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STANDING COMMITTEE ON COAL AND STEEL (2011-2012)

FIFTEENTH LOK SABHA

MINISTRY OF COAL

DEMANDS FOR GRANTS

(2012-13)

TWENTY FOURTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

April 2012/ Vaisakha, 1934 (Saka)

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Presented to Lok Sabha on 25.04.2012

Laid in Rajya Sabha on 25.04.2012

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29. Shri Jai Prakash Narayan Singh
30. Shri R.C. Singh $
31. Smt. Smriti Zubin Irani*

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* Nominated to the Committee *w.e.f.* 17.09.2011

@ Nominated to the Committee *w.e.f.* 03.01.2012

Ceased to be the Member of the Committee w.e.f. 3.01.2012
$ Retired w.e.f. 02.04.2012
^ Retired w.e.f. 03.04.2012

SECRETARIAT

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

INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorized by the Committee to present the Report on their behalf, present this Twenty-fourth Report (Fifteenth Lok Sabha) on Demands for Grants (2012-13) relating to the Ministry of Coal.

2. The Demands for Grants of the Ministry of Coal were laid on the Table of the House on 21.03.2012. Under rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Coal and Steel are required to consider the Demands for Grants of Ministries under their jurisdiction and make Report on the same to both the Houses of Parliament.

3. The Committee took evidence of the representatives of the Ministry of Coal on 10th April, 2012.

4. The Report was considered and adopted by the Committee at their sitting held on 17.04.2012.

5. The Committee wish to express their thanks to the officials of the Ministry of Coal for the cooperation extended by them in furnishing written replies and for placing their considered views and perceptions before the Committee.

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

NEW DELHI;
20 April, 2012
31 Chaitra, 1934 (Saka)

KALYAN BANERJEE
Chairman,
Standing Committee on Coal and Steel

REPORT

CHAPTER - I

Introductory

Coal, the most important fossil fuel in India is vital for its energy security as it currently meets two-thirds of the country's energy needs. The power sector is the largest consumer, followed by the industrial sector – the major consumers being steel, cement, and brick-manufacturing units. Coal therefore remains essential in achieving a diverse, balanced and secure energy mix. While coal is poised for significant growth, it faces significant and mounting social and environmental challenges. Environmental concerns will be the key to the coal industry's future. Relative to other fossil fuels, coal is less energy efficient and pollutes more. The primary concerns at the regional levels have to do with the environmental impacts on air, water, land, forest, biodiversity, climate and the cost of mitigating these. Even with its major hurdles, coal will remain a future mainstay, a foundation and a fundament of our economy. Coal has a crucial role in meeting current needs and is a resource bridge to meet future goals through the enhancement of knowledge and technology. The challenge is to apply the right technology in the most efficient and environmentally friendly way.

1.2 The Ministry of Coal is responsible for exploring, development and exploitation of Coal and Lignite reserves in India. The subjects allocated to the Ministry of Coal (includes Subordinate office or other organization including PSUs concerned with their subjects) under the Government of India (Allocation of Business) Rules, 1961, from time to time are as follows:

- Exploration and development of coking, non-coking coal and lignite deposits in
- India.
- All matters relating to production, supply, distribution and prices of coal.
- Development and operation of coal washeries other than those for which the Department of Steel is responsible.
- Low Temperature carbonization of coal and production of synthetic oil from
- coal.
- All work related to coal gasification.

- Administration of the Coal Mines (Conservation and Development) Act, 1974
- (28 of 1974).
- The Coal Mines Provident Fund Organization.
- Administration of the Coal Mines Provident Fund and Miscellaneous Provision
- Act, 1948 (46 of 1948).
- Rules under the Mines Act, 1952 (32 of 1952) for the levy and collection of duty of excise on coke and coal produced and dispatched from mines and administration of rescue fund.
- Administration of the Coal Bearing Areas (Acquisition and Development) Act, 1957 (20 of 1957).
- Administration of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957) and other Union Laws in so far the said Act and Laws relate to coal and lignite and sand for stowing, business incidental to such administration including questions concerning various States.
- Administration of Coal Mines Nationalisation Act, 1973 (26 of 1973).

1.3 The Ministry of coal has, under its direct administrative control, the following two Public Sector Undertakings:

(i) Coal India Ltd.(CIL), and

(ii) Neyveli Lignite Corporation Ltd. (NLC)

Coal India Ltd., having headquarters of Kolkata, is the holding Company with seven producing subsidiaries and one planning and design subsidiary, viz:-

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

(ii) Bharat Coking Coal Limited (BCCL), Dhanbad (Jharkhand)

(iii) Central Coalfields Limited (CCL), Ranchi (Jharkhand)

(iv) Northern Coalfields Limited (NCL), Singrauli (Madhya Pradesh)

(v) Western Coalfields Limited (WCL), Nagpur(Maharashtra)

(vi) South Eastern Coalfields Limited(SECL), Bilaspur (Chhatisgarh)

(vii) Mahanadi Coalfields Limited(MCL), Sambalpur(Orissa)

(viii) Central Mines Planning &Design Institute Ltd. (CMPDIL), Ranchi,

(Jharkhand)

1.4 Neyveli Lignite Corporation Limited with headquarters at Neyveli in Tamil Nadu is primarily engaged in the exploitation of lignite deposits in the country and generation of power from lignite.

1.5 The Singareni Collieries Company Limited (SCCL) incorporated as a public limited company in 1920, became a Government Company in 1956 with headquarters at Kothagudem in Andhra Pradesh. The company is a joint undertaking of Government of Andhra Pradesh and Government of India. The share capital of this Company is held by the Government of Andhra Pradesh and the Government of India in the ratio of 51:49 respectively. This company is engaged in the exploitation of coal reserves in the State of Andhra Pradesh.

1.6 Following subordinate Offices and autonomous organisations are under the Administrative control of this Ministry:

Coal Controller's Organisation (CCO)

The Coal Controller's Organisation (CCO) is a subordinate office under the administrative control of Ministry of Coal, its headquarters being at Kolkata and field offices at Dhanbad, Ranchi, Bilaspur , Nagpur and Kothagudem. Each field office is headed by one GM/DGM level executive working in the capacity of Officer on Special Duty being supported by other technical officers. The field offices consists of mainly persons taken on loan from Public Sector Coal Companies.

Coal Mines Provident Fund Organisation (CMPFO)

This is an autonomous body set up under the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948. CMPFO administers the Coal Mines Provident Fund Scheme, 1948, the Coal Mines Deposit Linked Insurance Scheme, 1976 and Coal Mines Pension Scheme, 1998. All these schemes have been formulated under the provisions of the Act of 1948. The Headquarters of CMPFO is at Dhanbad and its 24 Regional Offices are spread in the Coal producing states in the country.

1.7 The Ministry in their Outcome Budget (2012-13) while detailing the Budget Estimates and the Plan Outlay of the Ministry of Coal and Coal PSUs, also brings out the quantifiable deliverables and physical outputs along with the timelines for both the Plan and Non Plan schemes operated in the Ministry of Coal. The new initiatives and policy measures with regard to the New Coal Distribution Policy, the e-auction scheme, revision in the Coal Royalty Rates, the formation of International Coal Ventures Limited (a Special Purpose Vehicle of Central Public Sector Undertakings including Coal India Limited) ; acquisition of two coal blocks in Mozambique; disinvestment of 10 % of CIL holdings through IPO etc. have also been brought out in the Outcome Budget 2011-12 . In addition, the Outcome Budget also addresses the issues relating to measures to increase coal production through the Emergency Coal Production Plan and the scheme of Captive Coal Block allocation.

1.8 The detailed Demands for Grants of the Ministry of Coal were presented to Lok Sabha on 21 March, 2012. Besides analyzing the detailed Demands for Grants (2012-13) of the Ministry of Coal, the Committee in the present Report have examined various issues related to implementation of various schemes/plans/programmes by the Ministry of Coal/and other PSUs/organizations under its administrative control. In the context of the Demands for Grants 2012-13, the detailed analysis alongwith observations/ recommendations of the Committee on various issues have been given in the succeeding chapter of the Report.

CHAPTER – II

Analysis of Demands for Grants (2012-13)

2.1 The total outlay of the Ministry of Coal for 2011-12 at BE stage was Rs. 468.72 crore (Plan- Rs. 420 crore and Non-Plan Rs. 48.72 crore) which were reduced to Rs. 412.20 crore (Plan-Rs. 365 crore and Non-Plan Rs. 47.20 crore) at RE stage. For the year 2012-13 the BE of the Ministry are proposed as Rs. 498 crore (Plan – Rs. 450 crore and Non-Plan Rs. – 48.35 crore). The investment in Public Sector Undertakings during 2011-12 was revised from Rs. 8882.85 crore to Rs. 7002.46 crore during 2011-12. For 2012-13 the investment in Coal PSUs is pegged at Rs. 9182.78 crore. Details of Budget Estimates, Revised Estimates for the year 2011-12 and Budget Estimates for 2012-13 are given below:-

A. Details of Budgetary Support/Recoveries										**(Rs in crore)**
	Name of Scheme/ programme	***2011-12 (BUDGET)***			**2011-12 (REVISED)**			***2012-13 (BUDGET)***		
	Revenue	**PLAN**	***NON - PLAN***	**TOTAL**	**PLAN**	**NON - PLAN**	**TOTAL**	**PLAN**	***NON - PLAN***	**TOTAL**
1	Secretariat - Economic Services	0.45	13.71	**14.16**	0.45	13.71	**14.16**	0.75	15.45	**16.20**
	LABOUR AND EMPLOYMENT									
	COAL MINES LABOUR WELFARE									
2	Contribution to Coal Mines Pension Scheme/ Deposit Link Insurance Scheme	0.00	28.70	**28.70**	0.00	27.18	**27.18**	0.00	25.75	**25.75**

	COAL AND LIGNITE									
3	Conservation and Safety in Coal Mines (met out of cess collections)	121.11	0.00	**121.11**	121.11	0.00	**121.11**	137.30	0.00	**137.30**
4	Development of Transportation Infrastructure in coalfields areas (Met out of cess collections)	22.00	0.00	**22.00**	22.00	0.00	**22.00**	50.00	0.00	**50.00**
5	Research & Development Programme	10.62	0.00	**10.62**	10.62	0.00	**10.62**	11.40	0.00	**11.40**
6	Regional Exploration	62.17	0.00	**62.17**	62.17	0.00	**62.17**	62.00	0.00	**62.00**
7	Detailed Drilling	99.22	0.00	**99.22**	99.22	0.00	**99.22**	123.30	0.00	**123.30**
8	Environmental Measures and Subsidence Control (EMSC)	50.58	0.00	**50.58**	0.00	0.00	**0.00**	9.00	0.00	**9.00**
9	Coal Controller	0.25	6.31	**6.56**	0.25	6.31	**6.56**	0.25	7.15	**7.40**
	Total Coal and Lignite	365.95	6.31	372.26	315.37	6.31	321.68	393.25	7.15	400.40
10	Lumpsum provision for North Eastern Areas	26.60	0.00	**26.60**	22.18	0.00	**22.18**	25.00	0.00	**25.00**
11	Lumpsum provision for TSP	27.00	0.00	**27.00**	27.00	0.00	**27.00**	31.00	0.00	**31.00**
	Total (Revenue)	**420.00**	**48.72**	**468.72**	**365.00**	**47.20**	**412.20**	**450.00**	**48.35**	**498.35**
	CAPITAL									
	EXPENDITURE ON ACQUISITION OF COAL BEARING AREAS FROM									

	CBA ACQUISTION FUND									
12	10.01 Acquisition of Coal Bearing Areas	0.00	30.00	**30.00**	0.00	146.83	**146.83**	0.00	30.00	**30.00**
13	10.02 Deduct Expenditure met from C.B.A. Acquisition Fund	0.00	-30.00	**-30.00**	0.00	- 146.83	**- 146.83**	0.00	- 30.00	**- 30.00**
	Total (Capital)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Total (A)	**420.00**	**48.72**	**468.72**	**365.00**	**47.20**	**412.20**	**450.00**	**48.35**	**498.35**

B. PLAN INVESTMENT IN PUBLIC ENTERPRISES WITHOUT GBS FROM THEIR IEBRs

		BE 2011-12			**RE 2011-12**			**BE 2012-13**		
		BUDGET SUPPORT	IEBR	TOTAL	BUDGET SUPPORT	IEBR	TOTAL	BUDGET SUPPORT	IEBR	TOTAL
	<u>INVESTMENT IN PUBLIC ENTERPRISES</u>									
13	Coal India Limited	0.00	4220	4220.00	0.00	4195.00+ 1000.00 #	4195.00	0.00	4275.00	4275.00 +# 5500.00
14	Singareni Collieries Company Ltd.	0.00	2804.3	2804.30	0.00	1389.61	1389.61	0.00	3220.33	3220.33
15	Neyveli Lignite Corporation Limited (Mines)	0.00	104.58	104.58	0.00	118.90	118.90	0.00	131.70	131.70
15.1	Neyveli Lignite Corporation Limited (Power)	0.00	1753.97	1753.97	0.00	1298.95	1298.95	0.00	1555.75	1555.75

15.2	Neyveli Lignite Corporation Limited (Total)	0.00	1858.55	1858.55	0.00	1417.85	1417.85	0.00	1687.45	1687.45
16	**TOTAL (Investment in PEs on Coal and Lignite)**	0.00	7128.88	7128.88	0.00	5703.51	5703.51	0.00	7627.03	7627.03
17	**Total (Investment in PEs on Power)**	0.00	1753.97	1753.97	0.00	1298.95	1298.95	0	1555.75	1555.75
18	Total (B) (Plan Investment in Public Enterprises of MOC)	0.00	8882.85	8882.85	0.00	7002.46	7002.46	0.00	9182.78	9182.78
19.	**TOTAL PLAN OUTLAY (MOC) (A+B)**	**420.00**	**8882.85**	**9302.85**	**365.00**	**7002.46+ 1000.00#**	**7367.46**	**450.00**	**9182.78**	**9632.78 +# 5500.00**

ad-hoc provision for development and acquisition of coal resources abroad.

The 11th Plan (2007-12) approved outlays of the Ministry of Coal and their actual utilization is given at Annexure-I

Plan Outlays

2.2 In the Plan outlay (2012-13), provision (General component) has been made for (i) Regional Exploration (Rs. 62.00 crore) , EMSC (Rs. 9.00 crore), Research and Development (S&T) (Rs. 11.40 crore), Detailed Drilling (Rs.123.30 crore), Conservation and Safety in Coal Mines (Rs 137.30 crore) and Development of Transport Infrastructure in Coalfield Areas (Rs 50.00 crore). Provision of Rs. 0.75 crore has been made for Information Technology. It is proposed to provide more IT equipment especially to cater the need for digital imaging solutions so that more and more work is assisted through IT. The Budget provision will also be utilized for further strengthening the IT infrastructure of the Ministry for creating more online working environment. It is mandatory requirement to keep 10% of the Plan provisions for North Eastern Region States including Sikkim. However, the schemes of “Conservation and

Safety in Coal Mines" and 'Development of Transport Infrastructure in Coalfields Areas" have been exempted from this mandatory provision. The amount of Rs. 25.00 crore being 10% of the Plan outlay of remaining schemes, has been kept as per mandatory requirement of funds earmarked to be spent in NE Region. Further, an amount of Rs. 31.00 crore being 8.2% of the Plan outlay of three Schemes namely Regional Exploration, Detailed Drilling and Conservation and Safety in Coal Mines identified to be part of Tribal Sub Plan has been kept under separate Sub Head as per mandatory requirement to be spent in the Tribal Areas.

