

**13**

**STANDING COMMITTEE ON  
COAL AND STEEL (2010-2011)  
FIFTEENTH LOK SABHA**

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**MINISTRY OF COAL**

**DEMANDS FOR GRANTS (2010-11)**

**[Action Taken by the Government on the Observations/  
Recommendations contained in the Fourth Report of the  
Standing Committee on Coal and Steel (Fifteenth Lok Sabha)  
on Demands for Grants (2010-2011) of the Ministry of Coal]**

**THIRTEENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI  
August, 2011 / Sravana, 1933(Saka)**

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**Presented to Lok Sabha on \_\_\_\_\_**

**Laid in Rajya Sabha on \_\_\_\_\_**



**LOK SABHA SECRETARIAT  
NEW DELHI  
August, 2011 / Sravana, 1933 (Saka)**

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## CONTENTS

|                                                                                                                                    | PAGE  |
|------------------------------------------------------------------------------------------------------------------------------------|-------|
| COMPOSITION OF THE COMMITTEE.....                                                                                                  | (iii) |
| INTRODUCTION.....                                                                                                                  | (v)   |
| CHAPTER I Report .....                                                                                                             | 1     |
| CHAPTER II Observations/Recommendations that have been accepted by the Government .....                                            | 9     |
| CHAPTER III Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies.....      | 22    |
| CHAPTER IV Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee..... | 23    |
| CHAPTER V Observations/Recommendations in respect of which final replies of the Government are still awaited.....                  | 25    |
| CHAPTER VI Observations/Recommendations in respect of which final replies of the Government are under process.....                 | 27    |

## ANNEXURES

|                                                                                                                                                                             |    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| I. Minutes of the sitting of the Standing Committee on Coal and Steel (2010-11) held on 05.08.2011.....                                                                     | 29 |
| II. Analysis of Action Taken by the Government on the Recommendations contained in the Fourth Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha)..... | 30 |

**COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL(2010-  
11)**

**Shri Kalyan Banerjee      -      Chairman**

**MEMBERS**

**Lok Sabha**

2. Shri Hansraj G. Ahir
3. Shri Jaywant Gangaram Awale
4. Shri Sanjay Bhoi
5. Shri Abu Hasem Khan Choudhury
6. Shri Ismail Hussain
7. Shri Yashbant Laguri
8. Shri Narahari Mahato
9. Shri Babu Lal Marandi
10. Shri Govind Prasad Mishra
11. Kumari Saroj Pandey
12. Shri Ramesh Rathod
13. Shri Rakesh Sachan
14. Shri Adhi Sankar
15. Shri Pashupati Nath Singh
16. Smt. Rajesh Nandini Singh
17. Shri Rajiv Ranjan Singh (Lalan)
18. Sardar Sukhdev Singh Libra
19. Shri Shibu Soren
20. Dr. G. Vivekanand
21. Vacant

**Rajya Sabha**

22. Mohd. Amin
23. Shri Ali Anwar Ansari
24. Shri Jugul Kishore
25. Shri Kishore Kumar Mohanty
26. Dr. Dasari Narayana Rao
27. Ms. Mabel Rebello
28. Shri Dhiraj Prasad Sahu
29. Shri Nand Kumar Sai
30. Shri Jai Prakash Narayan Singh
31. Shri R.C. Singh

(iii)

SECRETARIAT

- |    |                     |   |                     |
|----|---------------------|---|---------------------|
| 1. | Shri Ashok Sarin    | - | Joint Secretary     |
| 2. | Shri Shiv Singh     | - | Director            |
| 3. | Shri Gurpreet Singh | - | Committee Assistant |

## INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Thirteenth Report (Fifteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Fourth Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha) on "Demands for Grants (2010-11)" of the Ministry of Coal.

2. The Fourth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 22<sup>nd</sup> April, 2010. Replies of the Government to all the observations/recommendations contained in the Report were received on 10<sup>th</sup> August, 2010.

**3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 05.08.2011.**

4. An analysis on the Action Taken by the Government on the observations/recommendation contained in the Fourth Report (Fifteenth Lok Sabha) of the Committee 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 Chapter-I of the Report.

NEW DELHI;  
BANERJEE  
August, 2011  
**Sravana, 1933(Saka)**  
**Steel**

KALYAN  
Chairman  
**Standing Committee on Coal and**

(v)

## **REPORT**

### **CHAPTER – I**

This Report of the Standing Committee deals with Action Taken by the Government on the observations/recommendations contained in the Fourth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel on Demands for Grants (2010-11) of the Ministry of Coal which was presented to Lok Sabha on 22<sup>nd</sup> April, 2010.

2. The Action Taken Replies have been received from the Ministry of Coal in respect of all the 13 observations/recommendations contained in the Report. These have been categorized as follows:-

- |                                                                                                                                                   |                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| (i) Observations/Recommendations which have been accepted by the Government:<br>Serial Nos.1, 2, 3, 4, 5, 6, 8,11 and 13                          | Total : 09<br>Chapter - II  |
| (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies:<br>Serial Nos. Nil             | Total : 00<br>Chapter - III |
| (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:<br>Serial Nos. 7 and 10 | Total: 02<br>Chapter - IV   |
| (iv) Observations/Recommendations in respect of which final replies of the Government are still awaited:<br>Serial Nos. 9 and 12                  | Total: 02<br>Chapter – V    |
| (v) Observations/Recommendations in respect of which final replies of the Government are under process:<br>Serial No. Nil                         | Total: 00<br>Chapter - VI   |

**3. The Committee desire that final replies in respect of the observations/ recommendations which have been categorized as interim replies by the Committee and response to the Committee's comments in Chapter-I of this Report should be furnished to the Committee expeditiously.**

4. The Committee now deal with the Action Taken by the Government on some of their observations/recommendations made in the Fourth Report.



### **Recommendation (Serial No. 7)**

5. Since various coal and lignite projects have not been making any headway for non-availability of environmental and forest clearances, the committee desired that the Ministry might avoid recommendations for allotment of coal blocks which fall in dense forest areas containing fauna and flora which are prohibited in the list of Environment Ministry for giving environment clearance. The delay in obtaining environmental clearances had led to alarming situation. Due to non-availability of forest clearance in time, and rejection of one or two cases, the coal companies were not in a position to provide coal at the expected level. The Committee had been told that the cases of rejection of forest clearance have already been discussed in the Cabinet Committee meeting and it has given some suggestions for working out any solution. The Committee had earlier also noted that due to non-availability of Forest clearance in time, coal companies have suffered a lot and the Committee made recommendations in this regard but there is no improvement in the situation. The Committee strongly recommended that the forest clearance and Environment Clearance should be given as quickly as possible. The Committee would like that the Ministry of Forest may be informed that non-availability of forest clearances, the production of coal has been seriously affected and it is the Nation's loss.

6. The Ministry of coal in their reply have stated as follows:

"While it is a fact that Forestry clearances are getting unduly delayed, the time taken in obtaining environmental clearances is more or less within the specified time frame of EIA Notification 2006. However, these issues are being taken up at highest level and both Coal and Environment Ministers are meeting frequently to resolve the issue. Further, the issue of Forestry clearances is also being addressed at the level of Prime Minister's Office to resolve the pending issues concerned with different Ministries including, Ministries of Power, Coal, E&F, Steel and Planning Commission as well."

**7. The Committee had recommended that Ministry of Coal should take up the issue of delay in grant of forest and environment clearances at the highest level as a number of coal blocks both under Government and Private dispensation have not been able to commence production till date. The Ministry is stated to have taken the issue at the level of Prime Minister's office and also with Minister of Power, Environment & Forests, Steel and Planning Commission. However, nothing concrete in this regard has materialize so far. The Committee hardly need to emphasis that the issue of forests and environment clearances is seriously affecting the timely completion of various coal and lignite projects. If the present scenario is allowed to continue the production targets set for coal and**

**lignite companies would come down drastically affecting the energy sector in particular and Indian economy at large. Besides, the shortage of domestic coal will lead to increase in imports which cannot be considered a satisfactory situation for the country. Wastage of time is really going against National Interest. Consequently, concerted efforts are needed to hammer out a solution to the `go' and `no go' controversy prevailing in the mining sector. The Committee would like to be apprised of the progress made in this regard.**

#### **Recommendation (Serial No. 9)**

8. The Committee were very unhappy regarding the steps taken by the Coal Companies in respect of environmental awareness for the public and their employees. The Committee noted that the condition of roads especially in BCCL, ECL and CCL are seriously damaged as result of excessive use of roads by heavy vehicles. The Coal Companies explanation tendered before the Committee in this regard has not been found satisfactory and the Committee expected the Coal Companies to keep the roads in proper working conditions in their command areas.

