

8

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

FIFTEENTH LOK SABHA

MINISTRY OF COAL

**DEMANDS FOR GRANTS
(2009-10)**

*[Action taken by the Government on the Observations/Recommendations
contained in the First Report of the Standing Committee on Coal and
Steel (Fifteenth Lok Sabha) on Demands for Grants (2009-2010)
of the Ministry of Coal]*

EIGHTH REPORT



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2010/Agrahayana, 1932 (Saka)

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Presented to Lok Sabha on 7.12.2010

Laid in Rajya Sabha on 7.12.2010



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LOK SABHA SECRETARIAT
NEW DELHI

December, 2010/Agrahayana, 1932 (Saka)

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

Shri Kalyan Banerjee — *Chairman*

MEMBERS

Lok Sabha

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

*Shri Chandrakant B. Khaire, MP (LS) ceased to be Member of the Committee
w.e.f. 27.9.2010.

Rajya Sabha

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

SECRETARIAT

1. Shri Ashok Sarin — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Director*
3. Shri Gurpreet Singh — *Committee Assistant*

INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Eighth Report (Fifteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the First Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha) on "Demands for Grants (2009-10)" of the Ministry of Coal.

2. The First Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 18th December, 2009. Replies of the Government to all the observations/recommendations contained in the Report were received on 12th March, 2010.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 29th October, 2010.

4. An analysis on the Action Taken by the Government on the observations/recommendations contained in the First Report (Fifteenth Lok Sabha) of the Committee is given at Annexure-II.

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

NEW DELHI;
23 November, 2010

2 Agrahayana, 1932 (Saka)

KALYAN BANERJEE,
Chairman,
Standing Committee on Coal and Steel.

CHAPTER I

REPORT

This Report of the Standing Committee deals with Action Taken by the Government on the observations/recommendations contained in the First Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel (2009-10) on Demands for Grants (2009-10) of the Ministry of Coal which was presented to Lok Sabha on 18th December, 2009.

2. The Action Taken Replies have been received from the Ministry of Coal in respect of all the 23 observations/recommendations contained in the Report. These have been categorized as follows:—

- (i) Observations/Recommendations which have been accepted by the Government:

Serial Nos.1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 16, 17, 18, 19, 22, 23

Total : 17

Chapter - II

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

Total : 00

Chapter - III

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

Serial Nos. 8, 13, 15, 21

Total: 4

Chapter - IV

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

Serial Nos. 14 and 20

Total: 2

Chapter - V

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

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

A. Delay in Approval of Schemes

Recommendation (Serial No. 4)

5. The Committee were surprised to find that out of Rs. 21.80 crore earmarked at BE stage during 2008-09 for Development of Transport Infrastructure in Coalfields, no funds were made available to the Ministry on the plea that the scheme was yet to be approved by the Government for inclusion in the 11th Plan for which in principle approval was awaited from Planning Commission. This scheme was stated to have been transferred from non-plan side to plan side and the clearance for the implementation of the scheme as a plan scheme could not be obtained. The Committee regretted to observe that due to non-inclusion of this scheme in 11th Plan by the Planning Commission, it had remained a non-starter in coalfield areas during 2008-09. The Committee would like to be informed as to why this scheme had not been included in the 11th Plan so far. The Committee felt that the scheme on Development of Transport Infrastructure in coalfield areas needs utmost attention of the Ministry and EFC Clearance for the implementation of scheme as plan scheme should be accorded at the earliest.

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

“During 2008-09, the EFC meeting (for inclusion in the 11th Plan) to consider the two schemes of CCDA i.e (i) Conservation and Safety in coal mines (ii) Development of transportation infrastructure in coalfields could not be held due to absence of in-principle clearance from Planning Commission. A token of Rs. 0.01 Cr. was provided in the RE 2008-09 for the scheme. This Ministry requested to Deptt. of Expenditure for granting exemption from following the EFC route and to incur expenditure during 2008-09 in the two schemes. However, exemption was not granted for the scheme on Development in Transportation Infrastructure scheme. Planning Commission and Deptt. of Expenditure have been requested to expedite the “in-principle” clearance and to hold the EFC meeting for approval of the scheme.”

7. The Committee had desired that utmost attention was needed for the implementation of schemes on “Development of transport infrastructure in coalfields” and “Conservation and safety in coal mines” as these schemes had remained non-starter in coalfield during 2008-09 due to delay in ‘in principle’ clearance by Planning Commission and Department of Expenditure. The Committee regret to note that the approval for the implementation of these schemes as plan schemes has yet not been received by the Ministry. It appears obviously that the Ministry have not pursued the matter vigorously. The Committee deplore the inordinate delay in getting ‘in-principle’ approval by the Ministry. The Committee feel that safety of coal miners, who are amongst the most vulnerable sections of the society should be given top priority and schemes dealing with their security and safety should be pursued on urgent basis. Similarly, due importance ought to be given to development of transport infrastructure in coal bearing areas. The Committee desire that their concern in this regard may be conveyed to Planning Commission and Department of Expenditure so as to obtain the necessary clearances at the earliest.

B. Under Utilization of Funds Earmarked for 11th Plan

Recommendation (Serial No. 8)

8. The Committee noted that as against capital outlay of Rs. 43476.37 crore proposed by the Ministry of Coal, Rs. 37100 crore was approved by the Planning Commission for Coal and Lignite sector for 11th Plan during the first two years of the current plan Rs. 9198.96 crore had been utilized which accounts for only 24.79% of the approved outlay of the entire plan whereas about 40% of the allotted funds should have been utilized during this period. The Ministry of Coal had indicated the problems of land acquisition, rehabilitation settlement and forest and environment clearance etc. as the main reasons for inadequate utilization of funds by the designated Public Sector Undertakings (PSUs). The Committee felt that the reasons cited are mainly administrative in nature and could had been resolved by proper planning, anticipation and expected standard discharge of function of the higher officers of the PSUs. At this stage the Committee were apprehensive whether the 75% of the remaining earmarked funds would be spent during the remaining period of the plan. The committee, therefore, desired the Ministry to review the status of implementation of schemes/projects and prioritize the schemes/projects envisaged in 11th Plan to accomplish them well in time to realize the goals set for coal and lignite sector. The bottlenecks identified in this

connection should be removed expeditiously by taking appropriate steps. The Committee would like to be informed of the mid terms appraisal of the 11th Plan which is stated to be underway.