2.3 When asked about the reasons for decrease in plan outlay for 2011-12 at RE stage, the Ministry of Coal in a written reply have informed the Committee as under:-

> "Plan allocations for central plan schemes were reduced from BE-2011-12 of Rs. 420 crore to Rs. 365 crore at RE 2011-12 mainly because of the reduction of the outlay of the scheme of EMSC to nil because it was envisaged that the provisions of the scheme may not get utilized during the Financial year. This scheme is part of the Master Plan dealing with fire subsidence, rehabilitation and diversion of surface infrastructure in Jharia and Raniganj coalfields within the leasehold of BCCL and ECL which was sanctioned by the Govt. in Aug, 2009 at an investment of Rs.9773.84 crore to be implemented in ten years. Master Plan is to be funded partly by the internal resources of CIL and partly from the Budget from collection of stowing Excise Duty under the CM(C&D) Act, 1974. It was envisaged that since CIL share of expenditure of Rs. 350 crore is to be fully utilized first before Govt. Budgetary support is to be provided, the need for release of Govt. funding may not arise during the year.

2.4 As regards the physical targets and projected demands for central sector schemes, the Ministry further informed the Committee as under:-

(Rs in crore)

Schemes	**Physical Targets and explanation of financial requirement**	**2011-12**	**BE 2012-13**

		BE	Actual/ provisional	Projected	Approved
i)Research and Development/ S&T.	(This scheme supports Coal S&T for application oriented research projects. Increased plan outlay is required as 5 new S&T projects are envisaged to be taken up during 2012-13.	10.62	10.62	14.40	11.40
(ii)Regional/Promotional Exploration	The proposed outlay is required for achieving the target of drilling 1.11 lakh meters for 2012-13.	68.40	64.00	92.07	68.00
(iii)Detailed Drilling in Non CIL Blocks	The target of drilling for 2012-13 is 1.75 lakh meters. The increase in plan outlay in 2012-13(BE) is for meeting the outstanding dues of Rs. 55.10 crore against the work of 2009-10 & 2010-11.	109.17	109.17	146.73	135.60
(iv)Environmental Measures and Subsidence Control.	This scheme is aimed at addressing environmental issues in the Coalfields at erstwhile mines in Raniganj and Jharia arising out of un-scientific mining carried out by the owners. All the EMSC schemes have been merged in the Master Plan dealing with fire , subsidence, rehabilitation and diversion of surface infrastructure in Jharia and Raniganj coalfields within the leasehold of BCCL and ECL which was sanctioned by the Govt. in Aug, 2009 at an investment of Rs. 9773.84 Crore to be implemented in ten years. This is being funded partly by the internal resources of CIL and partly from the Budget from collection of stowing Excise Duty under the CM(C&D) Act, 1974. Lower provisions have been kept `for 2012-13 in view of the fact that since CIL share of expenditure of Rs. 350 crore is to be fully utilized first before Govt. Budgetary support is to be provided, the need for release of Govt. funding may not arise.	50.58	0.00	45.00	9.00
(v)Conservation and safety	To reimburse partially the cost of	131.9	121.11	155.00	150.00

	stowing/protective works undertaken to ensure subsidence control and enhanced coal production under the provision of Coal Mines Conservation & Development Act.	3			
(vi)Development of transportation infrastructure in coalfield areas	To reimburse partially development of transportation infrastructure in coalfield areas to facilitate coal/sand transportation, under the provision of Coal Mines Conservation & Development Act.	22.00	22.00	60.00	50.00
Information Tecnology	This scheme is being implemented for providing support for increasing use of IT in Governance.	0.45	0.45	0.23	0.75
Coal Controller	This provision is kept for the plan posts in the Coal Controller Organisation	0.25	0.22	0.40	0.25
(v) Lumpsum provision for NER	All ministries are expected to keep 10 % of the budget provision for schemes in a separate budget Head for NER. Two schemes namely conservation and safetyin Coal Mines and Development of Transport Infrastructure for Coal Mine Areas have been exempted from keeping 10 % provision for NER.	26.60	0.00	30.17	25.00
Total		420.00	327.57	544.00	450.00

2.5 The Ministry of Coal had projected an allocation of Rs. 540 crore as per details indicated above. However finally a provision of Rs. 450 crore only was approved for all the central plan schemes of the Ministry of Coal. The allocation of Rs.450 crore was divided by the Ministry among various schemes/programmes in consultation and with the approval of the Planning Commission resulting in a MOU jointly signed between the Ministry of Coal and Planning Commission. Keeping in view the limited availability of funds, felt needs, priorities, importance and trends of expenditure in previous year and expected pace of expenditure of various schemes in 2012-13, the allocations for following schemes were decided as under:

(i) Increased plan outlay has been made for R&D scheme as 5 new S&T projects are envisaged to be taken up during 2012-13.

(ii) All the EMSC schemes have been merged in the Master Plan dealing with fire, subsidence, rehabilitation and diversion of surface infrastructure in Jharia and Raniganj coalfields within the leasehold of BCCL and ECL which was sanctioned by the Govt. in Aug, 2009 at an investment of Rs. 9773.84 Crore to be implemented in ten years. This is being funded partly by the internal resources of CIL and partly from the Budget from collection of stowing Excise Duty under the CM(C&D) Act,1974. Coal India is expected to first spend its annual share of Rs.350 crore before share of the GOI can be released. During 2011-12since CIL share of expenditure of Rs. 350 crore was not fully utilized. Therefore funds could not be released from the EMSC scheme during 2011-12. The funds of the scheme earmarked for this scheme during 2011-12 had to be surrendered on the directions of the Ministry of Finance since the diversion of these funds to the scheme of “Detailed Drilling” were not allowed by the Ministry of Finance. Similar situation can arise during 2012-13 also and the need for release Govt. Budgetary Support under the scheme may not arise. Therefore only a small provision has been provided under the scheme during 2012-13.

(iii) The allocation of the scheme of the “Detailed Drilling” has been kept high keeping in view the importance and need of these schemes for confirmation of the extractable coal resources in the country with the hope that it would be possible to increase the pace of drilling under these schemes in the coming yearand also keeping in view the outstanding dues of Rs. 55.10 crore against the work of 2009-10 & 2010-11.

(iv) The allocations for the schemes of “Conservation and safety in Mines” and “Development of Transport Infrastructure” were kept at a higher level in view of the improved pace of implementation of the scheme in the last two years after approval of the schemes and also keeping in view that some of the spill over expenditure from previous year will have to be met in 2012-13."

NON-PLAN OUTLAY

2.6 The Non-Plan Budget (2012-13) of Rs. 48.35 crore mainly comprises of funds required for Secretariat (Economic Services), Coal Controller's Organisation, payment of Government contributions statutorily required under Coal Mines Pension Scheme, 1998. framed under Coal Mines Provident Fund and Misc. Provisions Act, 1948. Further an amount of Rs. 30.00 crore has been kept for payment of compensation for acquisition of coal bearing areas under Coal Bearing Areas (Acquisition and Development) Act, 1957. However since the lands acquired become properties of the subsidiary companies of the CIL, the CIL deposits a fund with the Government of India(Ministry of Coal) and the Ministry of Coal releases the amount of compensation through the subsidiary companies for releasing the same to the land oustees by the subsidiary companies. These releases of Compensation thus do not entail any net outgo from Government.

CHAPTER III

IMPLEMENTATION OF CENTRAL SECTOR SCHEMES

(A) Research & Development

3.1 The Govt. of India initiated Coal S&T Grant in 1975 under Ministry of Coal (MoC) to enable research and development activities over a wide spectrum of areas viz. (i) Production, Productivity and Safety (ii) Coal Beneficiation and Utilisation and (iii) Environment and Ecology in coal & lignite sector. The grant is administered by Standing Scientific Research Committee (SSRC) with Secretary (Coal) as its Chairman. Central Mine Planning and Design Institute Ltd. (CMPDI) is the nodal agency for coordination and monitoring of coal S&T projects funded by the Ministry of Coal. These projects have been carried out by various research and academic institutes related to coal and allied industries with active participation of coal and lignite mining companies.

3.2 Both BE & RE 2011-12 for Research & Development (R&D) approved by Planning Commission/Ministry of Finance were Rs. 10.62 crore against the projected demand of Rs. 28.82 crore by the Ministry of coal. The amount allocated at BE stage during 2012-13 is Rs. 11.40 crore against the projected demand of Rs.14.40 crore. Giving the details of amount actually incurred under R&D during 2011-12, the Ministry have informed the Committee that the entire Budgeted amount of Rs. 10.62 crore has been released to the CMPDI for the implementation of the scheme of Research & Development.

3.3 When asked as to what were the reasons for reduction from projected demand of Rs.14.40 crore to Rs. 11.40 crore by Planning Commission / Ministry of Finance for 2012-13, the Committee has been informed as under:-

> "Ministry of Coal had projected an allocation of Rs. 540 crore for the year 2012-13. However finally a provision of Rs. 450 crore only was approved for all the central plan schemes of the Ministry of Coal. The allocation of Rs.450 crore was divided by the Ministry among various schemes/programmes in consultation and with the approval of the Planning Commission resulting in a MOU jointly signed

between the Ministry of Coal and Planning Commission. Keeping in view the limited availability of funds, priorities, importance and trends of expenditure in previous year and expected pace of expenditure of various schemes in 2012-13, the allocations for various schemes were decided. Keeping the above mentioned criterion in mind, the allocation of Rs. 11.40 cr excluding the provision for NER was considered appropriate for scheme of R&D."

The Committee were further informed that in case of the additional requirements arising during the year, Ministry could consider seeking additional funds for the scheme at RE stage."

3.4 Science & Technology Projects (R&D Projects), which are proposed to be undertaken during 2012-13, along with their estimated cost, duration and the expected expenditure are given at **Annexure - II**

3.5 On being asked as to what steps have been taken are proposed to be taken to ensure timely completion of various ongoing and new projects under R&D, the Committee were informed of the following:-

"(i) Progress of Coal S&T projects is monitored by CMPDI and reviewed by the Technical Sub-committee of Standing Scientific Research Committee (SSRC) as well as the SSRC headed by Secretary (Coal). Implementing agencies submit quarterly progress reports of the projects to CMPDI which, after examination, are placed before SSRC Sub-committee and SSRC.

(ii) Periodic visits to the implementing institutes are undertaken by CMPDI officials to monitor the progress of these projects and necessary assistance is extended to them."

(B) Environmental Measures and Subsidence Control (EMSC)

3.6 For EMSC the actual utilization during 2010-11 was Rs. 30 crore and the same was increased to Rs. 50.58 crore during 2011-12 but the RE for the scheme during the year is stated to be nil. Since CIL share of expenditure of Rs. 350 crore was not fully utilized, funds could not be released from the EMSC scheme during 2011-12. The funds of the scheme earmarked for this scheme during 2011-12 had to be surrendered on the directions of the Ministry of Finance since the diversion of these funds to the scheme of "Detailed Drilling" were not allowed by the Ministry of Finance. Similar situation can arise during 2012-13 also and the need for release Govt. Budgetary Support projected at 45 crore under the scheme may not arise. Therefore only a small amount of provision of Rs. 9 crore has been made under the scheme during 2012-13 including land reclamation and subsidence control in coal mines. .

3.7 The Committee have been further informed that Ministry of Coal constituted a High Powered Central Committee, under the chairmanship of Secretary (Coal) to monitor and ensure proper implementation of remedial measures for fire, subsidence and rehabilitation of affected areas of Raniganj and Jharia coalfields as per the Master Plan prepared. For release of funds for the Master Plans from CIL source, guidelines have been framed and approved by CIL Board and accordingly, the indents for funds received from the subsidiaries are scrutinized, funds are released to the concerned subsidiary, and subsequently monitored for proper utilization of the same.

3.8 As regards the implementation of all the EMSC schemes merged in Master plan, the Ministry have informed the Committee as under:-

3.9 When asked as to how the Ministry plan to infuse funds to the tune of Rs.9773.84 crore required for implementing EMSC schemes in Jharia and Raniganj areas in a time bound manner, the Committee were informed that in the approved Master Plans, funding arrangement for implementation of Master Plan has been earmarked. Year wise funding arrangement is shown in the table below:-

Years	JCF	RCF	Total	CIL Contribution	CCDAC Contribution
1	94.58	303.54	398.12	350.00	48.12
2	94.14	277.35	371.49	350.00	21.49
3	640.18	304.06	944.24	350.00	594.24
4	721.26	298.35	1019.61	350.00	669.61
5	777.51	293.17	1070.68	350.00	720.68
6	731.41	232.46	963.87	350.00	613.87
7	729.09	239.26	968.35	350.00	618.35
8	686.39	241.15	927.54	350.00	577.54
9	682.82	239.29	922.11	350.00	572.11
10	674.38	233.10	907.48	350.00	557.48
11	676.14	--	676.14	350.00	326.14
12	604.21	--	604.21	350.00	254.21
TOTAL	7112.11	2661.73	9773.84	4200.00	5573.84

(C) Regional Exploration

3.10 The BE and RE for Regional Exploration during 2011-12 were Rs. 62.17 crore. The allocation for 2012-13 is Rs.62 crore. In 2011-12 BE, a physical target of 1.34 lakh meter of Promotional drilling (0.76 lakh meter in coal and 0.58 lakh meter in lignite) has been kept. The achievement of drilling is 0.83 lakh meter (upto Feb'12). The committee were informed that the low progress is mainly due to not getting the forest entry permission from the Forest Authorities in spite of constant and sincere persuasion by MECL.

3.11 Asked about the target for 2012-13 and whether the funds provided at BE stage are sufficient for meeting the targets, the committee were informed that in 2012-13, Rs. 92.07 crore (including Tribal sub-plan of Rs. 8.39 crore) was originally proposed to be approved commensurate with the physical target of 1.47 lakh meter of Promotional/Regional drilling in coal & lignite sector. However, provision of Rs. 68.00 crore (including Tribal sub-plan of Rs. 6.00 crore) has been provided in BE 2012-13 which would not have been sufficient for meeting the target of 1.47 lakh meter of Promotional drilling and, accordingly, target has been slashed down to 1.11 lakh meters.