9. The Committee are of the opinion that impact of mining activities on pollution of air, water, land, soil quality, vegetation including forest, eco-systems and human health and habitation has become a matter of concern and the same was not being adequately addressed by the Ministry of Coal and coal companies. Mere declaration of `Environmental Year' and `Environmental Week' etc was not sufficient to tackle environmental hazards. In order to avoid problems at later stage, Ministry of Coal might explore the possibility of involving the Ministry of Environment and Forests in the initial stage of approving coal projects. Since in the areas categorized as `No-go' , permission cannot be obtained, it becomes necessary that all-out efforts should be made by the Ministry of Coal and coal companies to maximize the coal production in the remaining areas categorized as `safe mining' by Ministry of Environment and Forest. Moreover, the Ministry should take up the matter with concerned authorities with due urgency where production can be enhanced without any additional impact on environment. Although, certain amount of environmental degradation is inherent in the operation of coalfields but at the same time the Committee would like the coal companies to do a lot in sustaining and conservation of environment by proper maintenance of public roads, using water sprinklers for settling dust, incorporating latest technologies to minimize the ill-effects of coal mining on agriculture, water bodies, infrastructure and health of the coal miners and

inhabitants of the nearby areas. The Committee, therefore, recommended that in addition to these measures, sufficient funds should be earmarked exclusively for tackling environmental challenges.

10. The Committee also noted that despite Mining Closure Plan Policy already in vogue, the mines were not properly closed after exhausting its reserves as per the new policy in this regard leading to degradation of land and deforestation besides illegal mining leading to several accidents. The Committee felt that the mining companies should be made liable compulsorily for reclaiming the mined out land by carrying out extensive tree plantations and saplings.

11. The Ministry in their reply have stated as follows:

“The recommendations have been noted for compliance. Ministry of Coal has finalized Guidelines for mine closure for coal sector. These guidelines have been placed on the official website of this Ministry in August 2009 for adoption and implementation by the coal mine owners. Based on these guidelines the coal companies are submitting Mine Closure Plan for approval of the Central Government.”

**12. The Committee had expressed their displeasure over the lackadaisical approach adopted by the Ministry of Coal and Coal Public Sector Undertakings(PSUs) towards tackling environmental hazards generated due to mining in their command areas. The Committee observe that Ministry of Coal and Coal PSUs have not cared to furnish any details of action taken, if any, regarding maintenance of public roads and other infrastructures which is being adversely affected due to coal transportation. Obviously the Ministry of Coal and Coal Companies have utterly failed to discharge their responsibilities to provide and maintain infrastructure facilities in coalfield areas. The Committee, therefore, reiterate that the Ministry of Coal and Coal PSUs should earmark exclusive funds for conservation of environment by proper maintenance of public roads, using water sprinklers for settling dust, incorporating latest technologies to minimize the ill-effects of coal mining on agriculture, water bodies, infrastructure etc. in coal mining areas. The Committee’s displeasure towards tackling environmental hazards should be communicated to the Ministry of Environment for taking appropriate steps.**

#### **Recommendation (Serial No. 10)**

13. The Committee noted that the major issue of ‘Rehabilitation and Resettlement’ had not been properly addressed by the coal and lignite companies in right perspective as a result of which a large number of coal and lignite

projects face difficulties in the land acquisition cases. Though the CIL had formulated its own 'Rehabilitation and Resettlement Policy' and revised the same in consonance with 'National Rehabilitation and Resettlement Policy 2007', it has failed to meet the aspirations of the project affected persons as a large number of R&R issues are still pending for settlement. The Committee, therefore, recommended that displacement should not take place unless the compensation and solatium is paid and alternate land is allotted and R&R process is completed. The Committee further recommended that the land owners and Project Affected Persons should not only be adequately compensated but the compulsory employment should be given to one of the family members. All the subsidiaries of Coal India Ltd should immediately publish a list of persons who are entitled to get employment by reason of acquisition of their land by the coal companies and a time bound programme be undertaken for providing employment to the project affected persons.

14. The Ministry in their reply have stated as follows:

"Most of the displaced families are being rehabilitated and resettled after providing all the R&R benefits like cost of homestead structure, compensation of land, solatium and alternate plots etc. In some cases of Sonapur Bazari Area of ECL, where compensation of land could not be paid due to some complications arises as because there the land are being transferred through registered deed even after notification under section 9(1) of the CBA (A&D) Act, 1957. In case of Gevra project of SECL, which is a 35 MT project, the company could not able to take physical possession of the land because the PAPs of every family wants employment besides compensation at higher rates.

Employment is being offered in 2:1 ratio (i.e. one employment for two acres of land acquired) including package deal as per the modified R&R Policy of CIL. Boards of the subsidiary coal companies of CIL are approving the number of employments, in principle, against land for every individual project or colliery. After getting approval, the project/colliery authorities take physical possession of the land and invite applications along with ownership documents for employment from land losers or their nominees and subsequently process their employment cases. As such, it may not be possible to prepare and publish the list of persons to be employed without obtaining all the records/documents from land losers. In some of the cases the Project Affected Persons are not coming forward with their applications, which are necessary to ascertain their eligibility, due to family disputes etc. resulting delay in offering employment. However, it has been advised by CIL to all its subsidiaries to dispose off the employment cases of the eligible dependents on a time bound manner."

**15. The Committee in their 35<sup>th</sup> Report on Rehabilitation and Resettlement (R&R) (14th Lok Sabha) had specifically impressed upon the Ministry and the coal companies under Coal India Ltd. to provide compulsory employment and also to adequately compensate the project affected persons whose land is acquired for coal mining. Despite sane**

initiatives taken up by coal companies regarding resolving R&R issues of PAPs, the problem of land acquisition continues to persist which makes it amply clear that the Coal Companies have failed to address fully the problem of R&R as the complaints in this regard are still pouring in various quarters. The Committee view it as a failure on the part of the coal companies which have not cared the requisite attention to implement the recommendations of the Committee that they deserve. The reply of the Ministry is not categorical whether coal and lignite PSUs are providing compulsory employment to PAPs besides making compensation of land. The Committee deprecate the attitude of the coal companies for not providing employment to the land looser. The Committee strongly feel that one of the main reasons for land acquisition is non-implementation of R&R Policy as it ought to be. The Committee would like coal and lignite companies to revisit their respective R&R Policy and come out with a PAP friendly policy in order to simplify land acquisition.

#### **Recommendation (Serial No. 11)**

16. The Committee also recommend that in order to resolve pending as well as future R&R issues an independent body like Complaint Redressal Committee should be constituted at the earliest.

17. The Ministry in their reply have stated as under:

“In the existing R&R Policy of CIL, there is a provision for a committee to deal/resolve the disputes/complaints comprising nominees of the State Govt., Project General Manager of the subsidiaries, representative of Project Affected Persons and an independent authority such as a respected community leader of the area. The committee examines the grievances of the PAPs and proposes corrective actions as required, which are implemented by the subsidiary coal companies.”

**18. As regards the recommendation for an independent body like Complaint Redressal Committee, the Ministry have stated that there is a provision in the existing R&R policy of CIL to deal/resolve the disputes/complaints comprising nominees of State Government, Project General Manager of the Subsidiaries, representatives of PAPs and an independent authority such as respected community leader of the area. The Committee are of the view that although a mechanism already exists in the existing R&R Policy, it is not effectively functioning as it should as R&R issues continues to remain unresolved. The Committee would like this mechanism to be made at apex level by appointing senior officers to**

**deal with the grievances; so that grievances can be disposed of expeditiously and efficiently.**

### **Recommendation (Serial No. 13)**

19. The Committee were constrained to observe that Coal India Limited have not finalized a comprehensive Corporate Social Responsibility(CSR) Policy so far while the company have been carrying out mining activities since long. The Committee strongly felt that the inhabitants and the communities in the coal mining areas deserve a better deal by providing them basic welfare amenities by the coal companies so that they can sustain a dignified life. Though the subsidiaries of Coal India Limited have been taking various welfare measures in their command areas for the welfare of people and communities at large but it has not been able to bring about socio-economic development of such people. The CSR activities of the coal companies have not brought any confidence amongst the people of the concerned area. The Committee would like the Ministry to impress upon coal and lignite companies under their administrative control to bring out a new CSR Policy and to explore the possibility that coal and lignite companies spent 5% of their distributable surplus for CSR activities and also make development project specially for scheduled cast and scheduled tribes. The Committee also desired that people's representatives of the concerned area should be associated in identifying the areas where the fund meant for CSR activities are to be utilized.

20. The Committee noted that the coal miners engaged in coal mining are compelled to drink contaminated water due to non-availability of potable water. The Committee would like the coal and lignite companies to make the potable water available to coal miners as this is the basic amenity.

21. The Ministry in their written reply have furnished as under:

"A Comprehensive Corporate Social Responsibility Policy (CSR) was approved by the competent authority. The said CSR Policy of CIL has been circulated to all the subsidiary companies for implementation.

