have to be dropped due to non-availability of land and the rest 75 roads are in various stages of construction. The roads sanctioned in the command area of ECL, BCCL and CCL could not be completed due to financial constraint of the coal companies. Due to phasing out of budgetary support and inability of CIL to provide fund for plan outlay, ECL, BCCL and CCL are unable to provide their matching fund for the roads undertaken by them with CCDA assistance.

For speedy completion of roads being developed with CCDA assistance a proposal from Coal India has already been moved seeking one time grant of 100% assistance for completing the roads for which CCDA had provided only 50% assistance. For 29 nos. of roads of ECL, BCCL and CCL, an amount of Rs. 33 crores was sought as one time assistance. This proposal is under active consideration of CCDAC.

As regards the issue of efforts for enhancement of funds, the fund available at present appears to be sufficient.

Recommendation/Observation

7. Regulatory Framework Review Project

The Committee upholds the efforts made by the Department of Coal in conduction the in-depth study of 'Review of Regulatory Framework of Coal Industry in India" by TERI-IMC. The said project would give picture of comparative regulatory framework of USA, Canada, Australia, UK and South Africa and would prove landmark in improving regulatory framework of Coal Section in India.

The Committee hopes that action taken by the Government on the recommendation of TERI-IMC on Review of regulatory framework will pave the way for procurement of funds for Coal/power projects from the financial institution and encourage private investors to enter into joint ventures with existing coal companies.

(Para Nos. 10.2 & 10.3)

Action Taken

The Ministry of Coal is at present formulating a Tune Bound Action Plan on the recommendation in the final report of TERI-IMC. This Action Plan will be discussed with the world Bank and after the discussion a final picture on the recommendation to be implemented will emerge. However, the expectations of the Standing Committee will be kept in view while finalising the action plan.

NEW DELHI
7 February, 2001
18 Magha , 1922 (Saka)

SONTOSH MOHAN DEV,
Chairman,
Standing Committee on Energy.

ANNEXURE I

MINUTES OF THE FIRST SITTING OF THE STANDING COMMITTEE ON ENERGY (2001) HELD ON 25TH JANUARY, 2001, IN COMMITTEE ROOM 'E', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 11.00 hours to 12.00 hours.

PRESENT

MEMBERS

Shri Sontosh Mohan Dev - *Chairman*

2. Shri Basudeb Acharia
3. Shri Prakash Yashwant Ambedkar
4. Shri Rajbhar Babban
5. Shri Vijayendra Pal Singh Badnore
6. Shri Lal Muni Chaubey
7. Shri Sanat Kumar MandaI
8. Shri Dalpat Singh Parste
9. Shri B.V.N. Reddy
10. Shri Chada Suresh Reddy
11. Shri Chandra Pratap Singh
12. Shri Tilakdhari Prasad Singh
13. Shri Manoj Sinha
14. Shri Ramji Lal Suman
15. Prof. Ummareddy Venkateswarlu
16. Shri P.R. Khunte
17. Shri Girdhari Lal Bhargava
18. Shri Trilochan Kanungo
19. Shri Lakhiram Agarwal
20. Shri Dara Singh Chauhan
21. Shri Manohar Kant Dhyani
22. Shri Vedprakash P. Goyal
23. Shri Santosh Bagrodia
24. Ven'ble Dhamma Viriyo
25. Shri RP. Goenka
26. Shri V.V. Raghavan

SECRETARIAT

1.	Shri P.K.Bhandari	-	Deputy Secretary
2.	Shri R.S.Kambo	-	Under Secretary

2. At the outset, the Chairman, Standing Committee on Energy welcomed the Members to the sitting of the Committee.

3. The Committee then took up for consideration the following draft Reports:

(i) Action taken by the Government on the recommendations contained in the First Report of the Standing Committee on Energy (1999-200) on Demands for Grants (2000-2001) of the Department of Atomic Energy.

(ii) Action taken by the Government on the recommendations contained in the Second Report of the Standing Committee on Energy (1999-2000) on Demands for Grants (2000-2001) of the Ministry of Non-Conventional Energy Sources.

(iii) Action taken by the Government on the recommendations contained in the Third Report of the Standing Committee on Energy (1999-2000) on Demands for Grants (2000-01) of the Ministry of Power.

(iv) Action taken by the Government on the recommendations contained in the Thirty ninth Report of the Standing Committee on Industry (1999-2000) on Demands for Grants (2000-2001) of the Ministry of Coal.

4. The Committee adopted the aforesaid draft Reports with minor additions / deletions / amendments.

5. The Committee also authorised the Chairman to finalise the above-mentioned Reports after making consequential changes arising out of factual verification by the concerned Ministries/Department and to present the same to both the Houses of Parliament.

The Committee then adjourned.

ANNEXURE II

[*Vide* Para 4 of Introduction]

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRTY-NINTH REPORT OF THE STANDING COMMITTEE ON INDUSTRY

I.	Total No. of Recommendations	28
II.	Recommendations that have been accepted by the Government *(Vide* recommendations at S1. Nos. I, 2, 3, 6, 8, 9, 11, 12, 13, 14, IS, 17, 19, 22, 24, 25 and 27)	17
	Percentage of total	60.71%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies *(Vide* recommendations at S1. Nos. 16, 18, 20, 23 and 26)	5
	Percentage of total	17.86%
IV.	Recommendation in respect of which reply of the Government has not been accepted by the Committee *(Vide* recommendation at 51. Nos. 4, 10, 21 and 28)	4
	Percentage of total	14.29%
V.	Recommendations in respect of which final replies of the Government are still awaited *(Vide* recommendations at Sl. Nos. 5 and 7)	2
	Percentage of total	7.14%