9. The Ministry in their replies have stated as under:

“Capital Outlay position of Coal India Limited is as under:—

(Rs. in crores)

	As per XIth Plan	Revision in 2009-10 during MTA	Actual
2007-08	2472.14	2033.51	2033.51
2008-09	3258.30	2507.17	2507.17
2009-10	3734.69	3100.00	1963.49*
2010-11	3528.45	3800.00+ 6000.00	—
2011-12	4398.49	4650.00	—
Total	17390.27	16090.68	—

Rs. 6000.00 crore ad-hoc provision for acquisition of assets in abroad.

*Progressive upto December, 2009.”

10. The Committee had urged upon the Ministry of Coal to expeditiously remove the problems of land acquisition, rehabilitation and resettlement project affected persons, forest and environment clearances etc. so that funds approved for implementing projects/schemes during 11th Plan period could be fully utilized. The considerable reduction in the allocation of funds for coal sector during mid term appraisal of 11th Plan is indicative of the failure on the part of the Ministry and coal companies in tackling the above-said problems. The Committee regret to observe the Ministry have failed to advance any explanations/reasons for considerable reduction in allocation of funds so as to justify their budgetary demand for 12th Plan. The Committee hope that suitable steps should be taken by the Ministry of Coal and coal companies to remove the impediments coming in the completion of ongoing projects in the time bound manner.

C. Need for Proper Utilization of Funds by NLC

Recommendation (Serial No. 13)

11. The Neyveli Lignite Corporation Limited had projected to spend Rs. 1893.84 crore during 2009-10. However, the Committee were constrained to note that NLC could spent only Rs. 1559.15 as against the allocation of Rs. 2717.00 crore during 2008-09 which was 57.38% of the BE targets which obviously was an indicative of sub-optimal utilization of approved allocation. The Neyveli Lignite Corporation Limited had not come out with cogent reasons for its miserable performance. Two projects viz. Jayangondam Mines and Bithnok Mines were reported to be delayed but reasons therefore, had not been advanced. According to the Ministry, Riri project was kept in abeyance for want of its feasibility. Delay in supply of the Main plant package by Bharat Heavy Electrical Limited was also started to be one of the reasons for less expenditure. The Committee felt that under utilization of funds had direct bearing on the implementation of important schemes and programmes ultimately affecting the overall performance of the company. The Committee recommended the Ministry to review the progress of fund utilization and projects at regular intervals with a view to ensuring that the projects are progressed as per planned schedule right from preparation of feasibility report to their completion.

12. The Ministry in their replies have stated that the Scheme-wise Capital expenditure for the period April to December 2009 along with the reasons for shortfall is given in Annexure-I.

13. The Committee had earlier recommended that Neyveli Lignite Corporation should explore new ways to enhance its fund utilization as they could utilize only Rs. 1559.15 crores out of Rs. 1893.84 crores during 2009-10. The Ministry have stated that in some of the projects like TPSII Expansion Neyveli, TPS at Barsinagsar, Rajasthan, TPS at Tuticorin, delay has been on the part of BHEL. The Committee feel that the reasons given by the Ministry leading to delay in completion of various projects could have been addressed by taking timely appropriate steps. The Committee are of the view that unless NLC shun its lackadaisical attitude towards early completion of projects, the state of things as it exists today would not change in near future. The Committee, therefore, like NLC to take necessary corrective measures at the earliest. The Committee would like to be apprised of the precise steps taken in this regard.

D. Completion of Ongoing Projects

Recommendation (Serial No. 15)

14. The Committee had been informed that there has been considerable delay in the land acquisition for 34 projects of Coal India subsidiaries which had resulted in shortfall of coal production. The committee felt that the coal projects being undertaken by CIL subsidiaries had been severely affected in the absence of timely action by the State Governments of West Bengal, Jharkhand, Bihar, Madhya Pradesh for granting various clearances for land acquisition. In fact, the Eastern Coalfields Ltd. was the worst sufferer for such delay in land acquisition. The Committee would like the Ministry to take up this issue with all the concerned State Governments in the expeditious land acquisition so that coal companies were able to increase coal production in future. It was equally important that Chairman-cum-Managing Directors of all the CIL subsidiaries should be more serious in taking up the matter with the respective State Governments. The Committee would like the Ministry to submit a detailed report in this regard as early as possible as regards the further steps which would be taken by the concerned coal companies with the State Governments for expeditious land acquisition.

15. The Ministry in their replies have stated as under:—

“Subsidiary companies are taking vigorous follow up action for expediting land acquisition process. Regular follow up is being taken up by the companies at different levels. Meeting with the respective State Govt. authorities are also being organized to expedite the issue. In case of projects of ECL, the matter has been taken up by CMD, ECL himself and a number of discussions have taken place between him and Hon’ble Dy. Chief Minister as well as Chief Secretary of Jharkhand State. In case of projects of BCCL, follow up action has also been taken up with the Principal Secretary (Rev. & Land Reforms) and Special Secretary (Rev. & Land Reforms), Govt. of Jharkhand to expedite the pending cases in the State of Jharkhand. For projects of CCL, matter has also been taken up at CMD/Director level of the company and a number of meetings have been organized with the Chief Secretary, Jharkhand State to expedite the issue of land acquisition. Chairman, CIL has also apprised H.E., Governor of Jharkhand, of the issue of land and rehabilitation problems in different coal projects in

Jharkhand State. The updated status of the 34 Projects is given as under:

Projects where land acquisition has been delayed are furnished below

Sl.No.	Project	Area (in Ha.)	Act	Dt. of Appli- cation	Time taken since date of application (in month)	Status
1	2	3	4	5	6	7
ECL						
1.	Rajmahal OC (Ranidih Mouza), Jharkhand State	46.15	L.A.	23-02-05	59	Notification u/s Sec.6(1) issued on 22-4-06. Rs. 60 lakh deposited with the State Govt. by ECL. Possession yet to be received.
2.	SP Mines, Jharkhand State	309.45	L.A.	22-07-94	186	An amount of Rs. 443 lakh deposited with State Govt. Acquisition process not yet completed by State Govt.
3.	Shyampur Mugma, Jharkhand State	11.90	L.A.	2004	58	Rs. 100 lakh deposited with the State Govt. Pending with Secretary, Land Reforms Deptt., Govt. of Jharkhand, Ranchi.
CCL						
1.	Tetariakhar Project Jharkhand State	3.97	L.A.	03-09-03	76	Notification u/s 4 is yet to be issued by State Govt.
2.	Gidi C, Jharkhand State	4.17	L.A.	May, 2008	21	Notification u/s 4 is yet to be issued by State Govt.
WCL						
1.	Extn. of Sasti OC, Maharashtra State	164.16	L.A.	09-02-05	59	Notification u/s 4 is awaited.
2.	Gondegaon Extn. OC Maharashtra State	191.99	L.A.	25-03-06	46	Notification u/s 4 is awaited.
3.	Gondegaon Extn. OC Maharashtra State	16.56	L.A.	17-04-06	45	Notification u/s 4 is awaited.
4.	Singori OC Maharashtra State	84.86	L.A.	17-04-06	45	Notification u/s 4 is awaited.

1	2	3	4	5	6	7
5.	Inder UG to OC Maharashtra State	291.17	L.A.	17-04-06	45	Pending with the Collector, Nagpur
6.	Makardhokra-I OC, Maharashtra State	85.44	L.A.	28-12-04	61	Award u/s 4 is awaited.
SECL						
1.	Saraipali OC, Chhattisgarh State	236.58	L.A.	23-04-04	64	Amount of compensation deposited with the Collector, Korba and disbursement started by Collector. Physical possession of land is awaited.
2.	Baroud OC, Chhattisgarh State	157.94	L.A.	08-12-03	76	Amount of compensation deposited with the Collector, Korba. Final award prepared to be issued after election. Physical possession of land is awaited.
BCCL						
1.	Block-II OCP	2.80	L.A.	10-06-02	91	Approval u/s-7 is awaited.
2.	Block-II OCP	1.72	L.A.	10-06-02	91	Approval u/s-7 is awaited.
3.	Muraidih OCP	1.93	L.A.	10-05-02	92	Possession to be delivered.
4.	Madhuban Washery	0.19	L.A.	10-05-02	92	Possession to be delivered.
5.	Phularitand OCP	6.02	L.A.	18-04-02	93	Approval u/s-7 is awaited.
6.	Phularitand OCP	1.84	L.A.	23-04-02	93	Approval u/s-7 is awaited.
7.	Jogidih OCP	8.90	L.A.	04-09-02	89	Notification Sec.4(1), Sec.6 to be issued.
8.	Dahibari OCP	6.90	L.A.	11-11-04	63	Pending u/s-11.
9.	Muraidih Colliery	7.92	L.A.	05-11-04	63	Notification Sec.4(1) & Sec.6 is awaited.
10.	Gonudih/Khas Kusunda OCP	1.30	L.A.	05-11-04	63	Pending u/s -11.
11.	Chandan OCP	3.84	L.A.	16-12-04	61	Possession to be delivered.
12.	Block-IV OCP	4.58	L.A.	10-03-05	59	Possession to be delivered.

1	2	3	4	5	6	7
13.	Block-IV OCP	2.20	L.A.	10-01-03	85	Possession to be delivered.
14.	Muraidih Colliery	19.68	L.A.	21-01-03	84	Notification Sec. 4 (1) awaited.
15.	Goluckdih OCP	2.68	L.A.	15-05-03	80	Approval u/s-11 is awaited.
16.	Block-III OCP	3.04	L.A.	10-05-02	92	Khatian of the village is not available. D.C., Dhanbad has requested Director(Survey) of Khatiyon of the respective Mouza <i>vide</i> letter No. 41 dt.17-01-03. This has also been taken up with the Principal Secretary (Revenue & Land Reforms), Govt. of Jharkhand on 30-10-09 & 11-12-09.
17.	Lohapatti Colliery	31.29	L.A.	10-05-02	92	-do-
18.	Jeanagora OCP	22.26	L.A.	10-05-02	92	-do-
19.	Jeanagora OCP	35.22	L.A.	10-05-02	92	-do-
20.	Ganga OCP	0.26	L.A.	23-06-04	67	Notification Sec.4(1) to be issued.
21.	Block-IV OCP	1.61	L.A.	21-11-05	50	Notification Sec.4(1) to be issued.

16. Keeping in view the unduly long time being taken for the completion of 34 coal projects of different subsidiaries of Coal India Limited, the Committee had desired the Ministry to take up suitable remedial measures including *inter-alia* the problems of land acquisition with the concerned State Governments. Though some of the CMDs of coal companies have taken up the matter with concerned State Governments in this regard. It is evident from the reply that the Ministry have not taken up the matter at the appropriate level with the State Governments concerned. The Committee feel that expeditious completion of above coal projects would go a long way in not only improving the financial health of some of the sick coal companies like Eastern Coalfields Ltd. (ECL) but would also boost coal production. All the 34 projects which have been stated to be delayed due to land acquisition have not made any tangible progress towards final completion. In case of

some projects, notification is yet to be issued by the respective State Governments, in some cases physical possession of land is yet to be taken while in some cases, the matter is still lying at Collectorate level only. The Committee are not satisfied with the progress of ongoing coal projects as both the Ministry and coal companies have failed to take up the matter forcefully with the State governments for various clearances. The Committee view this as failure on the part of the Ministry and the coal companies. The Committee desire that the Ministry and the coal companies should pursue the matter with the concerned State Governments for resolving perennial problems so as to complete the projects at the earliest.

E. Early Finalization of Coal Vision 2025

Recommendation (Serial No. 21)

17. The Committee in their First Report (14th Lok Sabha) had recommended the Ministry of Coal to prepare a vision document *i.e* Coal 2025 without any further delay and constitute a task force for holding consultations/discussions with experts and industry at large so that the Ministry can have a long term vision of the industry. The Ministry in their action taken notes furnished to the Committee had stated in 2004 that action for drawing up Coal Vision 2025 has already been initiated. Further, according to the Ministry views of Coal India Ltd. and other stakeholders were sought in this regard. The Secretary, Ministry of Coal informed the Committee during evidence held on 29.09.2009 that the Expert Committee under the Chairmanship of Shri T.L. Sankar constituted by the Government for drawing a road map for coal sector has submitted its report.