Prior to this CSR Policy, a comprehensive Community Development Policy was operative in Coal India Limited and its subsidiaries. The activities mentioned in the new CSR Policy were being undertaken under Community Development Policy. The following table indicates the expenditure on the last 3 years subsidiary-wise under the head Community Development:

(Figures in crore)

| Sl.No. | Year    |         |         | Primary |
|--------|---------|---------|---------|---------|
|        | 2007-08 | 2008-09 | 2009-10 |         |
|        |         |         |         |         |

|        |       |       |        |
|--------|-------|-------|--------|
|        |       |       | Budget |
| ECL    | 0.87  | 2.39  | 2.25   |
| BCCL   | 1.86  | 2.16  | 2.75   |
| CCL    | 3.36  | 4.50  | 8.00   |
| WCL    | 3.51  | 3.47  | 4.47   |
| SECL   | 7.35  | 11.64 | 10.01  |
| MCL    | 9.80  | 4.90  | 9.60   |
| NCL    | 3.18  | 2.02  | 6.23   |
| NEC    | 0.12  | 0.12  | 0.50   |
| CMPDIL | 0.00  | 0.00  | 0.00   |
| Total  | 30.15 | 31.20 | 43.81  |

Under the new CSR Policy of CIL, a provision of 5% of retained earnings of the last year subject to minimum of Rs.5/- per tonne of coal production of previous year would be made towards expenditure on CSR activities. The same was Rs.1/- per tonne in the Community Development Policy.

The coal miners (employees) are being provided potable drinking water in and around the colonies and inside the mines. As on date, total population (employees and non-employees) being provided with potable drinking water is 22942763. The total expenditure incurred towards supply of potable drinking water during the last 3 years subsidiary-wise is as under:

(figures in crore)

| Sl.No. | Year    |         |                |
|--------|---------|---------|----------------|
|        | 2007-08 | 2008-09 | 2009-10 Budget |
| ECL    | 0.93    | 1.16    | 3.60           |
| BCCL   | 23.21   | 24.02   | 34.07          |
| CCL    | 2.06    | 2.26    | 1.76           |
| WCL    | 7.36    | 3.95    | 5.75           |
| SECL   | 0.00    | 6.96    | 10.00          |
| MCL    | 0.55    | 0.44    | 0.48           |
| NCL    | 22.10   | 11.47   | 0.00           |
| NEC    | 0.05    | 0.05    | 0.00           |
| CMPDIL | 0.24    | 0.21    | 0.43           |
| Total  | 56.50   | 50.52   | 56.09          |

**22. The Ministry in the action taken reply has informed the Committee that a Comprehensive Social Responsibility Policy has been approved and the same is being implemented by subsidiary companies. It has been further informed that coal miners are being provided portable drinking water in and around the colonies and inside the mines. However, the reply of the Ministry is silent on the recommendation of the committee for associating peoples representatives of the concerned regions in identifying the areas where the fund meant for CSR activities are to be utilized. The Committee would like the Ministry to apprise them in this regard.**

**CHAPTER –II**  
**OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN**  
**ACCEPTED BY THE GOVERNMENT**

**Recommendation (Serial No. 1)**

The Committee observe that the budgetary allocations of the Ministry of Coal for the year 2010-11 has been considerably increased to Rs.13518.39 crores as compared to that of BE of Rs. 5674.41 and Rs. 5225.28 crores at RE stage during 2009-10. Out of this plan outlays, Rs. 6000 crores is stated to have been exclusively earmarked for the purpose of acquiring coal mines abroad. It is pertinent to note that there has been recurring and substantial under-utilisation of plan outlay by the Ministry during the last three years. Out of the total allocations of Rs.4965.28 crores at RE 2009-10, the coal PSUs have utilized only Rs.3326.33 crores only (upto December, 2009). The Committee are not averse to increase in the outlay but the same should be optimally utilized. Needless to say that the increased outlays should result in rapid progress of on-going projects of Coal PSUs and Centrally sponsored schemes. The Committee feel that unless on-going projects are implemented on fast track basis, the under utilization of funds by Coal PSUs will continue. The Committee desire that suitable timely measures ought to be taken by the Ministry to ensure that there is no under-utilization of funds.

**Action Taken**

Plan expenditure to be incurred by the PSUs comes from their Internal and Extra Budgetary Resources (IEBR) without Budgetary Support from GOI. Details of Plan expenditure by Ministry of Coal as a whole for 2009-10 and 2010-11 are as follows.

( Rs.in crores)

| <b>Company</b>                                                | <b>2009-10<br/>(BE)</b> | <b>2009-10<br/>(RE)</b> | <b>2009-10<br/>Actual</b> | <b>2010-11<br/>(BE)</b> |
|---------------------------------------------------------------|-------------------------|-------------------------|---------------------------|-------------------------|
| <b>(i) Plan expenditure by PSUs from their I&amp;EBR</b>      |                         |                         |                           |                         |
| <b>CIL</b>                                                    | 2900.00                 | 3100.00                 | 2814.67                   | 3800.00<br>+<br>6000.00 |
| <b>SCCL</b>                                                   | 580.57                  | 633.94                  | 782.45                    | 1334.93                 |
| <b>NLC (Coal)</b>                                             | 524.09                  | 386.40                  | 331.43                    | 313.94                  |
| <b>NLC (Power)</b>                                            | 1369.75                 | 844.93                  | 1031.67                   | 1669.52                 |
| <b>NLC (TOTAL)</b>                                            | 1893.84                 | 1231.34                 | 1363.10                   | 1983.46                 |
| <b>TOTAL (i) (IEBR)</b>                                       | 5374.41                 | 4965.28                 | 4960.22                   | 13118.39                |
| <b>(ii) Schemes of Ministry of Coal from GBS</b>              |                         |                         |                           |                         |
| <b>Information Technology</b>                                 | 3.00                    | 0.25                    | 0.0176                    | 0.45                    |
| <b>Coal Controller</b>                                        | 0.31                    | 0.33                    | 0.26                      | 0.25                    |
| <b>Conservation and safety in Coal Mines</b>                  | 135.00                  | 135.00                  | 135.00                    | 135.00                  |
| <b>Development of Transport Infrastructure in coal fields</b> | 22.00                   | 0.01                    | 0.00                      | 22.00                   |
| <b>Research &amp; Development (Science &amp; Technology)</b>  | 20.00                   | 11.00                   | 11.00                     | 10.00                   |
| <b>Regional Exploration</b>                                   | 30.39                   | 30.39                   | 30,39                     | 68.00                   |
| <b>Environmental Measures</b>                                 | 15.00                   | 10.53                   | 0.00                      | 30.00                   |



|                                                    |         |         |          |          |
|----------------------------------------------------|---------|---------|----------|----------|
| <b>and Subsidence Control (EMSC)</b>               |         |         |          |          |
| <b>Detailed Drilling</b>                           | 60.00   | 60.00   | 60.00    | 110.00   |
| <b>Lump Sum provision for North Eastern Region</b> | 14.30   | 12.49   | 0.00     | 24.30    |
| <b>TOTAL (ii)(GBS)</b>                             | 300.00  | 260.00  | 236.67   | 400.00   |
| <b>GRAND TOTAL (i + ii) (IEBR + GBS)</b>           | 5674.41 | 5225.28 | 5196.89. | 13518.39 |

Plan expenditure estimates by PSUs are basically targets set for PSUs to be met out of their I&EBRs and no GBS is committed from GOI resources.

Percentage achievements of targets by CIL during 2009-10 is about 91%. For the year 2010-11, budgetary allocation of Coal India Limited is kept Rs. 3800.00 crores plus Rs. 6000.00 crores (ad-hoc provision for acquisition of assets in abroad).

Regarding lower capital expenditure than budgeted estimate, it may be mentioned that estimate of capital requirement is done at 100 % of requirement of all activities to be taken up during the next year to avoid difficulty in obtaining budget concurrence. But then all the activities do not materialize for various reasons such as delay in acquisition of land and obtaining forest land clearances, delay in rehabilitation, delay in finalization of tenders/cancellation of tenders, law and order problems etc. This results in slippage/under utilization of funds. Further, there is a time lag between the completion of the activities and actual payment made.

In SCCL, the provisional actual Plan expenditure during 2009-10 was Rs 782.45 crore as against the projected capital outlay of Rs 580.57 crore at BE and Rs 633.94 crore at RE stage. The company has envisaged Capital investment of Rs.1334.93 Crores for the year 2010-11 (BE).The main reason for increase in investment in BE 2010-11 is due to providing Rs 540.00 crore for construction of 2X600 MW Power Projects.

The provisional Capital expenditure incurred for the year 2009-10 was Rs.782.45 Crores. The increase in expenditure over & above is Rs.148.51 Crores.