3.12 As regards the detailed steps taken to ensure achievement of targets for 2012-13, the Ministry of Coal informed the Committee in a written reply as under:-

> "The proposed drilling would be carried out by MECL, GSI, CMPDI, Govt. of Assam and Nagaland by deploying more drills and close monitoring of drilling. Agencies have been assigned the targets and blocks for such drilling have been identified.
>
> However, achievement of the targets depends upon availability of entry permission to explore in forest areas, improvement in law & order conditions in some areas."

(D) Detailed Drilling

3.13 Both BE & RE 2010-11 for Detailed Drilling were Rs. 110.00 crore which were reduced to Rs. 99.22 crore at BE and RE stage during the year 2011-12. An allocation of Rs.150.00 crore has been made for the scheme during 2012-13. Provision is made for detailed drilling in the non-CIL coal mining blocks so that the geological reports generated may help the prospective investors in taking investment decisions regarding coal mining and reduction of time for preparation of mining plan. This step would promote private investment in the coal mining industry. The scheme is implemented by CMPDIL with the help of GSI, MECL and some private institutions.

3.14 Furnishing the action plan on detailed drilling to be undertaken during 2012-13 and beyond, state-wise and company-wise, the Ministry have informed the Committee as under:-

"The programme of detailed drilling in Non-CIL blocks during 2012-13 is given below:

State	**Company Command Area**	**Targeted Drilling (in meter)**
West Bengal	ECL	24000
Jharkhand	CCL	15000
Maharashtra	WCL	32400
Chhatisgarh	SECL	77000
Orissa	MCL	26500
	TOTAL	**1,74,900**

3.15 When asked whether any constraints were faced in carrying out detailed drilling, the Committee were apprised as under:-

"Though the target of 2011-12 in respect of detailed drilling in non-CIL blocks has been achieved, there have been major constraints like forest clearance and local protests. As per the recommendation of the Working Group on Coal and Lignite, 15 to 20 boreholes per sq km are required for projectisation purpose, whereas, the existing guideline issued by MOEF permits drilling upto 1.5 to 2.0 borehole per sq km only in forest areas. In absence of the amendment, lot of areas could not be included for detailed drilling. However, on persuasion of Ministry of Coal, Ministry of Environment and Forest has asked for taking up pilot projects on trial basis to assess the impact of detailed exploration on flora & fauna in three blocks i.e Bijul (MP), Chira North (Chattisgarh) and Baitarni East). Interim Status Report in respect of these three blocks has been submitted to MoEF in the month of May, 2011. However, 1-1.5 sq km areas were identified in each of these three blocks and exploration was completed in identified areas. Joint reports on Baitarni East Block and Chira North Block have been submitted to the DFO, Angul and DFO, Korba, respectively. CMPDI has also sent the joint reports in respect of Chira North & Baitarni East and interim report in respect of Bijul Block to MOEF on 23.01.2012. On analysis of impact of such projects on flora and fauna, MoEF may take a view on revision of norm for exploratory drilling in forest areas from 1.5-2.0 borehole per sq km to 15-20 borehole per sq km. Recently on 01.03.2012, Group of Ministers constituted for addressing the environmental and developmental issues of CIL has directed MOEF to expedite the decision on the basis of interim reports."

3.16 As regards environmental clearances for detailed drilling, Secretary, Ministry of Coal submitted during evidence:-

"We were seeking automatic clearance for drilling at a much higher density. Presently, if we drill about 1.5 boreholes per sq. km. we do not have to take Forest and Environment Clearance. But that is very little in assessing correctly the reserves. The density required is something like between 15 to 20 boreholes per sq. kms. If we have to do that then we have to go back to the Environment Ministry to seek forest clearance. For that clearance, the entire process was very lengthy and time consuming. So we had suggested that this could be an automatic clearance like it is for 1.5 borehole. The Environment Ministry suggested that we should first do it on trial and see whether it really disturbs the fauna and flora of the forest area. We took up three projects in Orissa, Chhattisgarh and Jharkhand. We had taken up large areas but we got interim reports of fairly large number of boreholes dug up in these areas. The interim report had indicated that the disturbance on the surface is very minimal. Practically no trees were being really cut. Only some branches and other things have been cut and some passages were being made to take the drills and other machineries inside."

(E) <u>Development of Transport Infrastructure in coalfields (DTIC)</u>

3.17 The BE and RE for 2011-12 under DTIC was Rs. 22 crore and for 2012-13, an amount of Rs. 50 crore has been allocated. Against the 11th plan approved outlay of Rs. 277.63 crore, the revised outlays at Mid-Term-Appraisal for DTIC were Rs. 930.92 crore.

3.18 When asked whether the Coal PSUs have incurred any expenditure on building new pucca roads and repairing the old roads which are being used for coal transportation, the Ministry have stated as under:-

"Only proposals relating to laying of pucca roads are considered under the scheme and repairing of roads are not considered. However, strengthening and widening of roads for enhanced coal production can be considered by CCDAC. Reimbursement proposals including 17 pucca road constructions projects were considered and a total amount on all proposals including rail infrastructure worth Rs.35.27 crore was sanctioned during 2011-12,out of which Rs. 22 crore has been released and remaining Rs. 13.27 crore will spill over to 2012-13."

CHAPTER –IV

Investment in PSUs

4.1 The financial requirement of the coal PSUs as proposed in BE 2011-12, RE 2011-12 and BE 2012-13 is indicated below:-

(Rs in crore)

Name of PSUs	***Actual 2009-10***	***Actual 2010-11***	***BE 2011-12***	***RE 2011-12***	***Actual 2011-12 (upto Dec., 11)***	***BE 2012-13***
CIL	*2809.99*	*2539.72*	*4220.00+ 6000.00 #*	*4195.00+ 1000.00 #*	*2216.00*	*4275.00+5500.00#*
NLC	*1559.15*	*1356.69*	*1858.55*	*1417.85*	*1127.57*	*1687.45*
SCCL	*888.67*	*643.81*	*2804.30*	*1389.61*	*630.82*	*3220.33*
Total	*5257.81*	*4540.22*	*8862.85*	*7002.46*	*3974.39*	*9182.78*

 # Adhoc provision for acquisitions abroad.

There is no outgo from the Consolidated Fund of India and the entire expenditure is met by PSUs from their I&EBRs.

4.2 Giving the financial and physical targets set out for coal PSUs during each of the last three years and achievements thereof, the Ministry have informed the Committee as under:-

"CIL

The financial targets (capital outlay) set out in each year during last three years vis-a-vis actual achievement for CIL & its subsidiaries are given below:

(Figs in Rs Crore)

	2009-10	2010-11	2011-12

<table>
<tr><th>Company</th><th>Target</th><th>Actual</th><th>Target</th><th>Actual</th><th>Target</th><th>Target upto Feb-12</th><th>Actual (Prov)
(Up to Feb.12)</th></tr>
<tr><td>ECL</td><td>210.00</td><td>165.02</td><td>400.00</td><td>184.93</td><td>400.00</td><td>344.98</td><td>248.40</td></tr>
<tr><td>BCCL</td><td>230.00</td><td>293.35</td><td>350.00</td><td>320.94</td><td>400.00</td><td>358.95</td><td>339.68</td></tr>
<tr><td>CCL</td><td>420.00</td><td>321.31</td><td>350.00</td><td>200.76</td><td>350.00</td><td>289.30</td><td>259.65</td></tr>
<tr><td>NCL</td><td>730.00</td><td>545.45</td><td>800.00</td><td>310.53</td><td>800.00</td><td>672.00</td><td>534.37</td></tr>
<tr><td>WCL</td><td>230.00</td><td>252.34</td><td>350.00</td><td>239.74</td><td>350.00</td><td>314.93</td><td>180.37</td></tr>
<tr><td>SECL</td><td>730.00</td><td>770.67</td><td>600.00</td><td>581.87</td><td>600.00</td><td>551.96</td><td>712.05</td></tr>
<tr><td>MCL</td><td>200.00</td><td>404.19</td><td>650.00</td><td>608.10</td><td>700.00</td><td>633.24</td><td>368.20</td></tr>
<tr><td>CIL & OTHERS</td><td>150.00</td><td>57.66</td><td>300.00</td><td>92.85</td><td>270.0</td><td rowspan="2">432.25</td><td rowspan="2">116.40</td></tr>
<tr><td>Master Plan
(J&R Fire)</td><td>-</td><td>-</td><td>-</td><td>-</td><td>350.00</td></tr>
<tr><td>CIL</td><td>2900.00</td><td>2809.99</td><td>3800.00</td><td>2539.72</td><td>4220.00</td><td>3597.61</td><td>2759.12</td></tr>
</table>

2009-10: Fund utilization was 97%.

2010-11: Short-fall in utilization was mainly in ECL, CCL and NCL. The shortfall in these subsidiaries was due to delay in procurement of HEMM and other Plant & Machinery.

2011-12: The fund utilization against the budget till Feb, 2012 provisionally is around 77%. Short-fall in utilization was mainly in ECL, WCL, NCL & MCL. The shortfall in these subsidiaries is due to delay in procurement of HEMM. However, normally utilization of fund is maximum in the month of March.

4.3 The physical target and achievement of raw coal production in Coal India Ltd. during the last three years are given below:

(Fig. in Million Tonnes)

Company	2009-10		2010-11		2011-12	
	Target	Actual	Target	Actual	Target	Actual Prov. (Up to 27th March-12)
ECL	31.00	30.06	33.00	30.80	33.00	29.72
BCCL	28.00	27.51	29.00	29.00	30.00	29.55
CCL	48.00	47.08	50.00	47.52	51.00	46.82
NCL	66.50	67.67	72.00	66.25	68.50	65.03
WCL	45.00	45.74	46.50	43.65	45.50	42.51
SECL	106.00	108.01	112.00	112.71	112.00	112.33
MCL	109.30	104.08	116.75	100.28	106.00	101.33
NEC	1.20	1.11	1.25	1.100	1.00	0.58
CIL	**435.00**	**431.26**	**460.50**	**431.32**	**447.00**	427.86

4.4 The main reason for the shortfall in production, year wise are given below:

2011-12:

(i) Unprecedented rain fall, e.g., in Singrauli coalfields total rainfall in 2011-12 was 1956 mm against 1328 mm in 2010-11; West Bokaro was 2044 mm in 2011-12 against 962 mm in 2010-11.

(ii) Deficient supply of explosives particularly in NCL.

(iii) Delay in availability of FC & EC for implementation of coal mining projects.

(iv) Coal evacuation & Law and Order problems particularly in Jharkhand & Orissa

(v) Poor performance of newly supplied BEML equipment and after sales service in NCL & SECL

4.5 According to Ministry of Coal fund reduction in 2011-12 at RE stage of Rs. 25 Cr, is 0.6 % of the total budget. What ever decrease in plan outlay of RE stage is on account of investment in acquiring assets in abroad. Out of the budget allocation of Rs 6000.00 crore at BE stage only Rs 1000.00 Cr. kept at RE stage. No amount has been spent for acquisition of assets abroad. No deals were finalized till date during 2011-12 and therefore no investments have been made out of the aforesaid BE/RE allocation.

<u>NLC</u>

4.6 As regards the actual expenditure by NLC the Committee were informed that it was Rs. 738.04 Cr (39.71%) upto Sep'11 (when the RE 11-12 and BE 12-13 was formulated), as against BE 2011-12 of Rs 1858.55. Further the Solar power for which Rs 90 Cr was set aside in BE 2011-12, the outlay has been reduced to Rs 0.10 Cr as the project approval did not materialise at stipulated time. Also requirement Rs 200 Cr set aside for new projects has been brought down to Rs 1 Cr in RE 2011-12 as the Sirkazhi Power project approval has not so far materialised.

4.7 Asked about the reasons for reducing the IEBR of NLC during 2011-12, the Committee were informed in a written reply that expansion in Barsingsar Mine and Mine-II were delayed but have been completed and payment for major items have been made. Only release of final payments is pending and hence the outlay for Mines was decreased. In power sector also, delay in supply and erection of equipments by the main plant contractor (BHEL) in TPS II expansion, Barsingsar power project and Coal based Power Plant at Tuticorin were the major contributories to this decrease in outlay for power sector. In respect of new projects where power purchase agreements were signed, the preliminary activities like FR preparation, EIA/EMP study, etc. is actively pursued to get the early sanction from competent authorities. In view of the above, the plan outlay has been reduced from Rs. 1858.55 crore to Rs. 1417.85 crore at R.E stage.

4.8 The physical performance details of the NLC are given hereunder:

Year		Lignite (LT)	Power Gross (MU)
2009-10	Target	217.50	16600.00
	Actuals	223.38	17656.04
	Achievement (%)	102.70	106.36
2010-11	Target	241.40	18758.00
	Actuals	231.44	17881.09
	Achievement (%)	95.87	95.33
2011-12	Target (BE)	239.50	18576.00
	Target (RE)	227.50	17222.00
2011-12 Actual upto Feb.2012	Target	216.25	16809.00
	Actuals	220.646	16885.10
	Achievement (%)	102.03	100.45
2012-13	Target (BE)	248.00	18600.00

<u>SCCL</u>

4.9 The details of Financial and Physical targets and achievements of SCCL during the last three years are as under:

Capital Outlay: (Rs. In Crores)

2008-09			2009-10			2010-11		
BE	RE	**Actual**	BE	RE	**Actual**	BE	RE	**Actual**
665.30	665.30	**650.44**	580.57	633.94	**888.67**	1334.93	1124.57	**643.81**

Coal Production: (in Million tonnes)

2008-09			2009-10			2010-11		
BE	RE	**Actual**	BE	RE	**Actual**	BE	RE	**Actual**
41.50	42.56	**44.54**	44.50	45.00	**50.42**	46.00	50.50	**51.33**

4.10 As plan outlays of SCCL were reduced by more than 50% at RE stage the Committee had desired to know the reasons for shortfall, and the resultant low achievement of production targets/execution of projects. In this regard the Committee were apprised as under:-

> "The reasons for decrease in RE are reported to be due to deferment of procurement of HEMM projected in BE 2011-12; delay in procurement of Longwall equipment pertaining to Adriyala Longwall Project and payments relating to BTG works of 2X600 MW Power Project are not materialized as projected in BE 2011-12. Rs.446.33 Crore have been provided for 2x600MW Super Thermal Power Projects (STPP) in RE 2011-12 against Rs.1500.00 Crore projected in BE 2011-12. "

4.11 Further Capital outlay planned for 2011-12 (BE) is Rs. 2804.30 Crore and the provisional expenditure upto Feb., 2012 is Rs. 740.65 Crs. The main reasons for less incurrence of expenditure when compared to BE are furnished below.

"(i) Rs.1050.00 Crore provision was made for Power Project in BE 2011-12 towards Plant and Mechinary(P&M). However, the provisional expenditure incurred towards P&M is 348.22 Crore only. This is due to the delay in finalization of BTG (Boiler, Turbine and Generator) order placed on M/s BHEL. Out of Rs.348.22 Crore, an amount of Rs.347.12 Crore is paid to BHEL as an advance towards BTG package.