18. The Committee regretted to point out the inordinate time taken by the Government in this regard, which clearly indicated their lackadaisical approach towards this vital policy. The Committee strongly felt that the Ministry should finalize the Coal Vision – 2025 without any loss of time and they be apprised about the conclusive action taken in the matter.

19. The Ministry in their replies have stated as under:

“The Coal Vision 2025 document was prepared and circulated to the concerned Ministries/Departments, industry associations and other Organizations for their comments in order to finalize the above mentioned document. This was also placed on the website of the Ministry, seeking comments from interested persons/ organization.

In the meantime, two important Committees were constituted by the Govt., namely, the one constituted by the Planning Commission under the Chairmanship of Shri Kirit S. Parikh on Energy Policy and Security, and the other by the Ministry of Coal under the Chairmanship of Shri T.L. Sankar to prepare a road map for reforms in the coal sector. It was felt that before the Vision Document 2025 is finalized, the recommendations of aforesaid two Committees should be awaited so that there is conformity in the broad approach to the development of coal sector and the over all energy policy and security.

The reports of the two Committees have since been submitted, and the Integrated Energy Policy has been approved by the Govt. recently.

There have been many important developments both in the energy sector as well as the overall economic scenario at the domestic and international level since the draft Vision Document 2025 was prepared in 2005. Based on these, the draft Vision Document 2025 would need to be updated and modified. Therefore, it would take some more time to finalize the Vision Document. However, the matter is being progressed on priority.”

20. The Committee feel that the Ministry have been dilly dallying for more than 6 years over the issue of finalisation of Coal Vision 2025. Earlier the Ministry had replied that they had been waiting for the submission of reports by Shri Kirit S. Parikh Committee and Shri T.L. Sankar Committee. Now since both the Committees have submitted their reports, the Ministry should not have delayed the finalization of vision – 2025, a roadmap for long term vision of coal industry. The Committee deprecate such an attitude on the part of Ministry of Coal and would like to reiterate that Coal Vision 2025 should be concluded as early as possible.

F. Allocation of coal blocks to Coal India Ltd.

Recommendation (Serial No. 23)

21. The Committee also urged upon the Ministry to consider the request of Coal India Limited for allotment of 138 coal blocks identified by it. Otherwise Coal India would not be able to achieve the coal production target envisaged in XIth and XIIth Plan.

22. The Ministry in their reply stated as under:

“CIL has sought 138 additional coal blocks with GR of about 57.57 billion tonnes in order to maintain its production at the level of 2016-17.

The requirement of CIL for allocation of these blocks will be assessed on merits and on actual demand of indigenous coal. In view of the mandate given under the New Coal Distribution Policy, their requirement would be considered always on priority.”

23. As regard allocation of 138 coal blocks identified by Coal India Ltd. The Ministry have informed the Committee that the requirement of Coal India Ltd. for allocation of these blocks would be assessed on merits and on actual demand of indigenous coal. In view of the mandate given under the New Coal Distribution Policy, their requirement would be considered always on priority. The Committee feel that since Coal India Ltd. is Public Sector Undertaking and the biggest coal organization in the country responsible for meeting the coal demand of various sectors, it has to play a vital role in ensuring energy security of the country at a time when there has been continuous increase in the sector-wise as well as overall demand for coal over the years. The Committee are of the opinion that a paradoxical situation is arising in the country wherein the coal blocks are being allocated to private parties most of which are failing to develop coal block in stipulated time frame, whereas the Coal India Ltd. is Vying with foreign players in international market to acquire coal assets abroad to meet its requirements. The Committee, therefore, reiterate that coal India Ltd. and its subsidiaries should be accorded top priority in allocation of identified 138 coal blocks.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No. 1, Para No. 1.8)

The detailed Demands for Grants (2009-10) of the Ministry of Coal were presented to the Lok Sabha on 8.7.2009. The demand shows a budgetary provision of gross Budgetary Support of Rs. 349.00 crore with a provision of Rs. 5374.41 crore to be generated by coal and lignite companies from the own Internal & Extra Budgetary Resources (I&EBR). The Committee have examined in-depth the detailed Demands for Grants of the Ministry of Coal for the year 2009-10. The Committee endorses the Demands presented by the Government, subject to their observations/recommendations, which are contained in the succeeding chapters. The Committee expects the Ministry to take necessary steps for proper and timely utilization of the funds so as to complete the various plans projects in a time bound programme.

Action Taken

The recommendations/observations of the Committee have been taken note of by the Ministry and would make every effort for proper and timely utilization of funds.

[Ministry of Coal O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Recommendation (Serial No. 2, Para No. 2.2)

The Minister of Coal made a statement in Parliament on the status of implementation of recommendations contained in the 31st Report of the Committee on 22nd December, 2008. Consequent upon the examination of Minister's Statement in Parliament, it is noticed that six recommendations have been accepted and implemented by the Government, whereas the implementation of three recommendations is still under process. The Committee hope that the Ministry of Coal will implement the remaining three recommendations also at the earliest.

Action Taken

Recommendation at Para No. 3.23 of 31st Report

The Committee has been given to understand that out of 36 Research and Development (R&D) projects spilled over from 10th

Plan to 11th Plan, 24 projects are still under various stages of implementation. The Committee regret to observe that when the R&R projects have been inordinarily delayed, further reduction of funds at RE 2007-08 to Rs. 12.86 crore from BE of Rs. 22.54 crore due to delay in tendering process etc. and lesser allocation of funds of Rs. 10 crore in BE 2008-09 would further adversely affect the timely implementation of the projects. The Committee are constrained to point out that the Ministry have failed to give due importance to R&D projects because of complex procedures. As R&D projects play a vital role for optimal utilization of resources, the Committee desire the Ministry to pursue all the R&D projects vigorously and allot additional funds therefor in 2008-09 at RE stage.