The main reason for increase in expenditure was due to increase in coal production. The actual production for the year 2009-10 was 50.42 MT, an increase of 5.42 MT over RE estimates.

To achieve the additional production, the company has increased the pace of investment to procure HEMM and other Under ground Machine mining equipment. Accordingly all the suppliers of SCCL have been advised to expedite the supplies of equipment against the orders placed already. Due to this the Capital expenditure of SCCL for the year 2009-10 has increased by 23.43% over RE of 2009-10. From the above it can be observed that there is no underutilization of funds in SCCL.

Because of the non supply of power generation equipment by BHEL some of the new proposed power stations could not become operational. Since lignite is being not a very stable form of fuel it can not be stored for /long and has to be mined only when expected to be used in power stations within a short span of time, the investment , in both power generation and mining got deferred.

In regard to the Central Sector Schemes the funds requirements for various Central Sector Schemes was brought down to realistic level of Rs 260.00

crore fas against the budget provision of Rs 300.00 crore at BE stage. However actual expenditure under the Central Sector Schemes was Rs 236.67 crore mainly due to nil expenditure under EMSC and Transfer of Provisions for NE Region. But the provisions for most of the other schemes could be utilized as provided at RE stage. Provision under EMSC could not be utilized since Master Plan for Jharia and Raniganj was approved and the initial expenditure under the Master Plan was to be met from CIL's share and the need to utilize the provision under EMSC did not arise.

[Ministry of Coal File No. 20011/12/2010-IF, dated 10.08.2010]

### **Recommendation (Serial No. 2)**

For the year 2010-11, Rs.375 crores have been provided at BE stage as against Rs.282.39 crores for the year 2009-10 for implementation of various Central schemes. However, the actual expenditure incurred on these schemes till December, 2009 was Rs.96.89 crores only which clearly indicate that the Ministry may not be able to utilize the funds earmarked for the various Central Sector Schemes during 2009-10. What is surprising is the fact that no expenditure has been incurred on three schemes, namely, Environmental Measures and Subsidence Control, Conservation and Safety in Coal Mines and Development of Transport Infrastructure. The Committee strongly deprecates such a failure on the part of coal public sector undertakings for not utilising funds in respect of Environmental Measures, subsidence Control (EMSC), Conservatiion & Safety in Coal Mines and Development of Transport Infrastructure Schemes. The Committee are constrained to observe that the scheme viz. 'Development of 46 Transport Infrastructure' is yet to be approved by the Government for inclusion in XIth Plan despite the elapse of three years of the plan . The Committee are, therefore, doubtful whether an outlay of Rs.22 crores approved for this scheme during 2010-11 would be utilized as the scheme is yet to go through various procedural stages. The Committee would, therefore, like the Ministry to ensure that such an important scheme gets early approval of the Planning Commission.

### **Action Taken**

After excluding provisions of Rs 14.30 crore for NE Region , Rs 3.00 crore for IT sector and Rs 0.31 crore for Coal Controller from a total Plan provision of Rs 300.00 crore for the GBS for Ministry of Coal , a sum of Rs. 282.39 Crores was provided in BE 2009-10 for six central sector schemes, which was reduced to Rs. 246.93 Crores at RE stage. Scheme-wise details are given as under:-

**A. Detailed Drilling in Non-CIL Blocks:** An allocation of Rs.60.00 Crore was made in BE/RE 2009-10 for this scheme. The said amount had been utilized during 2009-10. Further, to fulfill the drilling target, an additional fund of Rs.35.51 crore was drawn from CIL, as advised by MoC, to pay the bills in hand. The fund allocated for 2010-11 would be utilized for the work programme of the year.

**B. Promotional Exploration in Coal & Lignite:** For Promotional Exploration in Coal & Lignite Sector, Rs.30.39 crores had been allocated in the BE/RE 2009-10. The said amount had been released by Ministry of Coal in 2009-10 and an additional fund of Rs.14.89 crore was drawn from CIL for payment of bills in hand. The fund earmarked for 2010-11 would be utilized for the work programme of the year.

**C. EMSC** : The Govt. has approved the Master Plan dealing with fire, subsidence and rehabilitation and diversion of surface infrastructure within the leasehold of Bharat Coking Coal Limited (BCCL) & Eastern Coalfields Limited (ECL) in August, 2009 at an estimated investment of Rs.9657.61 crores (Rs.7028.40 crores for Jharia Coal Field (JCF) and Rs.2629.21 crores for Raniganj Coal Field (RCF) excluding Rs.116.23 crores sanctioned earlier for various environmental Measures & Subsidence Control (EMSC) schemes. The EMSC schemes have been merged with Master Plan dealing with fire, subsidence and rehabilitation and diversion of surface infrastructures. All the activities during 2009-10 of the Master Plan was being funded by CIL from its share and the need to utilize provisions for EMSC during 2009-10 did not arise..

**D. Research & Development :**

An allocation of Rs. 11.00 Crores was made in RE 2009-10 for R & D Scheme. The entire fund was released during 2009-10.

**E. Conservation and Safety in coal mines and  
F. Development of Transportation Infrastructure schemes**

The two schemes were pending for approval of EFC during 2009-10. In RE 2009-10, a token provision of Rs.0.01 Crore was provided for the Development of Transportation Infrastructure Scheme and Rs.135.00 Crore was provided for Conservation and Safety Scheme. Ministry of Finance granted permission to release funds against the BE/RE-2009-10 provided for the Conservation and Safety in coal mines scheme, during the last quarter of 2009-10. Hence funds provided in BE/RE could be utilised for Conservation and Safety Scheme only in the last quarter. Both the schemes 'Conservation and Safety' and 'Development of Transportation Infrastructure' have now been accorded 'in-principle' clearance by Planning Commission and approved by the Expenditure Finance Committee in its meeting held on 25/3/2010. The schemes are being processed further for obtaining approval of the Govt.

The actual expenditure incurred during 2009-10 in respect of the above central sector schemes was thus Rs. 236.39 Crore against Rs. 246.93 Crores provided at RE stage.

[Ministry of Coal File No. 20011/12/2010-IF, dated 10.08.2010]

**Recommendation (Serial No. 3)**

With regard to implementation of Conservation and Safety in Coal Mines Scheme, the Committee are informed that though the in-principle approval from Planning Commission has been obtained and the Ministry of Finance has accorded approval to release the funds against BE-RE provisions and release of fund is under process. The Committee would like the Ministry of Coal to ensure that funds in this regard are released without any further delay. The Committee expresses its displeasure that the scheme could not be implemented during 2009-10. The Committee also desire that the funds so made available should be fully utilized during the year 2010-11.

**Action Taken**

After the receipt of permission from Ministry of Finance during the last quarter of 2009-10, the funds to the tune of Rs. 135.00 Crore provided for Conservation and Safety Scheme in BE/RE 2009-10 have been released to the coal companies. Since this is only an arrangement for reimbursing the work

already carried out by the coal companies, the observation that the scheme is not being implemented during 2009-10, is not correct. As approval of the Govt for the scheme is expected during 2010-11, the funds provided in BE 2010-11 under this scheme are likely to be utilized.

[Ministry of Coal File No. 20011/12/2010-IF, dated 10.08.2010]

#### **Recommendation (Serial No. 4)**

The Committee have been given to understand that out of Rs.9800 crores, Rs.6000 crores have been earmarked for investment by Coal India Limited for acquiring coal mines abroad. The Coal India Limited is reported to have formed a subsidiary called Coal India Africana Limited for obtaining unexplored coal blocks and it has succeeded in getting two coal blocks in Mozambique. Further, it has floated global expression of interest in Australia, Indonesia, South Africa and USA inviting the coal mining majors to enter into strategic alliance. Though the Committee note with satisfaction the tangible progress made by Coal India Limited in acquisition of mines abroad, what is really needed is to accelerate the completion of various exploratory works to ensure early production from such coal mines so that the outlay earmarked does not remain unutilized. The Committee would like the Ministry to constitute a dedicated team of Coal India Limited to accomplish the above task. The Committee would also like the Ministry to expedite the tendering process for acquiring coal blocks in Australia, Indonesia, South Africa and USA. The Committee would like to be apprised in this regard

#### **Action Taken**

##### **Coal India Limited (CIL)**

##### **A. Updated status with regard to CIL's initiative through global Expression of Interest (EOI) for strategic partnership with foreign coal companies in Australia, Indonesia and USA:**

CIL intends to establish strategic alliance with coal companies in Australia, Indonesia, South Africa & USA through a structured and transparent process and buy stakes in the identified coal assets. The due diligence process for valuation of coal assets in select countries will help CIL in ascertaining the capital outlay for equity investment. As a matter of fact, CIL has made a budget estimate of Rs. 6000 (Six thousand) crores in the annual plan 2010-11 for acquisition of coal assets abroad.