(ii) In case of Adriyala, an amount of Rs.556.66 Crore was provided in BE 2011-12 for P&M, considering that Longwall equipment will be received in the year 2011-12. However, the equipment is not received and expected to be received in the financial year 2012-13. Due to delay in testing of Powered Roof Supports, procurement of Longwall equipment is delayed."

CHAPTER - V

PRODUCTION OF COAL & DISPATCHES

5.1 More than 90 per cent of the coal production in India is of non-coking coal. The production of raw coal during April-November 2011 was 307 million tonnes (MT), as against 320 MT in the same period of the previous year. Coking coal production during this period was 28.3 MT against a production of 28.7 MT during the same period last year. According to Economic Survey 2011-12, both coking and non-coking coal registered a negative growth in production in the current year compared to a growth of 8.0 per cent in 2009-10. The lower growth in production during the current year and last year is primarily due to environmental restrictions, application of the comprehensive environmental pollution index (CEPI), non-availability of forestry clearance against some of the projects, poor law and order situation in some states and excessive rainfall in the coal-mining areas. Lower domestic production increased dependency on imports and in 2010-11, 68.9 MT of coal was imported. The Company-wise details for coal production from CIL/SCCL/others are given below:-

(in million tonnes)

5.2 When asked about the reasons for negative growth in coal production in 2011 -12 as compared to growth of 8% in 2009-10, the Ministry of Coal further informed the Committee as under :-

"CIL: During 2009-10 the growth in coal production of CIL was around 6.8 %, and anticipated production (RE) of CIL in 2011-12 is 440.00 Mt with a growth of around 2.00 % the reasons of less growth in 2011-12 as compared to growth in 2009-10 are summarized below:

(a) Heavy torrential rains
(b) Constraint in obtaining environmental and forestry clearances.
(c) R&R problem.
(d) Delay in land acquisition.
(e) Constraints of coal evacuation on account on non-availability of railway rakes and delay in infrastructures facilities provision.
(f) Law & Order problems in some of the coalfields of Orissa, Jharkhand & Chhattisgarh.

SCCL: There is no negative growth rate in coal production in SCCL during X & XI Plans. The details of actual production in SCCL during the last 4 years and current year are as below:

Year	Actual Prod. (MT)	Achievement over previous year (%)
2007-08	40.60	107.66
2008-09	44.54	109.70
2009-10	50.43	113.22
2010-11	51.33	101.78
2011-12	51.66 *	

*Upto 28th March 2012.

5.3 Giving details of the corrective measures taken to increase coal production to match the demand of domestic sector, the committee were apprised as under:-

"CIL: CIL have taken following major steps to enhance its coal production.

(a) To increase production from existing mines is being achieved through improving capacity utilization by efficiency improvement and modernization.

(b) Actions are also being taken to implement ongoing project in time bound manner to achieve targeted production as per schedule.

(c) Better coordination with concerned State Govt. for addressing R&R and Land Acquisition issues

(d) Improved persuasion with State and Central Departments for forest land and environmental related issues.

(e) Improved coordination with railways for rail transport and racks supplies

(f) Rigorous monitoring at project areas, company Head Quarters and MOC level daily/weekly/monthly and quarterly basis.

SCCL: Keeping in view the ever-growing demand of coal in the country, SCCL has been increasing its coal production year-on-year.

The details of coal production achieved during XI Plan by SCCL are as below:

Year	2007-08	2008-09	2009-10	2010-11	2011-12
Prod. in MT	40.60	44.54	50.43	51.33	52.21

5.4 The steps taken by SCCL to increase production are as below -

(i) Two High capacity Long wall projects (each with ultimate capacity more than 2.5 MTPA) which are under construction are expected to start production during XII Plan.

(ii) Three new underground mines (all with Continuous Miners) are planned to start production against eight UG mines going to be closed during XII plan.

(iii) Six new opencast mines are planned to start production during this period.

(iv) Reconstruction of existing mines for optimum production by intermediate and high end technology.

(v) Improving the productivity in the existing mines by improving the utilization of the equipment."

5.5 On being asked whether the issue of low production of coal was reviewed at the quarterly review meetings of ministry of coal, the Ministry have informed the committee that they have been regularly holding the meetings to review the coal production and giving suitable directions. The details of action taken by subsidiaries of the CIL to increase production to the targeted level of 2011-12 are as under :-

"Eastern Coalfields Limited

(i) Intensive monitoring upto area level have been introduced to ensure better production and productivity.

(ii) Old equipment are being replaced for improving availability.

Bharat Coking Coal Limited

(i) 30 nos. out of 44 SDLs from second order have arrived. This will boost up UG production.

(ii) Out of 20 shovels, 105 dumpers, 8 dozers and 15 drills on order, 16 shovels, 73 dumpers, 8 dozers and 10 drills have been commissioned. This will boost up OC production.

Central Coalfields Limited

(i) Area-wise Revised Action Plan to make up the shortfall in raw coal production & offtake have been prepared & close monitoring is being done to achieve the Action Plan.

(ii) Incentive Schemes have been introduced to motivate employees.

Western Coalfields Limited

(i) Action being taken to open Juna Kunada OCP. Ballarpur OC has started to contribute. Ghonsa OC has restarted by award of HOE Contract**.**

South Eastern Coalfields Limited

(i) Action has been taken to procure tyres of 240 T Dumpers.

(ii) 3 nos. 10 Cum Shovels and matching 100Te Dumpers has been commissioned at Kusmunda OC Project.

(iii) Coal production from Amera OC, Amgaon OC, Baroud OC will be enhanced.

(iv) (iv)Coal production from CM packages at Kurja-Sheetaldhara UG and Pinoura UG will be enhanced.

(v) Coal Production and OBR at Mega OC Projects viz Gevra, Dipka and Kusmunda OCPs will be enhanced.

(vi) Coal production from Khairaha UG & Haldibari UG will be started.

Mahanadi Coalfields Limited

(i) With finalization of contract for “Extraction, loading and transportation" for a daily quantity of 26,000 Tes (approx.) in October 2011 and execution of contract awarded to M/S Essel Mining from October, 2011, production will improve in Bhubaneshwari OCP .

(ii) With finalization of contract “Loading and transportation of coal from departmental SM face to sidings” in October 2011 for a quantity of 10,000 Tes / Day (approx), production will improve in Ananta OCP.

(iii) With finalization of contract for “Extraction, loading and transportation” for a quantity of 10,000 Tes / Day (approx.) in October 2011, production will improve in Bharatpur OCP.

(iv) With finalization of tender for the work “Extraction, loading and transportation” for a quantity of 24,000 Tes/Day (approx.) by November 2011, production will improve in Lingaraj OCP.

(v) With shifting of village road and finalization of contract for “Deployment of Surface Miner” by October/November 2011, production will improve in Hingula OCP.

Northern Coal Fields Limited (NCL)

(i) Intensive monitoring upto mine level has been introducted to ensure better production and productivity.

(ii) Action has been taken to ensure adequate supply of Site Mixed Emulsion explosive

(iii) Action has been initiative to improve availability and utilization of departmental equipment. "

Production during 12th Five year plan

5.6 As per the Working Group report submitted by the Ministry to the Planning Commission, total coal production in the country is expected to reach a level of 795.00MTs by the end of the 12th Plan. The contribution of CIL and SCCL out of this is expected to be 615MTs and 57 MTs respectively assuming that CIL will be able to get production as per Scenario-II as per details given below:-

> **"CIL:** Targets for production of coal during the 12th five year plan as per the exercise carried out for the Working Group on Coal & Lignite for the 12th Plan were drawn up in two scenarios:
>
> **Scenario-I:** This projection has been drawn up considering the current trends of delays in obtaining EC & FC, land acquisition and R&R issues, law & order problem and the development of coal evacuation facilities. Under this scenario CIL is envisaged to produce 556.40 Mt at the terminal year of the XII Plan, (2016-17) with a plan period growth of 109.40 Mt at a CAGR of 4.48%.
>
> **Scenario II:** The production projected in this scenario is achievable assuming the requisite clearances are processed in the fast-track route and delivered within the specified schedule and the issues affecting land acquisition, R&R and law and order are addressed appropriately by active involvement of all concerned Central and State Government agencies."

5.7 The target for production of coal during the 12th Plan by CIL under the two scenarios is as below:

(Figures in Mt)

CIL	XII Plan Projection				
	2012-13	2013-14	2014-15	2015-16	2016-17
Scenario I – (Business as Usual)	464.10	485.65	507.75	530.30	556.40
Scenario II – Optimistic	464.10	487.65	530.75	574.50	615.00

Total plan period investment as per Working Group on Coal & Lignite for the XII Plan for domestic business activities is Rs 25400 Crs.

Additional, ad hoc provision of Rs 25,000 Cr for acquisition of coal blocks abroad & an ad- hoc provision of Rs. 10,000 Cr for development of coal block in Mozambique have been indicated.

SCCL: As regards SCCL, details of coal production planned for XII plan are as below:

Year	2012-13	2013-14	2014-15	2015-16	2016-17
Prod. in MT	53.10	54.30	55.00	56.00	57.00
Capital outlay in Rs. Crs *	3220.33	3151.89	1732.57	900.73	1354.09

*Including allocation for 2x600MW Singareni Thermal Power Plant (STPP)

Fuel Supply Agreements

5.8 Under New Coal Distribution Policy it was decided to introduct the concept of "Letter of Assurance" (LOA), which provides for assured supply of coal to developers, provided they meet stipulated milestones. Once the milestones as stipulated in the LoA are met by the LoA holders, they are entitled to enter into Furl Supply Agreements (FSA) for long-term supply of coal.

5.9 Regarding supply of coal to new power projects, a representative of Ministry of Coal informed the Committee during evidence that the issue of providing coal to the power utilities was being discussed at various levels which started with the Cabinet Secretary taking the initiative. Hence we had a small inter-Ministerial Committee under one of the senior officers in the Cabinet Secretariat. The Coal Ministry and the Power Ministry were dwelling upon it as to what would be the most appropriate approach to this problem so as to provide the maximum amount of coal to the power utilities.

5.10 The witness further added,

> The fact is that fuel supply agreements (FSAs) were signed for plants which had been established till March 2009. After March 2009 Coal India had not signed fuel supply agreements with the plants that had come up. But each year in consultation with the Central Electricity Authority, Coal India would make an allocation on an annual basis and operate it on an MoU to supply the coal to the plants that were there. The power utilities in the beginning were not objecting to that very much. But subsequently the question was that it was not easy for them to go to the banking or the financing institutions and to say that I am going to get year by year coal but not a long-term agreement, so that they could get the resources from the banks or the financing institutions. They had stopped giving money saying coal is not available, we will not give you extra money for expansion or establishment of new. So, the issue was that the coal company must finally sign the FSA which is actually in line with the coal distribution policy also. While assessing this, a number of rounds of discussions took place. The Planning Commission had indicated at one time when the discussions with the Power Ministry took place that the expansion in the 12th Plan for power utilities which will be based on linkage from Coal India would be to the extent of 38,000 MW. We indicated to the Planning Commission as well as to the Power Ministry that we already have LoAs which are to the extent of 1,08,000 MW in existence. So, if you are going to separate out 38,000 MW from this, please look at the preparedness of each plant and take out those which you think are going to come up and the balance can be left."

Coal Dispatch and Supply

5.11 The Committee have been informed that during the period April, 2011 – December 2011 Coal dispatch from CIL was 310.17 million tonnes (Provisional) against 309.99 million tonnes during the same period last year, thus registering a growth of 0.6% over corresponding period of previous year. During the period April 2011 – December 2011, SCCL supplied 36.06 million tonnes against the target of 39.06 million tonnes.

5.12 Company and sector-wise Dispatch are given as under:-

5.13 As regards, the actual coal supply/off take during 2010-11, supply plan 2011-12 and Actual Coal supply during 2011-12 till December 2011, the Committee were informed as under:-

CHAPTER – VI

PROBLEMS IN IMPLEMENTATION OF NEW PROJECTS

Land Acquisition

6.1 In view of the delay in implementation of various new coal projects due to acquisition of land, the Committee desired to know whether the R&R Policy implemented by CIL has been reviewed to accommodate the aspirations of land oustees. In this regard, the Ministry have informed the Committee as under:-

> "In view of changing aspirations of the PAPs and to meet other R&R issues, CIL is in a continuous process of liberalization of its own R&R Policy. Ministry of Coal has also constituted a committee consisting of Chief Secretaries of Coal Bearing States, Secretaries of Ministry of Rural Development, Department of Land Revenue, Ministry of Tribal Affairs, Ministry of Environment and Forest, CMDs of all subsidiaries of CIL and Director(P&IR), CIL to examine for further liberalization of CIL's R&R Policy and to redress aspirations of PAPs and to evolve a "**PAP FRIENDLY R&R POLICY".**
>
> After incorporating the deliberations of the Inter Ministerial meetings, CMDs meet and comments from the Subsidiary Companies, CIL R&R Policy, 2012 has been re-drafted along with some of the better provisions NPRR, 2007 and Land Acquisition, Resettlement & Rehabilitation Bill, 2011, in order to come out with a one of the best R&R Policies of India having multiple options for the Project Affected Persons and flexibility to the Subsidiary Companies in order to resolve their unique prevailing problems. The said revised new Rehabilitation and Resettlement Policy, 2012 was placed before the CIL Board meeting held on 12th & 13th March, 2012. The revised policy is in the final stage for approval of the Competent Authority for circulation to all concerned for its implementation from the date of the approval of the Board."

Environmental Clearances

6.2 The Committee have been informed that 125 proposals are awaiting stage-I environmental clearances. Out of these 103 are pending at state level and 22 are pending at the Ministry of Environment & Forests. Also, 53 proposals are awaiting clearances at stage-II level out of these, 31 proposals are awaiting clearances at sate level and 22 proposals are awaiting clearances at the Ministry of Environment and Forests level, 24 numbers of environmental clearances have been issued during the year 2010-11. However, 50 cases are still awaiting clearances at various levels. It has also been stated that the issue of environmental & Forests was discussed at various higher levels between the Ministry of Coal and the Ministry of Environment & Forests.

6.3 In this regard it is stated that this was discussed at various higher levels between this Ministry and MoEF. However, no acceptable solution could be found and it was decided by both the Ministers to place the matter before the Cabinet Committee on Infrastructure (CCI). Accordingly, the Note for CCI containing the proposal that all the FC proposals should be considered for approval by MOEF without reference to Go-No Go areas, as per the current statutes and stipulations for according forest clearance unless there are insurmountable issues on the grounds of wildlife forest reserves, was sent on 26.11.2010 for consideration. The CCI has directed that the note be first examined by Group of Ministers (GOM) and make recommendations to CCI. The GOM has held five meetings (17.02.2011, 07.04.2211, 09.06.2011, 02.08.2011 and 20.09.2011) in this connection. In the last meeting held on 20.09.2011, it was decided to do away with the concept of ‘Go’ and ‘No go’ areas based on the recommendation of the Chaturvedi Committee.