Action Taken

1. Status of the 36 S&T Projects spilled over from X Plan to XI Plan as on 04.02.2010 is as under:—

- | | | | |
|-----|--|---|----|
| (a) | No. of projects completed | - | 27 |
| (b) | No. of projects Terminated/foreclosed | - | 04 |
| (c) | No. of spilled over projects as on-going | - | 05 |
| (d) | Financial Status is given as under: | | |

(Rs. in Crore)

Sl.No.	Year	2007-08	2008-09
1.	BE	22.54	10.00
2.	RE	12.86	10.00
3.	Disbursement	12.48	10.52

2. In order to enhance quantum of R&D work needed to address the complexity of operations of the coal industry and also for wider involvement of research agencies including private organizations with adequate infrastructure and expertise, the Central Mine Planning & Design Institute (CMPDI) on behalf of Ministry of Coal floated Expression of Interest (EoIs) for 9 (nine) topics. In response to it, a number of EoIs have been received and one of the project related to "Green House Gases" (GHG) has already commenced *w.e.f.* Feb. 2009 after approval of the Standing Scientific Research Committee (SSRC) and two more EoI projects namely, (i). Development of mobile goaf edge supports for depillaring operations in underground mines

(ii) Development of communication system to locate trapped miners in case of unforeseen incidents in underground mines have recently been recommended by the Technical Sub-committee of SSRC and will be placed for final approval by SSRC. The total outlay of these projects amounts to Rs. 6.87 crores with project duration of 2 to 3 years.

Steps taken to facilitate timely completion of the projects:

- (i) Progress of S&T projects is monitored by CMPDI and reviewed by SSRC Technical Sub-committee and SSRC.
- (ii) Progress of the projects is also monitored by periodic visits to the implementing institutes by the officials of S&T Department of CMPDI to monitor/co-ordinate the implementation of the projects.
- (iii) Progress reports (both physical and financial) as received from implementing agencies on a quarterly basis are reviewed by CMPDI. The causes of delay, if any, are discussed in detail and remedial measures are suggested.

In order to increase wider participation in R&D activities, now Public-Private Partnership is also considered for taking research projects, which is likely to improve these activities.

Apart from SSRC, Coal India Ltd. also provide around Rs. 30 crores for R&D activities through its R&D Board.

[Ministry of Coal O.M. No. 20011/16/2009-IF, dated 16/03/2010]

**Recommendation at Para No. 3.28
of 31st Report**

The Committee had earlier recommend that the Rehabilitation & Resettlement (R&R) Policy should be finalized at an early date since it has been adversely affecting the implementation of Environmental and Subsidence Control Schemes (EMSC) resulting in lesser utilization of funds earmarked for the purpose. Since then the proposed R&R package has reportedly been accepted by the Governments of West Bengal and Jharkhand and the master plan pertaining to ECL approved by EFC. The Committee urge that the proposal regarding BCCL also be placed for approval by EFC and CCEA without any further loss of time. As already recommended by the Committee, requisite funds in this regard be allocated to ensure time bound implementation.

The Govt. has approved the Master Plan dealing with fire, subsidence and rehabilitation and diversion of surface infrastructure within the leasehold of Bharat Coking Coal Limited (BCCL) & Eastern Coalfields Limited (ECL) in August, 2009 at an estimated investment of Rs. 9773.84 crores (Rs. 7112.11 crores for Jharia Coal Field (JCF) and Rs. 2661.73 crores for Raniganj Coal Field (RCF) including Rs. 116.23 crores sanctioned earlier for various Environmental Measures & Subsidence Control (EMSC) schemes for implementation in 10 years period and in case of BCCL additional two years for completion of pre-implementation activities. All EMSC schemes have been merged with Master Plan dealing with fire, subsidence and rehabilitation and diversion of surface infrastructure.

Jharia Rehabilitation & Development Authority (JRDA) and Asansol Durgapur Development Authority (ADDA) have been notified as implementing agencies of the Master Plan. Implementation of the Master Plan is being monitored by High Powered Central Committee under the chairmanship of Secretary, Ministry of Coal and representatives of concerned State Governments and coal companies. So far two meetings of the Committee have been held. As per approved Master Plan, expenditure on implementation of various activities of Master Plan is to be incurred from CIL's internal resources and accruals from stowing excise duty under Coal Mines (Conservation & Development) Act, 1974 Funding from CIL's sources is Rs. 350 crores per annum and presently expenditure on implementation is being met from CIL's funds. Hence sufficient funds are available for implementing the Master Plan.

[Ministry of Coal O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Recommendations (Serial No. 3, Para No. 3.12)

Gross budgetary support is being provided for implementation of Central Sector Schemes and meeting expenditure for various other activities *viz.* Secretariat (Economic Services), Coal Controller's Organization, payment of Government contributions statutorily required under Coal Mines pension scheme, 1998 and Coal Mines Deposit Linked Insurances Scheme, 1976 framed under Coal Mines Provident Fund and Misc. Provisions Act, 1948. Further, the expenditure for the schemes/projects being implemented by the Coal Public Sector Undertakings is being met from their own external and Internal Extra Budgetary Resources (I&EBR).

The Committee note that the budgetary allocation of the Ministry of coal for the year 2008-09 was Rs. 345.90 crore and the same was

drastically reduced to Rs. 256.00 crore at RE stage. Even this amount could not be fully utilized as the actual utilization during 2008-09 was only Rs. 243.14 crores. The Ministry have attributed this reduction for two schemes, namely, detailed drilling in Non-CIL Blocks and development of transport Infrastructure in Coalfield Areas. According to the Ministry there was unsatisfactory progress of drilling work due to non-availability of permission from State Governments/ Ministry of Environment and Forests being done through outsourcing and non-availability of fund for the implementation of development of transport Infrastructure in Coalfield areas. While the Ministry have tried to explain reduction of Rs. 66.81 crore on these two schemes, the reasons for the reduction of the remaining funds (about Rs. 23 crore) have not been furnished. The fact that budgetary provisions had to be drastically reduced indicate that the Ministry had not done proper planning before finalizing the budgetary proposals and could not perform their jobs as expected to be done. The Committee do not approve lackadaisical working system. The Committee cannot but over-emphasis the need for proper estimation of the funds required and for timely utilization of the allocation made for specific purpose.

For the year 2009-10, Rs. 349 crore have been provided at BE stage for implementation of various Central schemes. The Committee hope that this budgetary allocation would be fully utilized and the problems, if any, faced in the implementation of Central schemes would be timely resolved. The Committee urge upon the Ministry to relook the matter and assess the utilization of budgetary allocation.