The updated status on our initiative through global Expression of Interest (EOI) for strategic partnership is summarized below :

1. A global Expression of Interest (EOI) was floated by Coal India Limited (CIL) in July, 2009 to select Strategic partner(s) in Australia, USA, South Africa and Indonesia.
2. The intent of CIL was to select Strategic Partner(s) in preferred destination countries like Australia, USA, South Africa and Indonesia to acquire stakes in the existing or Greenfield coal resources under the following deal structures:
  - i. Model I- Equity investment by CIL with long-term offtake contract at a price less than prevailing import price.
  - ii. Model II- Only long-term offtake contract on cost plus basis at a price less than prevailing import price, with financial assistance (if required) by way of loan from CIL for production augmentation.

iii. Model III- Formation of JV for exploration, development and operation of coal assets in any of the destination countries.

3. A Committee was constituted at CIL to examine the responses and evaluate the proposals to short-list the qualifying offers/companies. The Evaluation Committee had short-listed 12 companies (Category-A) in the first phase and the proposal was placed before the CIL Board.

4. CIL Board constituted an Empowered Board Level Committee for holding discussions/presentation with the short-listed companies to assess the attractiveness of the offers, which was the basis of selection of Strategic partner(s) in Australia, USA, South Africa and Indonesia.

5. The recommendations of the Empowered Board Level Committee were put up to 254<sup>th</sup> CIL Board for deliberation. CIL Board in its deliberation advised for undertaking due diligence of the listed companies only. It was also directed that the unlisted companies may be informed that they may be considered if they can get themselves listed with Stock Exchanges. Proposals in Model-II were decided to be taken up later after further deliberation.

6. Accordingly, as per the directives of Board, the process of due diligence has to be undertaken for 5 (five) proposals under Model-I & III in 3 (three) listed companies in Australia, Indonesia and USA.

7. The appointment of Merchant Bankers/Investment Bankers (MB/IB) and Technical consultants (TC) from the empanelled list of CIL for undertaking due diligence in Australia, Indonesia and USA has also been finalized.

8. The schedule for undertaking due diligence process of the coal assets in select countries, namely, Australia, Indonesia and USA has commenced already.

## **B. Exploration activities in the acquired coal blocks in Mozambique**

A 100% wholly owned subsidiary of CIL namely, Coal India African Limitada has been registered in Mozambique for investment in coal resources. The two prospecting licences, PL 3450 L and PL 3451 L acquired by Coal India in Moatize district of Tete province in Mozambique will allow CIL to explore and develop the coal blocks over a period of 5 years. Preliminary exploration activities have recently been started.

[Ministry of Coal File No. 20011/12/2010-IF, dated 10.08.2010]

## **Recommendation (Serial No. 5)**

The Committee observe that the capital outlay of Singareni Collieries Company Limited (SCCL) and Neyveli Lignite Corporation (NLC) has also been increased to Rs.1334.93crores and Rs.1983.46crores for the year 2010-11 from Rs.633.94crores and Rs.1231.34crores for the year 2009-10 respectively. While SCCL was able to utilize Rs.526.76crores (upto January 2010), NLC could utilize only Rs.1050.51crores which account for 83.09% and 74% respectively. The reasons cited for less utilization of funds by these companies include delay in procurement of Heavy Earth Moving Machines (HEMM), land acquisition, delay in supply and erection of equipment in Mines II Expansion (NLC). The Committee are not convinced with these arguments for under utilization of funds as the same are of administrative in nature and could have been tackled by taking effective steps. Needless to say that the coal companies ought to take corrective and

preventive measures to remove such bottlenecks coming in the way of implementation of the projects adversely affecting the physical and financial performance of the companies. The Committee would like the Ministry to play a role of facilitator rather than being a silent spectator. The Committee would also like the coal companies to take up matter with the concerned authorities for timely acquisition of land and early supply of equipments by the contractors. The violation by the contractors in delay in the supply of equipment should be viewed seriously and deterrent action taken against them as per terms and conditions of the contracts.

### Action Taken

(i) Details of Plan outlay of SCCL and NLC for the year 2009-10 (BE , RE), 2010-11 (BE) and increase over the year 2009-10 (RE) are as under:-

( Rs.in Crores )

| <b>Company</b>      | <b>2009-10<br/>BE</b> | <b>2009-10<br/>RE</b> | <b>2010-11<br/>BE</b> | <b>Increase over<br/>2009-10 RE</b> |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------------------------|
| <b>SCCL</b>         | 580.57                | 633.94                | 1334.93               | 700.99                              |
| <b>NLC</b>          |                       |                       |                       |                                     |
| <b>Coal Sector</b>  | 524.09                | 386.40                | 313.94                | -72.46                              |
| <b>Power Sector</b> | 1369.75               | 844.94                | 1669.52               | 824.58                              |
| <b>Total NLC</b>    | 1893.84               | 1231.34               | 1983.46               | 752.12                              |

Capital Outlay of SCCL projected for 2009-10 (RE) was Rs. Rs.633.94 Crores. The company has envisaged its Capital investment with Rs.1334.93 Crores for the year 2010-11 (BE) which has been increased by Rs.700.99 Crores over the investment envisaged in RE of 2009-10 (RE).

The main reason for increase in investment in BE 2010-11 is due to providing huge chunk of funds for construction of 2X600 MW Power Project i.e. Rs.540.00 Crores.

(ii) Details of Plan outlay and actual of SCCL and NLC for the year 2009-10 ( BE,RE & Actual) and increase over the year 2009-10(RE) are as under:-

( Rs.in Crores )

| <b>Company</b>      | <b>2009-10<br/>BE</b> | <b>2009-10<br/>RE</b> | <b>2009-10<br/>Actual(provisional)</b> | <b>Increase over<br/>2009-10 RE</b> |
|---------------------|-----------------------|-----------------------|----------------------------------------|-------------------------------------|
| <b>SCCL</b>         | 580.57                | 633.94                | 782.45                                 | 148.51                              |
| <b>NLC</b>          |                       |                       |                                        |                                     |
| <b>Coal Sector</b>  | 524.09                | 386.40                | 331.43                                 | -54.97                              |
| <b>Power Sector</b> | 1369.75               | 844.94                | 1031.67                                | 186.73                              |
| <b>Total NLC</b>    | 1893.84               | 1231.34               | 1363.10                                | 131.76                              |

In SCCL, RE for the year 2009-10 was projected as Rs.633.94 Crores. The provisional Capital expenditure incurred for the year 2009-10 is Rs.782.45 Crores. The increase in expenditure is Rs.148.51 Crores.

The main reason for increase in expenditure is due to increase in production. As per the RE 2009-10, the expected production was 45.00 MT. But the actual production for the year 2009-10 is 50.42 MT. The increase in production is 5.42 MT.

To achieve the additional production, SCCL has increased the pace of investment to procure HEMM and other Under ground Machine mining equipment. Accordingly all the suppliers of SCCL have been advised to expedite the supplies of equipment against the orders placed already. Due to this the Capital expenditure of the SCCL for the year 2009-10 has increased by 23.43% over RE of 2009-10. From the above it can be observed that there is no underutilization of funds in SCCL.

Similarly the capital expenditure in NLC during 2009-10 was 110.7% i.e. 1363.10 Crores against RE 2009-10 at Rs. 1231.34 Crores.

[Ministry of Coal File No. 20011/12/2010-IF, dated 10.08.2010]

### **Recommendation (Serial No. 6)**

The Committee note that an outlay of Rs.37100.37crores was allocated for XIth Plan for three Coal Public Sector Undertakings and for the implementation of Central Schemes. Out of this, the outlay provided for CIL was Rs.17390.07crores; Rs.3340.30crores for SCCL and Rs. 15043.92 crores for NLC. As against this, the actual expenditure in the first two years of the Plan by Coal India was Rs.4504.68crores consisting of only 26% of the outlay. In view of delay in forestry clearances, land acquisition and related R&R issues and law and order problems adversely affecting implementation of number of projects, Coal India Limited downgraded the outlays to Rs.8475crores from Rs.15043.92crores. Further, NLC also suffered problems in timely completion of projects, namely, on account of land acquisition and equipment supplied by the contractors. Accordingly, its XIth Plan outlay was downgraded to Rs.8475crores from Rs.15043.92crores. However, in the case of SCCL, in view of proposed investments in recently approved long wall projects the outlay has been revised upwards to Rs.3802.07crores from Rs.3340.30crores. The actual expenditure by the coal companies during the first three years of the Plan has, however, been approximately Rs.10187crores which merely comes to 35%.