6.4 When asked whether decision taken by Group of Ministers in the meeting held on 20.09.2011 to do away with the concept of 'Go' and 'No 'Go' areas based on the recommendation of Chaturvedi Committee has been referred back to Cabinet Committee on Infrastructure, the Ministry have replied that the matter has not yet been referred to Cabinet Committee on Infrastructure.

6.5 On being asked about as to how many proposals of Ministry/Coal PSUs/captive coal blocks allottees have been pending with Ministry of Environment & Forests and since when these are pending, the Ministry have stated as under:

"CIL: At present 47 proposals are awaiting forestry clearance at MOEFlevel. Out of these, 26 proposals are awaiting for stage-I forestry clearance and 21 proposals are awaiting for stage-II forestry clearance.

As per analysis, the average pendency at MOEF level, is more than 2 years each for both stage-I and stage-II clearance.

41 proposals are awaiting environmental clearance at MOEF level. Out of these, 14 proposals are awaiting TOR, 6 proposals are awaiting EAC meeting and 21 proposals are awaiting Final clearance.

SCCL:
At present, no project of SCCL is pending at MoEF for want of Environmental Clearance* (EC).

*However for obtaining * EC – (i) stage I Forest Clearance; (ii) Wild Life Clearance; (iii) Mining Plan approvals are required. Delay in getting any of these will in turn will have cascading effect in obtaining EC.*

The delay in getting Forest land diversion affects the planned production schedule. There are 12 coal projects of SCCL awaiting various clearances from GoAP & MoEF pertaining to Forest Land diversion.

MoEF has declined to divert Forest Land for Abbapur OCP (Lr. Dated 06.03.2012).

Sl. No.	Project	Nature of land	Extent Ha.	Date of application	Subject with GoAP / MoEF
1	JVR OCP-I (Expansion).	FL	136.50	30.11.2006	GoAP

2	JVR OCP-II	FL NFL	776.20 442.72	16.08.2008 2008	GoAP
3	Kistaram OCP.	FL NFL	285.44 113.36	21.11.2009 2011	GoAP
4	Koyagudem OCP-II (Phase.II)	FL	231.84	18.01.2011	GoAP
5	Kondapuram UG mine.	FL	477.03	05.01.2009	MoEF
6	Incline entries for Kondapuram UG mine.	FL	10.50	19.10.2009	MoEF
7	Manuguru OCP-II Expansion (Phase.II) & Gorrepeta vagu diversion.	FL	648.52	03.02.2010	MoEF
8	Manuguru OCP-IV Extension.	FL	430.42	13.09.2010	MoEF
9	RG OCP-II Expansion.	FL NFL R&R	147.42 896.78 3200 (families)	30.03.2009 2008, 2009 &2010	MoEF
10	RK OCP (Phase.I)	FL	202.50	13.07.2008	GoAP
11	BPA OCP-II Extension B&D Blocks.	FL	108.78	11.10.2007	MoEF
12	MNG OCP	FL NFL R&R	33.58 590.23 1145 (families)	26.07.2008 2008	MoEF

6.6 To address the issue of environment and forestry clearances, the Secretary, Ministry of Coal submitted during evidence that Group of Ministers had ordered a Committee under B.K. Chaturvedi, Member, Planning Commission to look into the issues. They went into each of the issues and have given their recommendations. The main recommendations have been with respect to the issue of go, no-go areas. The Committee has said that since there is no sound legal backup to this concept, it should be done away with and that each proposal should be taken up on its merits. Instead of first categorising in go or no-go, it should be taken up on its merits. This, the Environment Ministry has been asked to take care.

Chapter-VII

COAL CAPTIVE MINING

7.1 The Coal Mines (Nationalisation) Amendment Act, 1973 was amended from time to time to allow private sector participation in coal mining for manufacturers of steel & iron, generation of power, washing of coal obtained from a mine and for other end uses to be notified by Government from time to time. Subsequently, captive mining of coal for production of cement was also permitted vide notification-dated 15.03.1996 and production of syn-gas obtained through coal gasification (underground and surface) and coal liquification was also notified as end use vide notification dated 12.07.2007. Further, the State Government companies or undertakings are allowed to do captive mining of coking and non-coking coal reserves, either by opencast or underground method, anywhere in the country, subject to certain conditions under the revised Coal Mining Policy, 1979 (New State Coal Mining Policy 2001) dated 12th December, 2001. In order to implement the aforesaid framework, the Committee were informed that an administrative mechanism was devised whereby a 'Screening Committee' headed by Secretary (Coal) was constituted in the Ministry of Coal. It is an inter-Ministerial and inter-Governmental body and comprises representatives from the concerned State Governments, concerned nationalized coal companies and Central Ministries/Departments etc.

7.2 As regards allocation of small and isolated blocks are concerned, a new policy is being formulated in consultation with the Ministry of Law and Justice and the stake holders for allocation of such blocks.

7.3 So far 218 coal blocks with geological reserves of about 50 billion tonnes have been allocated to eligible public and private companies under the Coal Mines (Nationalisation) Act, 1973. Out of that 25 coal blocks have been de-allocated. Out of the de-allocated coal blocks, two coal blocks were re-allocated to eligible companies under the said Act. In view of above, the net allocated blocks are 195 coal blocks with geological reserves of about 44.2 billion tonnes. Sector-wise allocation is given below:-

Sl. No.	Sector	To Govt. Companies		To Private Companies		To UMPPs/Tariff based bidding		Total blocks	GR (in MT)
		No. of Blocks	GR (in MT)	No. of Blocks	GR (in MT)	No. of Blocks	GR (in MT)		
1.	**Power**	42	14330.14	27	4974.20	12	4846.26	**81**	**24150.60**
2.	**Commercial Mining**	40*	7369.86	-	-	-	-	**40**	**7369.86**
3.	**Iron & Steel**	2	393.80	61	8670.55	-	-	**63**	**9064.35**
4.	**Cement**	-	-	6	628.74	-	-	**6**	**628.74**
5.	**Small & Isolated**	-	-	3	27.34	-	-	**3**	**27.34**
6.	**CTL**	-	-	2	3000	-	-	**2**	**3000**
Total		**84**	**22092.80**	**99**	**17300.83**	**12**	**4846.26**	**195**	**44239.89**

*Vijay Central coal block allocated to Coal India Limited as leader and SKS Ispat & Power Ltd as associate. Hence taken in Govt category.

7.4 The review committee again met on 11 and 12 January, 2012 to review the development of coal blocks. It has been recommended by the committee to issue show cause notices in 58 cases.

7.5 Production had commenced in 29 coal blocks and the production from these coal blocks for the year 2010-11 was 34.224 million tones and for the year 2011-12 (upto December, 2011 Prov.) was 26.930 million tonnes as reported by the Coal Controller's Office.

7.6 As regards the Monitoring of Progress of Captive Coal Blocks Allocated and its associated end use projects, the Committee were informed that Coal Controller monitors the progress of allocated coal blocks and associated end use projects on quarterly basis. At the level of Ministry, periodic reviews are carried out by a Committee headed by Additional Secretary(Coal), where representatives from the concerned State Governments also attend.

7.7 Asked about the action taken by the Ministry on the recommendations of the Review Meetings, the Committee were informed as under :

> “Development of coal blocks involves a gestation period of 3 to 7 years for reaching the production stage and another two to three years for reaching the optimal production capacity. The responsibility of developing the coal block as per the prescribed guidelines and milestones rests entirely with the allocattee company. In the terms and conditions of the allocation letters, it is categorically mentioned that in the event of willful delay in the development of coal blocks and in setting up of the end use project, the Government would take appropriate action to de-allocate the said block. In order to expedite the development of coal blocks, Government periodically monitors and reviews the development of allocated blocks as well as end use plants by the allocattee companies in the review meetings. Wherever delays are noticed, Government issues show cause notices and advisories to such allocattees cautioning them to bring the coal blocks into production as per the guidelines/milestones chart. The Coal Controller’s office also monitors on regular basis the achievement of different milestones. Based on the recommendations made by the Review Committees from time to time, 25 coal blocks have been de-allocated till date."

7.8 On being asked about the punitive measures that have been taken so far to make captive coal allocatees accountable for delay in developing coal blocks, the Committee were informed as under:

> "Development of coal blocks involves a gestation period of 3 to 7 years for reaching the production stage and another two to three years for reaching the optimal production capacity. As per the guidelines, coal production from a captive coal block should commence within 36 months (42 months incase the area falls in forest land) in case of open cast mines and in 48 months (54 months in case the area falls in forest land) in case of underground mine, from the date of allocation. The responsibility of developing the coal block as per the prescribed guidelines and milestone chart attached with the allocation letter rests entirely with the allocattee company. In the terms and conditions of the allocation letters, it is categorically mentioned that in the event of willful delay in the development

of coal blocks and in setting up of the end use project, the Govt. takes appropriate action to de-allocate the said block. Further, the allocatees have to submit Bank Guarantee which remains valid all the times till the production from the coal block reaches its peak rated capacity. The State Govts. have been requested to form a Monitoring Committee headed by the Chief Secretary to facilitate expeditious development of coal/lignite blocks. The Coal Controller's office monitors on regular basis the achievement of different milestones. Government periodically monitors and reviews the development of allocated blocks as well as end use plants by the allocattee companies in the Review Meetings. Wherever delays are noticed, Government issues show cause notices and advisories to such allocattees cautioning them to bring the coal blocks into production as per the guidelines/milestones chart. Based on the replies to the show cause notices, the Government takes decision on the de-allocation. As on date, 25 coal blocks have been de-allocated."

7.9 According to the Ministry of Coal, four Ultra Mega Power Projects, (UMPP) with capacity of 4000 MW each are being proposed by Ministry of Power through tariff based competitive bidding. The Ministry of Coal has allocated Moher, Moher-Amlori Extension and Chhatrasal coal blocks (GR 750 MT) for the proposed UMPP to be set up at Sasan in Madhya Pradesh; meenakshi, Meenakshi-B and Dip side of Meenakshi coal blocks (geological reserve 885.24 MT) for the proposed UMPP to be set up in Orissa; Kerandari BC coal block (geological reserve 972 MT) for the proposed UMPP to be set up in Jharkhand and Puta Parogia (geological reserve 692.16 MT) and Pindrakhi (geological reserve 421.51 MT) coal blocks for the proposed UMPP to be set up in Chhattisgarh and Bankhui (geological reserve 800 MT) for the proposed first additional UMPP to be set up in Orissa.

7.10 During the last three years, the Government have not identified and earmarked coal blocks for allocation under the Government Dispensation route. Hence no applications were invited by the Government from the Central and State Govts. However, requests from State Governments of Punjab, Rajasthan, Orissa, West

Bengal, Arunachal Pradesh, Andhra Pradesh, Nagaland, Meghalaya, Assam, Bihar, Madhya Pradesh, Maharashtra, Jharkhand, Karnataka, Goa, Gujarat, Uttar Pradesh have been received.

7.11 On being asked whether any preferential allocation of captive mining has been made to public sector companies or there is any proposal to introduce changes in method of allocating captive coal blocks to private parties, the Ministry have informed the Committee as under:-

> "(a) Coal blocks are allocated to eligible private and public sector companies under Section 3 of the Coal Mines (Nationalisation) Act, 1973. In respect of public sector companies the allocation is made under Section 3(3)(a)(i) of the Coal Mines (Nationalisation) Act, 1973 for both captive consumption and commercial mining under Govt. dispensation route. Private Sector companies are not considered for allocation for commercial mining. The details of coal blocks allocated to public and private sector companies which have come into production are given at **Annexure-IV**.
>
> (b): Status on the proposal for introduction of system of auction by Competitive Bidding for allocation of Coal Blocks for captive use:

7.12 With a view to bringing in more transparency, the Mines and Minerals (Development and Regulation) Amendment Act, 2010 has been notified in Gazette of India (Extraordinary) on 9th September, 2010 to provide for grant of reconnaissance permit, prospecting licence or mining lease in respect of an area containing coal and lignite through auction by competitive bidding, on such terms and conditions as may be prescribed. This, would however, not be applicable in the following cases:-

(i) where such area is considered for allocation to a Government company or corporation for mining or such other specified end use;

(ii) where such area is considered for allocation to a company or corporation that has been awarded a power project on the basis of competitive bids for tariff (including Ultra Mega Power Projects).

7.13 In this regard, the Ministry further informed that the Government has notified the Auction by Competitive Bidding of Coal Mines Rules, 2012 on 2nd February, 2012. Further, the notification on the commencement of the said Amendment Act, 2010 has also been notified by the Ministry of Mines on 13th February, 2012. The CMPDIL has been asked to engage a consultant agency for preparation of the Bid Document. CMPDIL has called for Expression of Interest from the agencies. The Government has identified 54 coal blocks for allocation by auction through competitive bidding process and under govt. dispensation route. So far allocation through competitive bidding is yet to begin.

7.14 Asked as to how many coal blocks have been allocated for captive use by adopting system of bidding since 2008 i.e. after above-referred recommendation made by the Committee, the Ministry have replied that no fresh coal blocks have been offered for allocation so far under the system of bidding. Whatever allocations have been made are in continuation of allocation process initiated in the year 2006-08.

7.15 On the issue of allotment of coal blocks, Secretary, Ministry of Coal informed the Committee during evidence:-

> "The amendment to the MMDR act was notified in 2010 and thereafter, the Ministry was engaged in making the guidelines. The guidelines were prepared. But there were one or two court cases. Till the disposal of that, we were not in a position to notify. But now in February, 2012, we have notified the guidelines for the auctioning of blocks. And we have also notified commencement of the amendment. The steps taken after that is that we have sent out an expression of interest to engage the companies who are going to assist the selection process now. There are three things. One is to assess the reserve as well as the floor price of the block. The methodology would have to be evolved.

Secondly, they would be telling us or rather giving us a draft bidding document for auctioning. And thirdly, they would also give us a draft agreement to be signed after the bidding process is over. This process is already underway.

CHAPTER-VIII

ILLEGAL MINING

The Committee in their 11th Report on the subject "Prevention of Illegal Coal Mining and Theft" had observed that while 616 FIRs were lodged during the last four years, no information is available about the number of conviction carried out by the concerned State authorities. Even the coal companies had utterly failed in pursuing the FIRs and had left the matter to the mercy of prosecution authorities of the States. The Legal Department and vigilance of Coal Companies had also failed to discharge their duties in not pursuing the matter with the concerned authorities since cases against illegal operators could only be lodged by the government officials and coal companies.

8.2 In this connection, the Ministry of Coal have informed the Committee that "in the past FIRs, which were lodged with local police stations, were not pursued due to reluctance of the concerned police authorities to share the status of the cases. But now, CIL has engaged lawyers to pursue the cases in the court."

CHAPTER - IX

SETTING UP OF NEW COAL WASHERIES

9.1 Coal washing is an important area from economic and environment point of view. A number of studies carried out earlier have clearly highlighted benefits of using washed coal in improving the economics of power generation and also reduction of emissions The directive of Ministry of Environment & Forests restricts the use of coal containing more than 34% ash content in power stations located 1000 km away from pit heads. With this as a driver, the numbers of power utilities have shown inclination to use washed coal for power generation and also coal washing is one of the clean coal technologies prior to combustion of coal.