Action Taken

With reference to the observation of the Committee, it may be submitted that it was explained earlier while replying to the questions raised by the honourable Committee during examination of Demand for Grants for 2009-10, that major portion of the reduction in the requirements of the Plan provisions in 2008-09 was due to the reduction in the requirement of funds for the schemes of (i) Detailed Drilling; and (ii) development of Transport infrastructure in the Coalfield areas in which provisions were reduced by Rs. 45 cr. and Rs. 22.81 cr. respectively. It was explained that the drilling targets under the scheme of Detailed drilling had to be reduced in view of the delays in finalization of the tenders in outsourcing component of drilling and also due to non-availability of the forest and environmental clearances for exploring the Blocks for coal reserves. It was also explained that the scheme of transport infrastructure which was to be shifted from Non-Plan side to the Plan side as per the

directions of the Ministry of Finance, could not get approved from EFC as the in-principle approval of the Planning Commission was awaited.

The honourable Committee has desired to know as to under which activities the remaining savings had occurred. In this context a statement indicating the BE, RE, Actual utilization and final savings under various plan activities taken up with Gross Budgetary Resources is enclosed for perusal and appreciation of the honourable Committee.

While in the 2008-09 there was less utilization of funds under the scheme of Detailed Drilling, there has been an excess requirement of funds under the scheme during the year 2009-10 and since the plan provisions of the Ministry of Coal got reduced at RE 2009-10 from Rs. 300.00 cr. to Rs. 260.00 cr., the provisions for the scheme of Detailed Drilling could not be augmented in line with the increased requirements under the scheme. However despite the reduction in the provisions, the gap in the financial requirements under the scheme are likely to be made up by CIL from its own resources and the physical targets under the scheme are likely to be achieved and the outcomes of the schemes are not likely to get affected.

From the above it would be appreciated that despite the best efforts, it may not always be possible to foresee all the eventualities which may affect the implementation of the schemes and the budget provisions estimates may not always closely match with the final requirements of the schemes in a particular financial year.

Ministry of Coal however take note of the observations of the Standing Committee and will continue to make sincere efforts to ensure that Budget Estimates for various activities and the plan schemes are estimated to be more close to the actual levels.

**Statement showing BE, RE, Actual Exp.
and Savings for 2008-09**

S.No.	Scheme/Activity	2008-09 BE		2008-09 RE		2008-09 Actual		Savings w.r.t. BE		
		Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	Total
1	2	3	4	5	6	7	8	9	10	11
1.	Secretariat - Economic Services	3.00	8.49	0.23	10.43	0.00	7.21	3.00	1.28	4.28
2.	Social Security for Labour	0.00	33.52	0.00	31.02	0.00	31.02	0.00	2.50	2.50

1	2	3	4	5	6	7	8	9	10	11
3.	Conservation and Safety in Coal Mines	135.00	0.00	132.00	0.00	132.00	0.00	3.00	0.00	3.00
4.	Development of Transportation Infrastructure in coalfields areas	21.80	0.00	0.01	0.00	0.00	0.00	21.80	0.00	21.80
5.	Research & Development Programme	10.00	0.00	10.00	0.00	10.00	0.00	0.00	0.00	0.00
6.	Regional Exploration	30.00	0.00	34.70	0.00	30.00	0.00	0.00	0.00	0.00
7.	Detailed Drilling	60.00	0.00	15.00	0.00	15.00	0.00	45.00	0.00	45.00
8.	Environmental Measure and Subsidence Control	10.00	0.00	10.00	0.00	9.90	0.00	0.10	0.00	0.10
9.	Coal Controller	0.20	3.49	0.26	4.55	0.16	3.42	0.04	0.07	0.11
10	Lumpsum provision for North Eastern Areas	30.00	0.00	7.80	0.00	0.00	0.00	30.00	0.00	30.00
11	Total	300.00	45.50	210.00	46.00	197.06	41.65	102.94	3.85	106.79
Grand Total		300	45.5	210	46	197.06	41.65	102.94		

[Ministry of Coal O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Recommendation (Serial No. 4, Para No. 3.13)

The Committee are surprised to find that out of Rs. 21.80 crore earmarked at BE stage during 2008-09 for Development of Transport Infrastructure in Coalfields, no funds were made available to the Ministry on the plea that the scheme is yet to be approved by the Government for inclusion in the XIth Plan for which in principle approval is awaited from Planning Commission. This scheme is stated to have been transferred from non-Plan side to plan side and the clearance for the implementation of the scheme as a plan scheme could not be obtained. The Committee regret to observe that due to non-inclusion of this scheme in XIth Plan by the Planning Commission, it has remained a non-starter in coalfield areas during 2008-09. The Committee would like to be informed as to why this scheme has not been included in the XIth Plan so far. The Committee feel that the

scheme on Development of Transport Infrastructure in coalfield areas needs utmost attention of the Ministry and EFC Clearance for the implementation of scheme as plan scheme should be accorded at the earliest.

Action Taken

During 2008-09, the EFC meeting (for inclusion in the XI Plan) to consider the two schemes of CCDA *i.e.* (i) Conservation and Safety in coal mines, (ii) Development of transportation infrastructure in coalfields could not be held due to absence of in-principle clearance from Planning Commission. A token of Rs. 0.01 cr. was provided in the RE 2008-09 for the scheme. This Ministry requested Deptt. of Expenditure for granting exemption from following the EFC route and to incur expenditure during 2008-09 in the two schemes. However, exemption was not granted for the scheme on Development in Transportation Infrastructure scheme. Planning Commission and Deptt. of Expenditure have been requested to expedite the 'in-principle' clearance and to hold the EFC meeting for approval of the scheme.

[Ministry of Coal O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Comments of the Committee

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

Recommendation (Serial No. 5, Para No. 3.14)

It is pertinent to note that whereas the outlay for detailed drilling in non-CIL/captive blocks was reduced from Rs. 60 crore to Rs. 15 crore during 2008-09, a similar amount (Rs. 60 crore) has been earmarked for this purpose at BE stage for 2009-10. The main reason is stated to be non-availability of the forest clearance in three outsourced blocks earmarked for drilling during 2008-09. According to the Ministry, while Central Mine Planning and Design Institute (CMPDI) will be carrying out drilling in CIL blocks, half of the detailed drilling has to be outsourced in 2009-10 since it would be beyond the existing capacity of Central Mine Planning and Design Institute to execute the work. The Committee desire that the funds earmarked for this year should be optimally utilized to achieve 1.17 lakh meter of detailed drilling. The Committee at the same time would urge upon that the Government to accelerate the exploration in potential areas so as to bring the reserves into proved category and to achieve the envisaged target. The capacity of Central Mine Planning and Design Institute also needs to be strengthened in terms of infrastructure and

manpower to make it a premier sustainable institute for implementing R&D in the coal sector. The Committee feels that the Ministry of Coal/Coal India limited should offer a helping hand to the companies who are taking up the drilling work on behalf of Central Mine Planning and Design Institute to overcome procedural requirements before taking up projects for drilling.