The Committee regret to observe that the Ministry have been citing off repeated reasons for non-implementation of various coal and lignite projects which ultimately lead to low production. The Committee are constrained to point out that the Ministry have utterly failed to solve the perennial problems being faced by the coal companies affecting their coal and lignite projects. This is nothing but a sad commentary on the part of the Ministry for not taking effective steps to facilitate coal companies in overcoming their problems. The Committee are apprehensive whether the Ministry/Coal Companies would be able to utilize the remaining 65% of the outlay during the remaining period of the plan. The Committee desire the Ministry to take a comprehensive review of the various on-going projects with urgency and seriousness that they deserve so that the funds earmarked therefor are fully and gainfully utilized.

### **Action Taken**

**(a) Coal India Limited (CIL):** At the time of preparation of XI Plan document the capital outlay provided for CIL was Rs. 17390.07 crores which was kept in anticipation of starting of a few new projects, which could not materialize due to non availability of land, forestry/environmental clearances in time. During the first 2 years of this plan period the total budget allocation was Rs. 2472.14 crores in 2007-08 and Rs. 3214.70 crores during 2008-09, against which the actual expenditure was Rs. 2033.51 crores and Rs. 2507.17 crores respectively. This shows that 80% of the allocated fund was utilized by CIL.

In view of the above during Mid-Term-Appraisal (MTA) held in September 2009 the capital out lay of CIL was reviewed and slashed down to Rs. 16090.68 crores from Rs. 17390.07 crores. The inability to utilize the entire allocation is due to the delays in execution of projects on account of delays in forestry clearances, land acquisition and related R&R issues and law and order problems. To address the problems of CIL like forestry clearances land acquisition and related R&R issues and, law and problems CIL has taken many positive steps which will enhance the scope for increase of fund utilization during the balance period of XI plan.

**(b) Neyveli Lignite Corporation (NLC):**

The scheme-wise plan outlay for XI Plan period / MTA along with year-wise actual are given in the table below :-

Rs. In Crores)

| <b>Year / period</b>      | <b>Coal Sector</b> | <b>Power Sector</b> | <b>Total</b> |
|---------------------------|--------------------|---------------------|--------------|
| XI Plan period            | 2992.51            | 12051.41            | 15043.92     |
| XI Plan MTA               | 2334.38            | 6140.61             | 8475.00      |
| <b>Actual expenditure</b> |                    |                     |              |
| 2007-08                   | 578.54             | 1118.17             | 1766.71      |
| 2008-09                   | 400.05             | 1159.10             | 1559.15      |
| 2009-10                   | 331.43             | 1031.67             | 1363.10      |
| BE 2010-11<br>(Target)    | 313.94             | 1669.52             | 1983.46      |

Implementation of Mine-II Expansion and Barsingsar Lignite Mine were completed recently and the lignite mining capacity of NLC has been raised from 24 MTPA to 30.6 MTPA. The linked power projects viz. TPS-II Expansion at Neyveli (2 X 250 MW) and Barsingsar Thermal Project at Barsingsar (2 X 125 MW) are in the advanced stage of erection and is expected to be commissioned during 2010 / 2011.

The Coal based Power Plant (2 X 500 MW) at Tuticorin was sanctioned by GOI in May 2008. Orders for major packages have been issued in 2009-10. Supply and erection activities have commenced.

The targeted plan outlay will be achieved for 2010-11 and is expected that the same trend will continue in the year 2011-12.

**(c) Singareni Collieries Company Limited (SCCL):**



As regards SCCL, capital outlay approved by Working Group for XI Plan is Rs. 3340.30 Crores.

| (Rs.Crores)                |         |         |                   |         |         |         |
|----------------------------|---------|---------|-------------------|---------|---------|---------|
|                            | 2007-08 | 2008-09 | 2009-10           | 2010-11 | 2011-12 | Total   |
| As per XI Plan document    | 570.58  | 665.30  | 580.57            | 632.07  | 891.78  | 3340.30 |
| Revised                    | 573.97  | 499.34  | 471.96            | 1190.34 | 1066.46 | 3802.07 |
| Finally revised as per MTA | 573.97  | 650.44  | 633.94            | 1334.93 | 1018.27 | 4211.55 |
| Actual                     | 573.97  | 650.44  | 782.45<br>(Prov.) | -       | -       | -       |

As part of Mid Term Appraisal (MTA), SCCL has reassessed its production target for XI plan period and revised the target from 196.14MT to 222.146 MT. Accordingly, investment has been revised to Rs.3802.07 (as on 10.08.09) and Rs.4211.55 (Final as on 15.09.09).

The main reason for increase in XI Plan outlay is due to the plan to construct 2X600 MW power Project, procurement of Heavy Earth Moving Equipment, Long wall equipment, and Land acquisition for various Ongoing projects.

SCCL has utilized the funds of Rs.2006.86 Crores during the first three years of the XI Plan period which is 110.48 % of planned outlay as per Working Group of XI plan document.

Due to the various activities connected with introduction of technologies and capacity additions, SCCL is hopeful of utilizing the funds as planned in the remaining two years of XI plan.

[Ministry of Coal File No. 20011/12/2010-IF, dated 10.08.2010]

### **Recommendation (Serial No. 8)**

The Committee regret to note although an outlay of Rs.75.35 crores has been provided for carrying out Research and Development (R&D) in coal and lignite sector during XIth Plan yet only Rs.29.36crores have been utilized during the first three years of the plan (upto December, 2009). It is surprising that only 8 out of 35 on-going projects have been completed during the year which is indicative of lackadaisical attitude of the Ministry and coal companies towards the completion of on-going projects. The Committee firmly believe that keeping in view the huge gap between demand and supply of coal, it is imperative that R&D activities are given major thrust for improving the coal exploration. The Committee recommend that the Central Mine Planning and Design Institute (CMPDI), the nodal agency for coordination and monitoring of Coal S&T and CIL R&D Projects, should be strengthened to improve coal extraction technologies and methods for accelerating the coal production.

### **Action Taken**

## A. Financial Performance:

The utilization of R & D (S&T) Grant on "S&T Programme" of Ministry of Coal for the last two five year Plans (IX&X) and during XI Plan for the first three years i.e up to 31.03.2010 are given below:

| <b>Rs. In Crores</b> |                         |
|----------------------|-------------------------|
| <b>Plan</b>          | <b>Utilisation</b>      |
| IX                   | 24.97                   |
| X                    | 51.42                   |
| XI                   | 34.63(up to 31.03.2010) |

From the Table above, it is evident that the expenditure on S&T has substantially been increased by 106% in X Plan period compared to IX Plan period, and it is expected to be more by the end of XI Plan period.

The year-wise actual utilization and the anticipated expenditure for the remaining period of XI Plan are given below:

| <b>Rs. in Crores</b> |        |                |        |                |        |                |                |
|----------------------|--------|----------------|--------|----------------|--------|----------------|----------------|
| <b>2007-08</b>       |        | <b>2008-09</b> |        | <b>2009-10</b> |        | <b>2010-11</b> | <b>2011-12</b> |
| RE                   | Actual | RE             | Actual | RE             | Actual | BE             | (Anti-cipated) |
| 12.86                | 12.48  | 10.00          | 10.52  | 11.00          | 11.63  | 10.00          | 30.72          |

For enhancing the quantum of research work needed to address the complexity of operations of the coal industry and for wider involvement of research agencies including private organizations with adequate infrastructure and expertise, CMPDI on behalf of Ministry of Coal floated Expression of Interest (EoIs) initially for a few (nine) identified areas related to coal production, productivity and safety, mine environment and clean coal technologies. Out of 9 topics, project on "Green House Emissions in mine fire areas" submitted by CIMFR in association with BHU, Varanasi has already approved by Standing Scientific Research Committee (SSRC) and is now being implemented since Feb 2009. Two more S&T Projects of EoI namely, "Communication system to rescue the trapped underground miners in case of mine disasters" and "Goaf edge supports for use in depillaring operations in underground mines" have been approved by SSRC in its meeting held on 28.04.2010, for a total cost of Rs.6.57 Crore. Further, CMPDI has invited EoI from various research/academic organizations including coal and lignite producing companies for suitable research projects. In response, CMPDI has received quite a good number of topics, which would be deliberated on their merit and feasibility by the Members of sub-committee of SSRC and SSRC level before open advertisement. This will likely increase S&T expenditure in future.

Besides, co-ordination of R&D work by various academic and research institutes, CMPDI, with its own well established laboratories also undertakes research in key areas and conducts trials at pilot scale.

CMPDI, over the years, has emerged as a premier R&D unit conducting a wide range of research work in exploration, mining, mine safety, geomatics, environment related activities in mining, coal preparation and utilization etc.