9.2 According to the Annual Report (2011-12) of Ministry of Coal, CIL had decided to set up 20 [twenty] washeries by the end of XI five years plan in its various subsidiaries at an estimated cost of Rs.2500 crore with total installed capacity of 111 Mty, out of which 2 [two] washeries of total 6 Mty are proposed under "Turn-key" execution and the rest 18 [eighteen] are on BOM concept under which the capital funding and other infrastructural facilities will be arranged by CIL/subsidiaries company. These 20 washeries include seven coking coal washeries and 13 new coking coal washeries.

9.3 Furnishing the latest progress made in setting up of above proposed coal washeries, the Ministry have stated as under:-

The status of setting up proposed washeries of CIL is furnished hereunder:

(i) LOA issued for coking coal washeries i.e.Madhuband (5 Mty) & Patherdih washery (5 Mty) and agreement for the two washeries will be signed shortly.

(ii) LOA for Ashoka washery (10 Mty non coking coal) will be issued after receiving environmental clearance from MoEF which is expected shortly and thereafter the agreement will be signed.

(iii) Re-tendering of Basundhara & Jagannath washery (both non coking coal & 10.0 Mty) has been done.

(iv) Evaluation of RFP offers for Kusmunda washery, 10.0 Mty (non coking coal) is in progress & offers for RFP document of Sonepur-Bazari washery, 8.0 Mty (non coking coal) is scheduled to be opened in April'12 .

(v) Dugda washery, 2.5 Mty (coking) – Evaluation of offers for the washery has been completed. Recommendation for the L1 bidder has been approved by BCCL Board and will be sent to CIL for approval.

(vi) Dahibari washery,1.6 Mty (coking) - Evaluation of RFP offers is under progress.

(vii) Dhory washery, 2.5 Mty (coking) - Re-tendering will be done shortly. Tender document is under preparation.

(viii) New Piparwar washery, 3.5 Mty (non coking) - Temporarily postponed due to Go-No-Go issue of the linked mine.

(ix) RFP documents of the following balance 9 washeries are under different stages of preparation:

- Patherdih (2.5 Mty), Coking.
- Bhojudih (2.00 Mty), Non coking.
- Konar (3.5 Mty), Non coking.
- Karo (2.5 Mty), Non coking.
- Hingula (10.0 Mty), Non coking.
- IB Valley (10.0Mty), Non coking.
- Baroud (5.0 Mty), Non coking.
- Chitra (5.0 Mty), Non coking.
- Wani, (5.0 Mty), Non coking.

CHAPTER - X

SALE OF COAL THROUGH E-AUCTION

10.1 Coal is largely sold through a notified price. An e-auction scheme has, however, been launched. Under e-auction, during 2010-11, CIL and Singareni Collieries Company Limited (SCCL) sold 45.6 MT and 2.6 MT of coal respectively. During April-December 2011, CIL offered 39.0 MT and sold 33.5 MT of coal through e-auction. The average price was 74 per cent above the notified price. Similarly during April-December 2011, SCCL offered and sold 4.1 MT of coal through e-auction, with average sale price being 113 per cent more than the notified price during the same period.

10.2 The Committee were further informed that New Coal Distribution Policy (NCDP) paved way for launching of a fresh scheme for sale of coal through E-auction of two types Spot E-auction and Forward E-auction. Spot-E-auction is almost similar to the old E-auction scheme in operation prior to NCDP, where under any intending buyer can participate in auction. In case of Forward E-auction where only end-users/actual consumers are eligible to have assured coal supply over a long period of one year. Each Forward E-auction shall be for a period of 12months, consisting of 4 following quarters of 3 month each and the consumers have the flexibility to bid for any one quarter or for upto all the four quarters in one go. Sources selected for offer under Forward E-auction are having surplus stock of at least 15 days production and also after ensuring the normal dispatch to consumers under FSA (Fuel Supply Agreement). While in case of Spot E-auction, coal is presently offered at 30% above the notified price as minimum reserve price, in case of Forward E-auction reserve price is fixed at the notified price of all grades of coal plus 60% of the notified price of coal irrespective of whether the mine is running in profit or not.

10.3 Asked about the reasons for introducing the system of e-auction although the coal companies are unable to meet the demand as per approved linkage, the Committee were informed by Ministry of Coal in a written reply as under:-

> **"CIL:** In terms of order dated 01.12.2006 of the Hon'ble Supreme Court of India in the matter M/s Ashoka Smokeless vs CIL and others, MOC/GOI announced New Coal Distribution Policy (NCDP) on 18.10.2007.
>
> As per provision (clause no.10) of the NCDP, e-auction of coal was introduced inter alia with a view to provide access to coal for such consumers who are not able to source coal from available institutional mechanism for reasons like the seasonality of coal requirement, limited requirement of coal not warranting long term linkage etc. e-Auction was also introduced inter alia with following concept
>
> - There will be a large number of outlets for the small consumers to draw their coal.
> - Any Indian buyer can source coal through e-Auction and from any point of the country
>
> So as stipulated in the NCDP, around 10% of the estimated annual production is offered through e-Auction.
>
> Regarding coal supply to local companies it is mentioned that all industries other than Power Utilities/IPPs/CPPs and Fertilizers are to get 75% of their annual entitlement through Fuel Supply Agreement (FSA) and balance coal may be sourced by them through e-Auction /import of coal as per their preference. Accordingly all such consumers have executed FSAs with the coal companies and are getting coal accordingly.
>
> **SCCL:** Coal distribution through e-auction was introduced with a view to provide access to coal for such consumers who are not able to source coal through the available institutional mechanisms for reasons like the seasonality of coal requirement of coal not warranting long term linkage etc. SCCL is supplying 100% of the coal requirement to all the power stations linked to SCCL."

Performance of E-Auction after implementation of NCDP is given as under :-

Heads	Spot E-Auction				Forward E-Auction	
	April 2008- Mar.,2009	**April 2009- Mar.,2010**	**April 2010- March.,2011**	**April 2011- Dec.,2011**	**April 2010 Mar.,2011**	**April 2011- Dec.,2011**
No. of Bidders	73248	78155	70977	55638	264	211
No. of Successful Bidders	43428	40848	43929	32147	206	166
Total Qty. offered (lakh tonnes)	919.575	541.392	552.71	390.37	266.11	241.74
Total Qty. allocated (lakh tonnes)	488.744	457.321	465.57	335.11	56.07	43.35
Notified Price of Total Allocated Qty.(in Rs. Crore)	4577.918	4528.956	5048.86	5360.88	522.43	361.21
Bid Price of Total Allocated Qty. (in Rs. Crore)	7237.114	7238.478	9120.92	9335.31	1035.19	752.38
% increase over Notified Price	58.1	59.8	80.7	74.1	98.15	108.30

CHAPTER - XI

Corporate Social Responsibility in Coal India Limited

11.1 Coal India Limited (CIL) is one of the largest coal producing companies in the world with a total production of 431.32 million metric tonnes of coal in 2010.11. CIL has eight wholly owned subsidiaries. As of March 31, 2011, it operated 470 mines in 21 major coalfields across eight states in India, including 164 open cast mines, 275 underground mines and 31 mixed mines (included both open cast and underground mines)

11.2 CIL has formulated CSR Policy for implementation from 2010-11 onwards. As per the CSR Policy fund has been allocated to each company based on 5%of the retained earning of the previous year subject to a minimum Rs. 5/- per tonne of coal production in previous year for implementation of CSR activities in and around mining areas within radius of 15 kms for the benefit of the villagers and community at large including Scheduled Casts (SC) and Scheduled Tribes (ST). Further CIL Board is authorized to initiate specific projects abroad under special circumstances.

11.3 The work include development of community infrastructure like school buildings, community hall, village roads, wells, tube wells, school furniture, Mahila Mandal Activities, Sports and Cultural activities, Medical Camps etc. CMD of subsidiary companies have been authorized to consider CSR activities depending on the need assessed for the people. During 2010-11 an amount of Rs. 262.28 crore has been allocated for undertaking CSR activities by the coal companies.

11.4 When enquired as to whether coal companies were able to fulfill their corporate social responsibilities (CSR) in an effective and efficient manner towards environmental protection, safety requirement, occupational health of workers and community and peripheral development, the Committee were informed by a representative of CIL during evidence as under:-

> "Regarding the CSR policy, we earlier had a policy wherein for every tonne of coal produced one rupee was spent. That policy has been changed two years

back. We have made it based on the retained profit of the company five per cent of the amount will be spent as CSR and in case of losses or even profit also for every tonne of coal production rupees five will be spent whichever is the highest. We have changed the policy and because of that a huge amount comes as the CSR fund. We have made a further condition that this fund will not lapse even if it is not spent. It will be carried forward to the next year and will be spent for CSR.

11.5 Asked about the reasons as to why the funds could not be utilized, the CIL informed the Committee during evidence as under:-

"The reason was that a huge amount is involved. We had taken it to the Board and discussed it. The Board wanted for guidelines to be framed for selection of huge projects. We have come out with the guidelines. In the meantime, the Department of Public Enterprises have approved the Tata Institute of Social Sciences (TISS) to coordinate as a CSR hub for all PSUs to give assistance and guidelines. That has been formalised. Now, we have interacted with TIISS and we will be coming out with it."

CHAPTER-XII

IMPLEMENTATION STATUS OF THE RECOMMENDATIONS MADE BY THE COMMITTEE IN THEIR SIXTEENTH REPORT ON DEMANDS FOR GRANT (2011-12) OF MINISTRY OF COAL UNDER DIRECTIONS 73-A OF THE DIRECTIONS BY THE SPEAKER, LOK SABHA

As per Direction 73A of the Directions by the Speaker, Lok Sabha, the Minister concerned shall make once in six months a Statement in the House regarding the status of implementation of recommendations contained in the Reports of Departmentally Related Standing Committees of Lok Sabha with regard to the Ministry.

12.2 The Standing Committee on Coal and Steel presented their Sixteenth report on Demands for Grants (2011-12) of the Ministry of Coal to Lok Sabha on 29th August, 2011. The Report was laid in Rajya Sabha on the same day. Out of 11 recommendations made by the Committee in the said Report, 6 recommendations were accepted by the Government. Replies to 2 recommendations were found to be interim. Replies to 3 recommendations were not accepted by the Committee which were reiterated in the 21st Action Taken Report of the Ministry of Coal.

PART-II

OBSERVATIONS AND RECOMMENDATIONS OF THE COMMITTEE

Plan Outlays of Ministry of Coal and PSUs

1. The Committee observe that the total Budgetary Support to the Ministry of Coal for the year 2012-13 is Rs. 498.35 crore (Plan Rs. 450.00 crore and Non-Plan Rs. 48.35 crore) against Rs. 468.72 crore (Plan Rs. 420.00 crore and Non-Plan Rs. 48.72 crore) for 2011-12 at BE stage and Rs. 412.20 crore (Plan Rs. 365.00 crore and non-Plan Rs. 47.20 crore) at RE stage. The Committee have been given to understand that six centrally sponsored schemes viz. Conservation and Safety in Coal Mines (met out of cess collections), Development of Transportation Infrastructure in coalfields areas (met out of cess collections), Research and Development Programme, Regional Exploration, Detailed Drilling and Environmental Measures and Subsidence Control, are being implemented for coal and lignite sector with the help of Gross Budgetary Support. The Committee's examination, however, revealed that the Ministry could utilise only Rs. 327.57(prov.) as against Rs. 420.00 crore BE and Rs. 365.00 crore RE during 2011-12 for the implementation of these central sector schemes. The Committee would consider underutilization of budgetary allocations in these important areas as unfortunate and desire that the Ministry should take necessary corrective measures to ensure proper implementation of these schemes so that the scarce funds made available are fully utilised to derive benefits therefrom.

2. The Committee also observe that the total Plan Outlays of the Ministry of Coal and PSUs under their administrative control for the year 2012-13 have been increased to Rs. 15,132.78 crore as compared to Rs. 9302.85 crore at BE 2011-12, which were further reduced to Rs. 7367.46 crore at RE stage. The Committee are, however, concerned to note that the actual expenditure during 2011-12 from the Plan Outlays of Coal PSUs is reported to be Rs. 4886.87 crore (prov.) only. Significantly, against the provision of Rs. 6000 crore (BE stage 2011-12), no amount was utilized on acquisition of assets abroad during the year, though the Plan Outlay was reduced to Rs. 1000 crore at RE stage. The Committee can only conclude that the Ministry/coal companies have not made any headway in acquisition of coal resources abroad while huge Plan Outlay is allocated at BE which has ultimately resulted in downgrading the outlay. The Committee firmly believe that early acquisition of coal resource abroad will tide over the shortage of coal in the country. The Committee find that for development and acquisition of coal resources abroad Rs. 5500 crores is reported to have been kept as an ad hoc provision during the year 2012-13. The Committee would like the Ministry of Coal/CIL to accord highest priority to this proposal and pursue the same vigorously. In view of the gross underutilization of plan investments, the Committee also recommend that the Ministry/Coal PSUs should take advance and better planning to fix realistic budget outlays in order to avoid drastic reduction in the plan funds at RE Stage and to ensure that the allocations earmarked for different schemes are fully utilized.

North Eastern Region (NER)

3. The Committee are unhappy to note that against budgetary allocation of Rs. 26.60 crore during 2011-12 for development of North Eastern Region (NER), the actual expenditure was nil. While recommending the Government to come up with concrete schemes, the Committee expect that the budgetary allocation of Rs. 25 crore earmarked for NER during 2012-13 will be gainfully utilised.

Utilization of Approved Outlays during XIth Plan Period

4. The Committee observe that against the XIth Plan approved outlays of Rs. 37100.38 crore for the Ministry of Coal, the actual utilization during the Plan Period was reported to be Rs. 32033.89 crore (provisional figures of NLC). The Committee are dismayed to note that not only the coal PSUs were unable to utilize their plan outlays as targeted but the funds allocated and as revised during mid-term appraisal of XIth Plan Period for Central Sponsored Schemes like Research & Development, Regional Exploration, Environment and Subsidence Control Measures, Development of Transportation Infrastructure in Coalfields Areas etc. had also been much below the provisions made for them. The Committee are unhappy to note the huge mismatch between the financial outlays which points towards systematic flaws in the planning and implementation of projects/Schemes by the Ministry/coal companies and other autonomous bodies. Since speedy implementation of projects/schemes has a direct bearing on the financial outlays, the Committee would like the Ministry to make an indepth

analysis of the constraints resulting in non-fulfillment of both financial and physical targets envisaged for the XIth Plan. The Committee also desire that advance action may be initiated at the beginning of XIIth Plan so that the targets set for the coal and lignite sectors are achieved.