Action Taken

For Detailed Drilling in Non-CIL blocks in 2009-10, the target of drilling was 1.17 lakh m with demand for Rs. 60.00 crore. However, as exploration in five more outsourced blocks have started after fresh award of work and more departmental drilling has been taken up, RE estimates have been increased to 1.69 lakh m. The BE target of 1.17 lakh m has already been achieved by Nov. 09.

Regarding acceleration of exploration in potential areas to bring the reserve in proved category, all efforts are being made to increase the capacity of drilling through departmental resources and outsourcing. The departmental capacity is being increased through expansion and modernization of resources whereas 4th round of tenders have been floated for outsourcing. A long term MOU has also been signed with MECL to take up about one lakh m/annum of drilling in coal blocks.

Regarding offering helping hand to the companies taking up drilling on behalf of CMPDI, all possible help is being provided to overcome procedural requirements. Now permission from MOEF has been obtained to undertake detailed exploration at three sites to assess possible forest degradation on trial basis.

Regarding strengthening of CMPDI in terms of infrastructure and manpower to make it a premier sustainable institute for implementing R&D in the coal sector, following is submitted:—

1. CMPDI, which is closely involved in the organisation and reconstruction of the Indian coal sector after nationalization, was appointed as the nodal agency to co-ordinate research activities under the S&T programme of Ministry of Coal and in-house R&D projects funded by CIL R&D Board.
2. Besides, co-ordination of R&D work by various academic and research institutes, CMPDI, with its own well established laboratories also undertakes research in key areas and conducts trials at pilot scale.

At present, five (5) S&T projects funded by MoC and 13 R&D projects funded by CIL R&D Board are at various stages of implementation by CMPDI as principal implementing agency. In addition to these, there are four (4) more research projects in which CMPDI is involved as sub-implementing agency.

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

The new emerging field of Coal Bed Methane (CBM) is another area, where CMPDI is contributing its expertise for CBM development and utilization. A demonstrating Project for CBM exploitation and utilisation has been successfully completed at Moonidih Project at BCCL.

3. Based on the state-of-the art infrastructure facilities and well equipped laboratories, Department of Science and Industrial Research (DSIR) under Ministry of Science & Technology, has granted recognition to CMPDI as an In-house R&D unit.

[Ministry of Coal O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Recommendations (Serial No. 6, Para No. 3.15)

The Committee note that a provision of Rs. 20.00 crore has been made for implementing Research and Development Projects during 2009-10 as against Rs. 10 crore in BE & RE 2008-09 for taking up seven new projects which had been recommended by Technical Sub-Committee of Standing Scientific Research Committee (SSRC) and projects that spilled over from X Plan. Keeping in view the rising demand of coal from different utilities particularly from the power sector, it is imperative that major thrust is given to R&D activities to explore untapped coal reserves. The Committee regrets to observe that the Ministry of Coal could utilize only Rs. 22.86 crore during first two years of XI Plan on R&D projects against Rs. 75.35 crore approved by the Planning Commission. The Committee recommends that the Ministry should take necessary measures to ensure full utilization of the allotted funds for R&D Projects. In such case, Ministry should give responsibility to a very senior officer of the Ministry to oversee that allotted funds for R&D Projects are utilized. No one is unmindful of the fact that coal industry is not in a position to cope up with the necessary demand of coal.

Action Taken

The point worth stressing is that State-of-Art Technologies for all the major modules, systems and sub-systems connected with underground and opencast mining are already available, from many countries. These can simply be replicated with appropriate modifications for suiting our conditions. It is only the consumer end activities of coal in India that can have some cost intensive R&D activities but these are not the areas of operation of the coal producing companies.

R&D activities in coal sector are being pursued through SSRC and CIL's own R&D Board.

To obviate the delay and for full utilization of funds, the progress of S&T projects is monitored by CMPDI and reviewed by Technical Sub-Committee of SSRC and SSRC under the Chairmanship of Secretary (Coal). Progresses of the projects are being monitored by periodic visits to the implementing institutes by CMPDI officials to provide required help to complete the projects in time.

[Ministry of Coal O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Recommendation (Serial No. 7, Para No. 3.16)

The Committee in their earlier Reports had been observing that, there has been persistent shortfall in the utilization of budget allocation by the Ministry. Despite the corrective measures claimed to have taken by the Ministry, there has been instances of mismatch between expenditure and budget allocation, thereby resulting in sizeable cut of funds at RE stage. The Committee is inclined to conclude that the budgetary exercise in the Ministry needs to be re-oriented and rationalized to keep a proper balance between expenditure and budgetary allocation.

Action Taken

The recommendations/observations of the Committee have been taken note of by the Ministry and would make every effort for proper and timely utilization of funds.

[Ministry of Coal O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Recommendation (Serial No. 9, Para No. 5.36)

The Coal India Limited was allotted an outlay of Rs. 3214.70 crore BE which was reduced to Rs. 2755.00 crore at RE stage. The actual

utilization of the fund was however Rs. 2289.06 crore which comes to 75%. According to the Ministry the main reasons for shortfall in utilization were non-availability of environment and forest clearance, land acquisition and rehabilitation problems, delay in procurement of heavy equipments, heavy rainfall, law and order problem etc. The Committee note that Coal India Limited (CIL) has been allotted an annual capital outlay of Rs. 2900 crore to implement its schemes/projects during 2009-10. The Committee hopes that the funds earmarked for 2009-10 will be optimally utilized and the problems faced by coal and lignite companies during last year would be overcome by taking corrective steps to obviate any reduction of funds.

Action Taken

All efforts will be made to utilize the full budgetary allocation. However, budgetary allocation is kept intentionally on the higher side. This is done to accommodate any price revisions by equipment manufacturers. Sometimes the equipment manufacturers check that adequate budgetary allocation is available before participating in the procurement tenders. Sometimes the full cost of the equipment set has to be kept in the budget while the equipment is supplied in phases and there is slippage in supply from the schedule envisaged.