## B. Physical Performance:

The status of Coal S&T projects during 2009-10 (Up to 31.03.2010)

|                                                  |   |    |
|--------------------------------------------------|---|----|
| Projects on-going as on 1.4.2009                 | - | 28 |
| Projects sanctioned by GoI during 2009-10        | - | 07 |
| Projects completed                               | - | 10 |
| Projects terminated / foreclosure during 2009-10 | - | 02 |
| Projects on-going as on 1.04.2010                | - | 23 |

As it is seen from the above, out of 35 on-going projects on roll during 2009-10, 10 projects have been completed and two projects were foreclosed /terminated. Rest of the projects are going as per schedule. The S&T Project duration normally varies from 2 to 4 years. Therefore, there are 23 spill-over projects from 2009-10 to 2010-11. Projects are reviewed both at Sub-committee level and SSRC level.

[Ministry of Coal File No. 20011/12/2010-IF, dated 10.08.2010]

### **Recommendation (Serial No. 11)**

The Committee also recommend that in order to resolve pending as well as future R&R issues an independent body like Complaint Redressal Committee should be constituted at the earliest.

### **Action Taken**

In the existing R&R Policy of CIL, there is a provision for a committee to deal/resolve the disputes/complaints comprising nominees of the State Govt., Project General Manager of the subsidiaries, representative of Project Affected Persons and an independent authority such as a respected community leader of the area. The committee examines the grievances of the PAPs and proposes corrective actions as required, which are implemented by the subsidiary coal companies.

[Ministry of Coal FileNo.20011/12/2010-IF,dated 10.08.2010]

### **Comments of the Committee**

(Please see Para no. 18 of Chapter-I of the Report)

### **Recommendation (Serial No. 13)**

The Committee are constrained to observe that Coal India Limited have not finalized a comprehensive Corporate Social Responsibility(CSR) Policy so far while the company have been carrying out mining activities since long. The Committee strongly feel that the inhabitants and the communities in the coal mining areas deserve a better deal by providing them basic welfare amenities by the coal companies so that they can sustain a dignified life. Though the subsidiaries of Coal India Limited have been taking various welfare measures in their command areas for the welfare of people and communities at large but it has not been able to bring about socio-economic development of such people. The CSR activities of the coal companies have not brought any confidence amongst the people of the concerned area. The Committee would like the Ministry to impress upon coal and lignite companies under their administrative control to bring out a new CSR Policy and to explore the possibility that coal and lignite companies spent 5% of their distributable surplus for CSR activities and also make development project specially for scheduled cast and scheduled tribes. The Committee also desire that people's representatives of the concerned area should

be associated in identifying the areas where the fund meant for CSR activities are to be utilized.

The Committee note that the coal miners engaged in coal mining are compelled to drink contaminated water due to non-availability of potable water. The Committee would like the coal and lignite companies to make the potable water available to coal miners as this is the basic amenity.

### **Action Taken**

A Comprehensive Corporate Social Responsibility Policy (CSR) was approved by the competent authority. The said CSR Policy of CIL has been circulated to all the subsidiary companies for implementation.

Prior to this CSR Policy, a comprehensive Community Development Policy was operative in Coal India Limited and its subsidiaries. The activities mentioned in the new CSR Policy were being undertaken under Community Development Policy. The following table indicates the expenditure on the last 3 years subsidiary-wise under the head Community Development:

(Figures in crore)

| Sl.No. | Year    |         |                        |
|--------|---------|---------|------------------------|
|        | 2007-08 | 2008-09 | 2009-10 Primary Budget |
| ECL    | 0.87    | 2.39    | 2.25                   |
| BCCL   | 1.86    | 2.16    | 2.75                   |
| CCL    | 3.36    | 4.50    | 8.00                   |
| WCL    | 3.51    | 3.47    | 4.47                   |
| SECL   | 7.35    | 11.64   | 10.01                  |
| MCL    | 9.80    | 4.90    | 9.60                   |
| NCL    | 3.18    | 2.02    | 6.23                   |
| NEC    | 0.12    | 0.12    | 0.50                   |
| CMPDIL | 0.00    | 0.00    | 0.00                   |
| Total  | 30.15   | 31.20   | 43.81                  |

Under the new CSR Policy of CIL, a provision of 5% of retained earnings of the last year subject to minimum of Rs.5/- per tonne of coal production of previous year would be made towards expenditure on CSR activities. The same was Rs.1/- per tonne in the Community Development Policy.

The coal miners (employees) are being provided potable drinking water in and around the colonies and inside the mines. As on date, total population (employees and non-employees) being provided with potable drinking water is 22942763. The total expenditure incurred towards supply of potable drinking water during the last 3 years subsidiary-wise is as under:

(figures in crore)

| Sl.No. | Year    |         |                |
|--------|---------|---------|----------------|
|        | 2007-08 | 2008-09 | 2009-10 Budget |
| ECL    | 0.93    | 1.16    | 3.60           |
| BCCL   | 23.21   | 24.02   | 34.07          |
| CCL    | 2.06    | 2.26    | 1.76           |
| WCL    | 7.36    | 3.95    | 5.75           |
| SECL   | 0.00    | 6.96    | 10.00          |
| MCL    | 0.55    | 0.44    | 0.48           |
| NCL    | 22.10   | 11.47   | 0.00           |

|        |       |       |       |
|--------|-------|-------|-------|
| NEC    | 0.05  | 0.05  | 0.00  |
| CMPDIL | 0.24  | 0.21  | 0.43  |
| Total  | 56.50 | 50.52 | 56.09 |

[Ministry of Coal File No. 20011/12/2010-IF, dated 10.08.2010]

**Comments of the Committee**

(Please see Para no. 22 of Chapter-I of the Report)

**CHAPTER – III**

**RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT  
DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES**

**-NIL-**

## **CHAPTER – IV**

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

#### **Recommendation (Serial No. 7)**

Since various coal and lignite projects have not been making any headway for non-availability of environmental and forest clearances, the committee desire that the Ministry may avoid recommendations for allotment of coal blocks which fall in dense forest areas containing fauna and flora which are prohibited in the list of Environment Ministry for giving environment clearance. The delay in obtaining environmental clearances has led to alarming situation. Due to non-availability of forest clearance in time, and rejection of one or two cases, the coal companies are not in a position to provide coal at the expected level. The Committee have been told that the cases of rejection of forest clearance have already been discussed in the Cabinet Committee meeting and it has given some suggestions for working out any solution. The Committee had earlier also noted that due to non-availability of Forest clearance in time, coal companies have suffered a lot and the Committee made recommendations in this regard but there is no improvement in the situation. The Committee strongly recommend that the forest clearance and Environment Clearance should be given as quickly as possible. The Committee would like that the Ministry of Forest may be informed that non-availability of forest clearances, the production of coal has been seriously affected and it is the Nation's loss.

#### **Action Taken**

While it is a fact that Forestry clearances are getting unduly delayed, the time taken in obtaining environmental clearances is more or less within the specified time frame of EIA Notification 2006. However, these issues are being taken up at highest level and both Coal and Environment Ministers are meeting frequently to resolve the issue. Further, the issue of Forestry clearances is also being addressed at the level of Prime Minister's Office to resolve the pending issues concerned with different Ministries including, Ministries of Power, Coal, E&F, Steel and Planning Commission as well.

[Ministry of Coal FileNo.20011/12/2010-IF,dated 10.08.2010]

#### **Comments of the Committee**

(Please see Para no. 7 of Chapter-I of the Report)

#### **Recommendation (Serial No. 10)**

The Committee note that the major issue of 'Rehabilitation and Resettlement' has not been properly addressed by the coal and lignite companies in right perspective as a result of which a large number of coal and lignite projects face difficulties in the land acquisition cases. Though the CIL has formulated its own 'Rehabilitation and Resettlement Policy' and revised the same in consonance with 'National Rehabilitation and Resettlement Policy 2007', it has failed to meet the aspirations of the project affected persons as a large number of R&R issues are still pending for settlement. The Committee, therefore, recommend that displacement should not take place unless the compensation and

solatium is paid and alternate land is allotted and R&R process is completed. The Committee further recommend that the land owners and Project Affected Persons should not only be adequately compensated but the compulsory employment should be given to one of the family members. All the subsidiaries of Coal India Ltd should immediately publish a list of persons who are entitle to get employment by reason of acquisition of their land by the coal companies and a time bound programme be undertaken for providing employment to the project affected persons.

### **Action Taken**

Most of the displaced families are being rehabilitated and resettled after providing all the R&R benefits like cost of homestead structure, compensation of land, solatium and alternate plots etc. In some cases of Sonapur Bazari Area of ECL, where compensation of land could not be paid due to some complications arises as because there the land are being transferred through registered deed even after notification under section 9(1) of the CBA (A&D) Act, 1957. In case of Gevra project of SECL, which is a 35 MT project, the company could not able to take physical possession of the land because the PAPs of every family wants employment besides compensation at higher rates.