Research and Development

5. The Committee note that the Central Mine Planning and Design Institute Ltd. (CMPDI) is the nodal agency for coordination and monitoring of coal S&T projects funded by the Ministry of Coal. The Committee also note that 11th plan approved outlays for R&D schemes were Rs. 75.35 crore whereas the actual utilization by the terminal year of the 11th plan period was only Rs. 55.62 crore. The Committee have been informed that for BE 2012-13, Rs. 11.40 crore has been allocated for the scheme against the projected demand of Rs. 14.40 crore and an amount of Rs. 10.62 crore was kept at BE/RE stage 2011-12 against the projected demand of Rs. 28.82 crore. The Committee further note that there are 15 projects which have spilled over from the 11th Five Year Plan to 12th Five Year Plan and 6 new projects have been sanctioned for the year 2012-13. The Committee feel that since the demand of coal from different sectors is increasing rapidly, it becomes imperative that major thrust should be given to R&D projects to support coal industry for safe and optimum exploitation of coal reserves including availability of clean coal to meet the demand challenges. The Committee, therefore, recommend that the Ministry should make all out efforts for timely completion of various on-going and new R&D projects. They also desire that the Ministry should draw necessary lessons from the underutilization of approved outlays for R&D scheme during 11th plan period and take appropriate steps to ensure full utilisation of the funds earmarked for R&D during 2012-13 and also the entire 12th plan period to derive the benefits from such projects in the coal sector. The Committee would like coal PSUs to earmark sufficient funds to augment the R&D activities in developing new and clean technologies for exploitation of coal

reserves. The Committee also recommend that the Centre Mine Planning & Design Institute, should be fully equipped to monitor and coordinate the ongoing technology upgradation works.

IMPLEMENTATION OF EMSC

6. The Committee note that Environmental and Subsidence Control Scheme is aimed at addressing environmental issues in the coal field at the erstwhile mines in Raniganj and Jharia arising out of unscientific mining carried out by the owners. The Committee have been informed that all the EMSC schemes have been merged in the Master Plan dealing with fire, subsidence, rehabilitation and diversion of surface infrastructure in Jharia and Raniganj coalfields within the leasehold areas of BCCL and ECL which was sanctioned by the Government in August, 2009 at an investment of Rs. 9773.84 crores to be implemented in ten years. This is being funded partly by the internal resources of CIL and partly from the Budget from collection of stowing Excise Duty under the CM(C&M) Act, 1974. The Committee are totally dismayed to note that the scheme is in the 3rd and 4th years of implementation and funds to the tune of Rs. 594.24 crore and Rs. 669.61 crore were to be contributed by CCDAC. Though budgetary support of Rs. 50.58 crore was provided at BE 2011-12, the same was withdrawn at RE stage. Now a token provision of Rs. 9.00 crore has been made for 2012-13 for implementing this scheme. The Committee deprecate such a failure on the part of the Ministry which even have failed to pursue CIL to utilize its share of Rs. 350 crore. In effect the provision has reduced the scheme to mockery. The Committee strongly recommend that the Ministry of Coal should play a pro-active role and issue

necessary direction to CIL for regularly expending its share of funds for the scheme. Such steps should be taken without wasting a single moment. Given the present state of affairs, the Committee are doubtful of the sincerity of the implementing agencies for the scheme. The Committee, therefore, strongly urge the Government to evolve a suitable mechanism for implementation of the scheme in a time bound manner. The Committee would also like to be apprised of the perspective plan of the Ministry/CIL for investment of Rs. 9773.84 crore upto 2019 as envisaged in the Master Plan for implementation of the scheme.

Regional and Detailed drilling

7. The Committee note that detailed drilling in non CIL blocks during 2012-13 has been proposed to 1,74,900 meters and plan outlays of Rs.150 crores have been provided at BE 2012-13 as against Rs. 99.22 crore provided at BE/RE 2011-12. Similarly, Regional exploration in coal and lignite has been proposed for 1,47,000 meters with a plan outlay of Rs. 62 crore during 2012-13 for this scheme. It has been stated that achievement of targets in respect of these centrally sponsored schemes depends upon availability of entry permission to explore in forest areas, improvement in law and order conditions in some coal field areas etc. As per the working group on coal and lignite 15 to 20 boreholes per sq. kilometer are required for projectisation purpose, whereas the existing guideline issued by the Ministry of Environment and Forests permits drilling upto 1.5 to 2.0 borehole per sq. kilometer only in forest areas. It has necessitated amendment in the said guidelines and in the absence of the required amendment, lot of areas

could not be included for detailed drilling. It has also been stated that Ministry of Coal and CMPDI have sent joint reports in respect of Chira North coal block and Baita East coal block and interim report in respect of Bijul coal block to the Ministry of Environment and Forests and on analysis of impact of such projects on flora and fauna, the Ministry of Environment and Forests may take a view on revision of norms for exploratory work in forest areas. Since the achievement in detailed drilling largely depends on the environment and forest clearance and improved law and order conditions, it is imperative that the Ministry should resolve these issues with the Ministry of Environment & Forests and the state administrations concerned so as to permit more areas for detailed drilling. The Committee desire that the funds earmarked for this year should be optimally utilised to achieve 1,74,900 lakh meter of detailed drilling.

Development of Transport Infrastructure in Coalfields

8. The Committee note that the allocation of Rs. 277.63 crore during the 11th Plan Period for the scheme Development of Transport Infrastructure in Coalfields(DTIC) was increased to Rs. 930.92 crore at Mid-term appraisal of the Plan. The Committee were, however, surprised to note that the actual utilization of funds during the 11th Plan Period was only Rs. 67.58 crore. Further, an amount of Rs. 50.00 crore has been allocated during 2012-13 against Rs. 22.00 crore at BE/RE stage for 2011-12. An analysis of the figures of allocations and utilisations reveals that though funds have been increased manifold for investment in the scheme for Development of Transport Infrastructure in Coalfields, the actual utilisation was less than

25% of approved outlays. The Committee would like to be apprised of the reasons for this poor planning by the Government where the funds were increased by more than 300% at Mid Term appraisal of the scheme. Further, the Committee are dismayed to point out that PSUs only consider proposals relating to pucca roads under the scheme and repairing of roads is not being considered although the condition of roads in most of the coalfields areas are stated to be seriously damaged as a result of excessive use of roads by heavy vehicles loaded with coal. The Committee, therefore, recommend that coal companies should also include repairing of roads under this scheme and also earmark sufficient funds for upkeep of the roads in proper working conditions in their command areas.

The Committee also recommend that coal companies must make the provisions for construction of all roads and their repairs/maintain situated in an around coal field areas whether roads belongs to State Governments/Gram Panchyats/Jila Parishad or coal companies. The coal companies should also keep clean all such roads by providing appropriate mechanism. Apart from this, coal companies should ensure that no unauthorized or illegal liquor and undesirable activities are being carried on by the side on such roads and if it comes to the knowledge of coal companies they must inform the concerned police administration so that such illegal business are prevented.

<u>UTILIZATION OF PLAN OUTLAYS BY COAL PSUS</u>

<u>CIL</u>

9. The Committee are unhappy to note that against the Plan Outlays of Rs. 4220.00 crore for CIL for the year 2011-12, the actual expenditure upto February, 2012 was only Rs. 2759.12 crore which comes to 65.38%. The Ministry have informed the Committee that shortfalls in utilisation of funds were mainly in ECL, WCL, NLC and MECL due to delay in procurement of Heavy Earth Moving Machine (HEMM). The Committee are constrained to note that despite the rising demand from various utility sectors and especially the new power projects, the actual production of coal by CIL is reported to be 427.80 MT (upto 27th March, 2012) against the target of 447 MT during 2011-12. The Committee are not satisfied with the reasons adduced by the Ministry for not achieving the production targets by CIL such as deficient supply of explosives, problem of coal evacuation, poor performance of new equipment supplied by Bharat Earth Movers Ltd. (BEML) for Northern Coalfields Ltd. (NCL) and South East Coalfields Ltd. (SECL) etc. The Committee feel that these administrative/technical delays should have been resolved by taking timely appropriate steps by the Ministry of Coal/CIL to address them in the right perspective. What is disturbing the Committee is that the procurement of HEMM has been a perennial problem that CIL has been experiencing since long and it has utterly failed to tackle this particular issue with more seriousness. The Committee, therefore, recommend that the Ministry/CIL should take

necessary steps to resolve the bottlenecks affecting the production of coal so that the physical targets set for CIL commensurate with planned investment. The Committee would also like to be apprised of the reasons for the poor performance of the newly supplied equipment by BEML and the remedial action taken by the CIL for optimal utilisation of the equipment.

NLC

10. The Committee note that the Plan Outlay (mine) of Rs. 104.58 crore of Neyveli Lignite Corporation (NLC) at BE stage was enhanced to Rs. 118.90 crore during 2011-12 and a provision of Rs. 131.70 crore has been made during 2012-13. The Plan Outlay of NLC in power sector was however drastically reduced from Rs. 1753.97 crore at BE stage to Rs. 1298.95 crore during 2011-12 and the actual expenditure upto Jan, 2012 has been Rs. 1321.05 crore. The plan investment by NLC for power sector during 2012-13 is budgeted at Rs. 1555.75 crore. The Committee have been given to understand that delay in supply and erection of equipment by the main plant contractor (BHEL) in TPSII Expansion, Barsingsar Power Project and coal based power plant at Tuticorin were the main contributors for the decrease in outlay in power sector. The Committee also note that out of total outlay of Rs. 1687.45 crore for BE 2012-13, six projects viz., Mine II Expansion, TPSII, Barsingsar Mines, Barsingsar TPS, Tutticorin TPS and NNTPS at a total outlay of Rs. 1506.40 are under implementation. The Committee would like NLC to put in place an effective monitoring mechanism for speedy implementation of these projects during

2012-13 to avoid time and cost overruns. The Committee would like to be apprised about the progress of these projects.

11. Though NLC has exceeded the lignite production target during 2008-09 and 2009-10, it has achieved 95.87% production target during 2010-11. The Committee are, however, surprised to note that the lignite production target has been reduced from 239.50(LT) to 194.90 (LT) and the actual production has been 197.04 (LT) during 2011-12. The production target by NLC in power sector has never exceeded the target except in the year 2009-10 which has been 106.36% achievement. Now the physical targets set for 2012-13 are 248.00 lignite(LT) and 18600.00 (mw) power. A coal based TPS (1000 mw) under construction in Tuticorin with allocation of Rs. 915.00 crore is scheduled for commissioning during 2012-13. The NLC is reported to be actively pursuing to get early sanction from competent authorities for preliminary activities like FR preparation, EIA/EMP study. Keeping in view the unduly long time taken for obtaining multiple statutory clearances from different agencies, the Committee would like NLC to act fast and pursue vigorously with the authorities concerned for obtaining the required approvals. The Committee recommend that the Ministry should analyse the precise reasons for the delay of the projects which could not be completed during 2011-12 and take effective remedial measures to ensure timely completion of the on going projects.

SCCL

12. The Committee are dismayed to note that only Rs. 643.81 crore were expended by SCCL against Rs. 1334.93 crore approved at BE stage during 2010-11 which has been 45% only. Again, during 2011-12, the plan outlays of Rs. 2804.30 crore at BE stage were reduced to Rs. 1389.67 crore at RE stage and the provisional expenditure upto Feb., 2012 is reported to be Rs. 740.65 crore which account for only 53.20% of the RE. The plan outlays of SCCL for the year 2012-13 is now pegged at Rs. 3220.33 crore. The main reasons for less expenditure during 2011-12 adduced by Ministry of Coal include delay in finalisation of Boiler Tribunal Generator order placed on M/s BHEL and against a provision of Rs.1050 crore, only Rs.347.12 crore has been paid to BHEL. In case of Adriyala Longwall Project, an amount of Rs. 556.66 crores was provided in BE 2011-12 for Plan & Machinery, considering that Longwall equipment will be received in the year 2011-12. The Committee would like to remind the Ministry that during the course of examination of Demands for Grants of the Ministry for 2011-12, the Committee were informed that Adriyala project and longwall equipment could not be taken during 2010-11 and therefore the same were to be taken up even during 2011-12. But to the dismay of the Committees these projects could not be taken up even during 2011-12 resulting thereby downrising the outlay year after year. At this speed the Committee are doubtful whether these projects would be completed even during 2012-13. The Committee deprecate this lackadaisical attitude of SCCL and would like the Ministry to review the working of the company with a

view to bringing about perceptive improvements. The Committee would like to be informed on the action taken in this regard.

Production of Coal

13. The Committee are constrained to point out the production of both coking and non-coking coal registered a negative growth of -2.6% in 2011-12 as compared to the growth rate of 8 percent in 2009-10. Consequently, the Indian energy sector has been exposed to import fluctuations. The Ministry have adduced the often repeated problems of land acquisition, rehabilitation and resettlement issues, constraints in obtaining environmental and forestry clearances, non-availability of railway rakes and delay in infrastructure facilities, law and order problems in some of the coalfields. It has also been stated that as per the Working Group Report total coal production in the country is expected to a level of 795 MT by the end of the 12th Five Year Plan. The contribution of CIL and SCCL out of this is expected to be 615 MT and 57 MTs respectively. Though, CIL has taken some corrective measures to increase coal production by improving capacity utilization, timely completion of ongoing projects, better coordination with State and Central Departments for obtaining statutory clearances etc, yet these steps appears to have not yielded the desired results so far. The progress in the completion of various ongoing projects has been tardy since the above problems have remained unresolved since long. The Committee are constrained to point out that the issues have not been addressed despite their earlier recommendations wherein the Ministry were urged to accord top priority to hammer out the above-mentioned perennial problems ultimately resulting not

only in non achievement of coal production target but also causing cascading effect on the country's economy. In the opinion of the Committee, the reasons cited are mainly administrative in nature and these could have been resolved by proper planning, anticipation and discharge of responsibility by the management of the coal PSUs. The Committee would, therefore like the Ministry to facilitate the coal PSUs in removing the bottlenecks by taking appropriate steps. The issue of shortage of railway rakes should also be vigorously taken up at the appropriate levels with the Ministry of Railways. As regards law and order problems in some of the coalfields, the Committee feel that either there is lack of proper coordination with the State and local authorities or there is a lack of seriousness on the part of management/vigilance departments of PSUs. The Committee, therefore desire the Ministry to make all out efforts to address the problem of law and order in close coordination with State Departments concerned.

Coal Dispatches and Supply

14. The Committee are concerned to note the dismal growth of coal dispatches by CIL (0.06%) and SCCL (-0.3%) during 2011-12 despite the fact that a large number of infrastructure projects in Power, Steel, Cement and Fertilizer schemes are coming up in the country. The Committee further regret to observe that sector-wise dispatch by CIL indicate a negative growth for coal supply to various sectors. Similarly, SCCL has registered a negative growth for coal supply to steel (-38%), cement (-25.4%). Keeping in view the unsatisfactory performance of supply and dispatch by CIL and SCCL during 2010-11 and 2011-12, the Committee recommend the Ministry/coal companies to take necessary corrective measures

to ensure the targeted supply and dispatch to all the consuming sectors during 2012-13 and the 12th Plan.