Employment is being offered in 2:1 ratio (i.e. one employment for two acres of land acquired) including package deal as per the modified R&R Policy of CIL. Boards of the subsidiary coal companies of CIL are approving the number of employments, in principle, against land for every individual project or colliery. After getting approval, the project/colliery authorities take physical possession of the land and invite applications along with ownership documents for employment from land losers or their nominees and subsequently process their employment cases. As such, it may not be possible to prepare and publish the list of persons to be employed without obtaining all the records/documents from land losers. In some of the cases the Project Affected Persons are not coming forward with their applications, which are necessary to ascertain their eligibility, due to family disputes etc. resulting delay in offering employment. However, it has been advised by CIL to all its subsidiaries to dispose off the employment cases of the eligible dependents on a time bound manner.

[Ministry of Coal FileNo.20011/12/2010-IF,dated 10.08.2010]

### **Comments of the Committee**

(Please see Para no. 15 of Chapter-I of the Report)



## **CHAPTER – V**

### **OBSERVATIONS/RECOMMENDATION IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED**

#### **Recommendation (Serial No. 9)**

The Committee is very unhappy regarding the steps taken by the Coal Companies in respect of environmental awareness for the public and their employees. The Committee note that the condition of roads especially in BCCL, ECL and CCL are seriously damaged as result of excessive use of roads by heavy vehicles. The Coal Companies explanation tendered before the Committee in this regard has not been found satisfactory and the Committee expect the Coal Companies to keep the roads in proper working conditions in their command areas.

The Committee are of the opinion that impact of mining activities on pollution of air, water, land, soil quality, vegetation including forest, eco-systems and human health and habitation has become a matter of concern and the same is not being adequately addressed by the Ministry of Coal and coal companies. Mere declaration of 'Environmental Year' and 'Environmental Week' etc is not sufficient to tackle environmental hazards. In order to avoid problems at later stage, Ministry of Coal may explore the possibility of involving the Ministry of Environment and Forests in the initial stage of approving coal projects. Since in the areas categorized as 'No-go', permission cannot be obtained, it becomes necessary that all-out efforts should be made by the Ministry of Coal and coal companies to maximize the coal production in the remaining areas categorized as 'safe mining' by Ministry of Environment and Forest. Moreover, the Ministry should take up the matter with concerned authorities with due urgency where production can be enhanced without any additional impact on environment. Although, certain amount of environmental degradation is inherent in the operation of coalfields but at the same time the Committee would like the coal companies to do a lot in sustaining and conservation of environment by proper maintenance of public roads, using water sprinklers for settling dust, incorporating latest technologies to minimize the ill-effects of coal mining on agriculture, water bodies, infrastructure and health of the coal miners and inhabitants of the nearby areas. The Committee, therefore, recommend that in addition to these measures, sufficient funds should be earmarked exclusively for tackling environmental challenges.

The Committee also note that despite Mining Closure Plan Policy already in vogue, the mines are not properly closed after exhausting its reserves as per the new policy in this regard leading to degradation of land and deforestation besides illegal mining leading to several accidents. The Committee feel that the mining companies should be made liable compulsorily for reclaiming the mined out land by carrying out extensive tree plantations and saplings.

#### **Action Taken**

The recommendations have been noted for compliance. Ministry of Coal has finalized Guidelines for mine closure for coal sector. These guidelines have been placed on the official website of this Ministry in August 2009 for adoption

and implementation by the coal mine owners. Based on these guidelines the coal companies are submitting Mine Closure Plan for approval of the Central Government.

[Ministry of Coal FileNo.20011/12/2010-IF,dated 10.08.2010]

### **Comments of the Committee**

(Please see Para no. 12 of Chapter-I of the Report)

### **Recommendation (Serial No. 12)**

The Committee observe that washing of coal reduces the ash content and increases the calorific value of coal. The Committee have been given to understand that present installed capacity of washeries for thermal coal of about 110 Mt per annum is envisaged to reach about 250 Mt per annum in the next five years time. Also CIL has decided to set up 20 washeries by the end of XI Five Year Plan in its various subsidiaries with total installed capacity of 111 mty. Although the plan of establishing washeries and upgrading capacity of existing washeries seems quite ambitious and rosy, it is, however, to be seen how far the Ministry of Coal and coal companies succeed in executing this plan in the right prospective. The Committee are constrained to note that out of 20 washeries which are proposed to be set up, tenders have been floated in respect of 7 washeries only and offers for six other washries are at various stage of clearances only.

The Committee, therefore, recommend that the Ministry of Coal/coal companies should make all out efforts to establish new coal washeries on time without any time and cost overrun by incorporating latest technologies prevalent globally.

### **Action Taken**

CIL has plan to set up 20 coal washeries (18 washeries under Build Operate Maintain (BOM) scheme and 2 washeries under Turn-Key scheme). Tender for 7 washeries has already been floated, out of which tender for 1 washery in BCCL has been finalized and tender for other 6 washeries are in various stages of processing .

Further, with a view to expedite the evaluation process of the tender for the remaining 11 washeries under BOM scheme, a Common Centralized Request for Qualification (RFQ) was prepared and Global tender for the centralized RFQ for the 11 washeries was floated and sale of tender document (RFQ) was closed on 23.4.2010. Afterwards, the qualified bidders will be issued Request for Proposal (RFP) bid document for the respective washery project.

As such, CIL/Coal Companies have initiated necessary action to expedite the process to set up the proposed washeries at the earliest possible time.

Pre-bid meeting of the above tender (RFQ) has been conducted at CMPDI, Ranchi on 3.5.10. The outcome of the pre-bid meeting has been uploaded in CIL/CMPDI web site.

[Ministry of Coal File No. 20011/12/2010-IF, dated 10.08.2010]

**CHAPTER – VI**

**OBSERVATIONS/RECOMMENDATION IN RESPECT OF WHICH REPLIES  
OF THE GOVERNMENT ARE UNDER PROCESS**

**-NIL-**

**NEW DELHI;  
August, 2011  
Sravana, 1933 (Saka)**

**KALYAN BANERJEE  
Chairman  
Standing Committee on Coal and Steel**

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND  
STEEL (2010-11) HELD ON 05.08.2011 IN COMMITTEE ROOM B,  
PARLIAMENT HOUSE ANNEXE, NEW DELHI**

The Committee sat from 1500 hrs. to 1515 hrs.

**PRESENT**

Shri Kalyan Banerjee- **Chairman**

**MEMBERS**

**LOK SABHA**

2. Shri Hansraj G. Ahir
3. Shri Sanjay Bhoi
4. Shri Ismail Hussain
5. Shri Yashbant N.S. Laguri
6. Shri Govind Prasad Mishra
7. Shri Rakesh Sachan
8. Sardar Sukhdev Singh Libra

**RAJYA SABHA**

9. Shri Kishore Kumar Mohanty
10. Shri Nand Kumar Sai
11. Shri R.C. Singh

**SECRETARIAT**

1. Shri Shiv Singh - Director
2. Md. Aftab Alam - Deputy Secretary

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

3. The Committee thereafter took up for consideration the following Draft Action Taken Reports:-

(i) Action Taken Report on observations/recommendations contained in the 4<sup>th</sup> Report on Demands for Grants (2010-11) of the Ministry of Coal.

(ii) \*\* \*\* \*\* \*\*

(iii) \*\* \*\* \*\* \*\*

4. The Committee adopted the draft reports without any changes/modifications and authorized the Chairman to present these Reports to both the Houses of Parliament.

**The Committee then adjourned.**

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\*\*Do not pertain to this Report.

**ANNEXURE- II**  
**(Vide Para IV of Introduction)**

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE  
RECOMMENDATIONS CONTAINED IN THE FOURTH REPORT  
OF THE STANDING COMMITTEE ON COAL AND STEEL**

|      |                                                                                                                                                               |        |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| I.   | Total No. of Recommendations made                                                                                                                             | 13     |
| II.  | Recommendations that have been accepted by the Government<br>( <i>vide</i> recommendation at S1. Nos.1,2,3,4,5,6,8,11 and 13)                                 | 09     |
|      | Percentage of total                                                                                                                                           | 69.23% |
| III. | Recommendations which the Committee do not desire to pursue in view<br>of the Government's replies                                                            | 00     |
|      | Percentage of total                                                                                                                                           | Nil    |
| IV.  | Recommendations in respect of which replies of the Government have<br>not been accepted by the Committee<br>( <i>vide</i> recommendation at S1. No. 7 and 10) | 02     |
|      | Percentage of total                                                                                                                                           | 15.38% |
| V.   | Recommendations in respect of which final replies of the Government<br>are still awaited<br>( <i>vide</i> recommendation at S1. Nos. 9 and 12)                | 02     |
|      | Percentage of total                                                                                                                                           | 15.38% |
| VI.  | Recommendations in respect of which replies of the Government are<br>under process                                                                            | 00     |
|      | Percentage of total                                                                                                                                           | Nil    |