Fuel Supply Agreement (FSA) by Coal Companies

15. The Committee observe that the New Coal Distribution Policy has introduced the concept of "Letter of Assurance" (LoA), which provides for assured supply of coal to developers, provided they meet the stipulated milestones. Once the milestones as stipulated in the LoA are met by the developers, LoA holders are entitled to enter into Fuel Supply Agreements (FSAs) with the coal companies for long-term supply of coal. The quantity of coal to be supplied along with other commercial terms and conditions are covered in the FSA itself. During examination of the Demands for Grants of the Ministry (2009-10), the Committee had recommended issuance of Letters of Assurance (LoA) to the consumers of Power sector. The Committee have been informed that FSAs were signed with only those power plants that had been established till March, 2009. The Committee are astonished to find that no Standing Linkage Committee (SLC) (L-T) meeting took place for issuance of LoA and no FSA has been signed with power plants that have come up after March, 2009. The Committee feel that the Indian Power Sector is going to be seriously affected if the LoAs and FSAs are not urgently concluded by the coal companies. The Committee also note that the Working Group on Coal and Lignite for the XII Plan Period have projected coal production of 615.00 MT by CIL. Going by the projected targets, the coal companies are expected to have

sufficient coal stocks to meet the requirements of the Power Plants. The Committee, therefore, strongly recommend that all the issues regarding signing of Fuel Supply Agreements with power utilities must be resolved at the earliest so as to avoid impending energy crisis in the country. If milestones are achieved by the LoA holders, the coal company should immediately enter into Fuel Supply Agreements and they should not delay the process only by raising trivial issues. It is the responsibility of coal companies that when holders of LoA achieved the milestone, the coal companies should enter into FSAs and act on the basis of such agreement immediately. The policy of the Central Government to distribute the coal to the holders of LoAs should not be frustrated by coal companies unless there is substantial failure on the part of LoA holders to achieve the milestone. The Committee also feel that there is an imperative need to provide linkages to the upcoming power projects in different parts of the country.

Land Acquisition

16. The Committee note that the issue of land acquisition is affecting completion of various coal and lignite projects. Although CIL has formulated its own R&R policy and later on revised the same in consonance with National R&R policy 2007, it could not satisfy the aspirations of land losers. The Ministry of Coal have informed that a committee consisting of Chief Secretaries of Coal Bearing States, Secretaries of the Ministry of Rural Development, Department of Land Revenue, Ministry of Tribal Affairs, the Ministry of Environment and Forest, CMDs of all subsidiaries of CIL and Director(P&IR), CIL was constituted to

examine further liberalization of CIL's R&R Policy and to redress aspirations of the Project Affected Persons (PAPs) and to evolve a "PAP FRIENDLY R&R POLICY". After incorporating the deliberations of the Inter Ministerial meetings, CMDs meet and comments from the Subsidiary Companies, CIL R&R Policy, 2012 has been re-drafted by incorporating better provisions of the National Rehabilitation and Resettlement Policy(NRRP), 2007 and the Land Acquisition, Resettlement & Rehabilitation Bill, 2011, in order to come out with one of the best R&R Policies of India having multiple options for the Project Affected Persons and flexibility to the Subsidiary Companies in order to resolve the peculiar problems in their leasehold areas. The revised new Rehabilitation and Resettlement Policy, 2012 was placed before the CIL Board meeting held on 12th & 13th March, 2012 and accorded its approval with minor modifications. The revised policy is now reported to be in the final stage for approval of the Competent Authority for circulation to all concerned for its implementation from the date of the approval of the Board. The Committee feel that the main hurdle in land acquisition is mostly due to the inadequate compensation or ignoring long term interests of the Project Affected Persons. The Committee are of the firm view that the issue of land acquisition needs to be solved through substantial increase in compensation on the basis of market rates and unless this perennial problem is solved, new coal projects cannot be taken up for implementation and the physical and financial targets of coal production are bound to suffer. The coal companies should adopt a policy by making provisions to extend the benefits of R&R package and employment to the affected families forthwith. Delay in

implementing beneficial measures will frustrate the wills of the people to handover their land. In other words, the whole scheme and implementation thereof should be made in a manner that affected persons are attracted to give their land to the coal companies. The Committee, therefore, desire that the new R&R Policy should be expeditiously got approved and sincerely implemented by safeguarding the interests of the project affected persons by offering them attractive rehabilitation package and generation of long term employment opportunities. Once these measures are put in place, the problem of land acquisition for various coal and lignite projects would be resolved to a large extent.

<u>Environmental Clearances</u>

17. The Committee are anguished to observe that despite their repeated recommendations the Ministry have not been able to resolve the issue of obtaining environment and forestry clearances for coal and lignite projects. As of now, 125 proposals are awaiting stage-I clearances and 53 proposals are pending for stage-II clearances. Hence, most of the proposals are awaiting environmental and forestry clearances at various levels. The Ministry have informed the Committee that the issue of environmental and forestry clearances has been discussed at various higher levels between Ministry of Coal and Ministry of Environment and Forests. In the meeting of Group of Ministers(GoM) held on 20.09.2011, it has been decided to do away with the concept of 'Go' and 'No-go' areas based on the recommendation of Chaturvedi Committee but this decision is

yet to be referred to the Cabinet Committee on Infrastructure. Strangely, the decision of the GOM has not been referred to the Cabinet Committee on Infrastructure so far and the precious time of more than 6 months has been lost without any tangible result. The Committee feel that the Ministry ought to be more pro-active in pursuing the matter with concerned authority in the Government. It is, therefore, imperative that the Ministry should take up the matter at the highest level in the Government giving it top-most priority. The Committee would like to be apprised of the further action taken by the Ministry in this regard.

Allotment of Captive Coal Blocks

18. The Committee have been given to understand that so far 218 coal blocks with geological reserves of about 50 billion tonnes have been allocated to eligible public and private companies under the Coal Mines (Nationalisation) Act, 1973. Out of that, 25 coal blocks have been de-allocated. Out of the de-allocated coal blocks, two coal blocks were re-allocated to eligible companies under the said Act. Now the net allocated blocks are 195. Further, the review committee had again met on 11th and 12th January, 2012 to review the development of coal blocks and recommended to issue show cause notices in 58 cases who have failed to develop the allotted coal blocks within a prescribed period. The Committee are extremely anguished at the dismal performance of the allocated captive coal allocattees as out of the total 195 coal blocks only 22 blocks have commenced production. The Committee are of the opinion that non-development of captive coal blocks resulting in non-commencement of coal

therefrom is one of major contributory factors for low coal production in the country. Though the Ministry are reported to have initiated some punitive measures to make captive allocattees accountable for the delay in developing coal blocks, there is no perceptible improvement in the development of such coal blocks as most of the captive coal blocks have not been able to commence production within the stipulated time frame. Hence, the scarce coal resources which have been diverted for captive mining, continue to remain unutilized. What is most surprising is the fact that during the last three years, no coal block has been identified and earmarked for captive allocation under government dispensation route. The Committee therefore, recommend that the Ministry should evolve some effective mechanism so as to check the non-seriousness on the part of captive coal allocates who have failed to develop the coal block allotted to them within the stipulated time. The Committee also desire that various bottlenecks coming in the way of operatinalisation of captive coal blocks should be suitably addressed by the Ministry in a time bound period. The Committee also urge upon the Ministry to consider the request of some of the State Governments for allotment of coal blocks to them. The Committee would like the Ministry to take stock of the situation by holding periodical review meetings with the captive coal block allottees to address this problem halting the development of such coal blocks. As coal mining needs latest technologies to exploit the maximum reserves with due adherence to safety aspects, the Committee expect the Government to accord due priority in this area as well.

19. Though the Mines and Minerals (Development and Regulation) Amendment Act, 2010 for introduction of system of auction by competitive bidding of coal blocks has been notified in 2010, the Committee find that no coal blocks have been allotted so far. It is a sad commentary on the part of the Ministry for taking unduly long time in the allotment of coal blocks by bidding system as the early allotment of blocks will set motion for their development and start production. The Committee, therefore, like the Ministry to immediately implement the above Act in letter and spirit.

20. The Committee in their 1st Report on Demands for Grants(2009-10) of the Ministry of Coal had recommended that 138 coal blocks which were identified by Coal India Ltd. might be allotted to it for extraction of coal. The Committee strongly feel that allotment of these coal blocks to CIL will boost its coal production so that it can fulfill its mandate for being the sole coal supplier to various consumers in the country. Reiterating their earlier recommendation, the Committee would like to know the precise action taken by the Government in this regard.

Illegal Mining

21. The Standing Committee in their earlier report on the subject 'Prevention of Illegal Coal Mining and Theft' had observed that the officers of personnel and legal department of coal companies should make all endeavours to ensure that the criminal trial pending for illegal and un-authorised coal mining are ended with conviction. Unfortunately, the coal companies could not produce any facts and

data establishing the appropriate steps taken in this regard. The Committee deprecate such a lackadaisical attitude of coal companies. It is unfortunate that in cases of such huge illegal coal mining there is not a single conviction made by appropriate court by reason of non persuasion of such case either by the appropriate Government or by the coal companies. The responsibility in this regard should be immediately fixed on personnel and legal officers of the companies for their reluctance to pursue the criminal cases in appropriate criminal court. The Committee would like coal companies to take stringent action against the officers of the coal companies for dereliction of their duties.

Setting up of New coal Washeries

22. The Committee note that for increasing the output of washed coking and non-coking coal, Coal India Limited has envisaged setting up of 20 new coal washeries with the capacity of 111.10 MT with an investment of about Rs. 2500 crore. These include seven coking coal washeries and 13 non-coking coal washeries. The Committee further observe that out of these 20 proposed to be set up washeries by the end of XIth Five Year Plan, 2 washeries were proposed to set up on 'turnkey basis'. The Committee regret to observe that not even a single washery has been set up during the entire XIth Plan period which ended on 31 March, 2012 despite the directive of the Ministry of Environment & Forests restricting the use of coal containing more than 34% ash content in power stations located 1000 km away from pit heads. While deprecating the Ministry/CIL for their utter failure in setting up of coal washeries during the XI Plan Period as

targeted which is a serious lapse on their part. The Committee therefore, reiterate their earlier recommendation (4th Report on Demands for Grants, 2010-11) and desire that the Ministry/CIL should prepare an action plan to expedite the work of commissioning coal washeries. The Committee would like to be apprised of the action taken by the Government/CIL in this regard.

E-Auction of Coal

23. From the data furnished by the Ministry of Coal regarding performance of E-Auction of Coal after implementation of the New Coal Distribution Policy (NCDP), the Committee find that 465.57 lakh tonne of coal was sold by CIL during 2010-11 by Spot E-Auction whereunder any intending buyer can participate in auction and the Bid price of the coal at Rs. 9335.31 crore was 74.10 percent more than the notified price of Rs. 5360.88 crore of total allocated quantity of coal. Thus, CIL earned a profit of about Rs. 4000/- crore by sale of coal by Spot E-auction where any intended buyer can bid. However, in case of Forward E-auction where only end-users/actual consumers are eligible to have assured coal supply over a long period of one year, the allocated quantity was only 56.07 lakh tonne and against the notified price of Rs. 522.43 crore during 2010-11 of this allocated quantity, the bid price was Rs. 1035.19 crore resulting in 98.15 percent increase in price of coal that was sold at notified price. The Committee are dismayed to observe that while in case of Spot E-auction coal is presently offered at 30% above the notified price as minimum reserve price, in case of Forward E-auction reserve price is fixed at the notified price of all grades of coal plus 60% of the notified price of coal irrespective of whether the mine is running in profit or not. The Committee

disapprove the present system adopted by the Government where the end-users have been allowed to participate in bid under forward e-auction at a price higher than 60 percent of notified price of coal whereas under Spot E-Auction anyone who intend to participate in bid, it is only 30 percent. The Committee feel that the present system is disadvantageous to end-users of coal as the unscrupulous traders may create artificial scarcity to make profit by hoarding coal. The Committee, therefore, recommend that the Government should review the present policy to protect the interest of coal users particularly small scale consumers and instead of promoting trading in coal supply, more and more coal be E-auctioned to end users under forward E-Auction Scheme. The coal companies must laid down a policy to the extent that unless a person is not involved directly or indirectly in using of coal he should not be allowed to participate even in E-auction. The Committee would like to be apprised of the action initiated by the Government in this regard.

Corporate Social Responsibility (CSR)

24. The Committee note that CIL has formulated a new CSR Policy for implementation from 2010-11 onwards. As per this new CSR Policy, funds have been allocated to each company based on 5% of the retained earning of previous year subject to a minimum of Rs. 5/- per tonne of coal production in previous year for implementation of CSR activities in and around mining areas within the radius of 15 kms for the benefit of the villagers and community at large including Scheduled Casts (SC) and Scheduled Tribes (ST). The work include, development of community infrastructure like school buildings, community hall, village roads, wells, tube wells, school furniture, Mahila Mandal Activities, Sports and Cultural

activities, Medical Camps etc. CMD of subsidiary companies of CIL have been authorized to consider CSR activities depending on the need accessed for the people. During 2010-11 an amount of Rs. 262.28 crores has been allocated for undertaking CSR activities by the coal companies. The Committee are, however, dismayed to note that the funds earmarked for CSR activities have not been gainfully utilized by coal PSUs. Though CIL has claimed that due to the change in CSR Policy, Sizeable funds have been generated to implement CSR activities, the Committee cannot but deplore the lackadaisical approach of CIL Board for delaying the approval of necessary guidelines to implement the projects. It is highly deplorable that CIL have delayed finalization of a comprehensive CSR guidelines despite recommendations to this effect made by the Committee in this regard, while presenting their 4th Report (Demands for Grants (2010-11) of Ministry of Coal) to Parliament. The Committee, therefore, strongly recommend that CIL should make sincere efforts to implement their new CSR policy so as to bring about socio-economic development of the coalfield areas. It is unfortunate that coal companies have not spent a substantial amount allocated for CSR activities. The Committee recommend that coal companies must create a discipline and cadre consisting officers and employees for looking after the implementation of the scheme and to ensure that money allocated for CSR activities is fully utilised. The CSR activities must not be delayed further on account of absence of proper planning or pending huge projects coming forward as claimed and expected by the CIL Board. The Committee also desire that the

people's representatives, local population and authorities must also be associated in identifying and execution of CSR activities.

<u>Implementation status of Recommendations contained in 16th Report</u>

25. The Committee note that the Action Taken Replies regarding the action taken by the Government on the recommendations contained in the Sixteenth Report of the Committee were not furnished by the Government within the stipulated three months i.e. by 29th November, 2011 and were only furnished on 19 March, 2012. Similarly, the Statement by the Minister under direction 73A of 'Directions by the Speaker, Lok Sabha' which is to be made within 6 months period has not been done so far. The Committee, therefore, expect the Ministry to be more careful in future and take appropriate and timely action in furnishing action taken notes and making of Statement in the House.

New Delhi;	**KALYAN BANERJEE**
20 April,2011	**Chairman,**
31 Chaitra 1934 (Saka)	**Standing Committee on Coal and Steel**