[Ministry of Coal, O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Recommendation (Serial No. 10, Para No. 5.37)

The Committee have been given to understand that the revival plan of Bharat Coking Coal Ltd. has been approved by Board for Re-construction of Public Sector Enterprises (BRPSE) and since forwarded to Board for Industrial and Financial Re-construction(BIFR) for approval. The Committee desire that the revival plan of Bharat Coking Coal Ltd. may be expedited.

Action Taken

BIFR has also accorded its approval for revival scheme of Bharat Coking Coal Limited.

Recommendation at Para No. 3.28 of 36th Report

The Committee note that the consultant, Administrative Staff College of India which was appointed at the instance of the Planning

Commission, to examine the need of an independent regulator for coal sector has submitted its Report to the Government. The Committee also note that the various coal PSUs from which comments were sought on the said Report by the Ministry of Coal have submitted their comments. However, the matter is still pending as comments from the Planning Commission and the Ministry of Power are awaited. The Committee would like the Ministry to expedite the process for setting up of an independent regulator for coal sector so that the coal sector should not suffer.

Action Taken

A note for Cabinet regarding Coal Regulator , including the draft bill is being finalized in consultation with Ministry of Law.

[Ministry of Coal, O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Recommendation (Serial No. 11, Para No. 5.38)

The Committee would like the Ministry to prepare an action plan for giving *impetus* to the loss making Coal India Limited subsidiaries by identifying the issues and problems that there have been affecting their performance and resolve them expeditiously in order to bring out them from the financial crisis.

Action Taken

At present, there are two loss making subsidiaries of CIL namely; Eastern Coalfields Ltd. (ECL) and Bharat Coking Coal Ltd. (BCCL), due to various reasons such as large number of underground mines having low unit production and dismal level of productivity, some of the opencast mines incurring losses due to disproportionate manpower on roll, high stripping ratio and low capacity utilization, difficult geo-mining conditions such as high degree of gassiness, seams susceptible to spontaneous heating, presence of waterlogged working in the upper seams, thick and inclined seams etc., limited scope of opencast mining, extensive manual loading of coal at underground mines requiring higher manpower leading to low production and productivity, non transfer of surplus manpower from one mine to another for gainful deployment which was resisted by Trade Unions, presence of important surface features and other adverse geo-mining conditions, hydraulic sand stowing has to be resorted to in many mines increasing the operational cost by Rs. 200-250/Te additionally in these mines, which affected these subsidiaries performance. Revival Plan of both these

subsidiaries have been made so as to resolve them and put them on track. Subsidiary-wise detailed position is as under:—

A. Eastern Coalfields Limited (ECL):

After approval of Revival Scheme by BRPSE & BIFR, the Cabinet Committee on Economic Affairs (CCEA) had approved the Revival Plan of Eastern Coalfields Limited (ECL). ECL has been directed to implement the scheme vigorously and its implementation is being monitored by Ministry of Coal.

The salient features of the rehabilitation package for Eastern Coalfields Limited are as under:

(a) Infusion/ Investment of funds:

- (i) An investment of Rs. 2,956.83 crore from 2003-04 to 2012-13 for augmentation of production to be met from internal resources of ECL.

(b) Waiver of non-payment of loans/interests:

- (i) Waiver of unsecured loans amounting to Rs. 519 crore during 2008-09 by CIL provided ECL achieves the outlined milestones.
- (ii) Waiver of interest on unsecured loans amounting to Rs. 168.65 crore upto 2002-03 and future interest of Rs. 33.73 crore per annum from 2004-05 to 2008-09 by CIL *i.e.* till such time the unsecured loan is waived.
- (iii) Waiver of Rs. 82.47 crore of apex charges for the earlier years upto 31.03.2004 and further waiver of service charges @ Rs. 14 crore per annum from 2004-05 by CIL.
- (iv) Waiver of electricity duty @ Rs. 18 crore per annum from 2004-05 for 5 years from Governments of West Bengal/ Jharkhand.

(c) Any other proposal for conversion of loan to equity:

Conversion of current account balance of Rs. 1,532 crore of ECL as on 31.03.2003 by CIL into equity share capital in proportion to ECL bringing down its negative networth.

(d) Other proposals:

- (i) No interest to be charged on current account balance by CIL.
- (ii) Moratorium on repayment of further unsecured loan and current account balance till ECL's networth becomes positive.

- (iii) Gratuity and leave encashment wages provided to the VRS optees to be routed through current account.
- (iv) Repayment of EDC, Canada (foreign currency loan) loan and interest by CIL.
- (v) Exemption to ECL from Section 41(1) of the Income Tax Act, 1961 in respect of remission arising out of writing off loans, interest and other liabilities.
- (vi) Exemption to ECL from payment of fees for increase in the authorized share capital.
- (vii) ECL to start payment of arrears of NCWA-VII from April 2006 and pay over a period of 3 years.

Profit generated during last 3 years by ECL is furnished as under:

(Rs. in Crore)			
Particulars	2006-07	2007-08	2008-09
Profit (+)/Loss(-) for the year before Prior Period Adjustment (PPA)	115.22	(-)1013.74	(-)2102.92

B. Bharat Coking Coal Limited (BCCL)

As stated earlier, the BRPSE & BIFR has approved the Revival Plan of BCCL recently. The salient features of the scheme is as under:

(a) Cash infusion by Coal India Ltd.

Cash support by way of loan upto a maximum of Rs. 1350 crores as per year-wise phasing indicated in the report M/s. CARE to be repaid by BCCL as per prescribed repayment schedule.

(b) Conversion of loan of CIL into interest free loan

Conversion of the past loan of Rs. 1,083 crores of CIL into interest free loan *w.e.f.* 01.04.2005.

(c) Waiver of interest, loan by CIL

- (i) Waiver of interest by CIL in 2009-10 amounting to Rs. 493 crores accrued upto 31.03.2005 and not recognized as income in the books of CIL.

- (ii) Waiver of loan of Rs. 1,083 crore as on 01.04.2005 by CIL in the year in which BCCL shall be consequently enabled to report a positive net-worth.
- (iii) Waiver of current account balance of Rs. 1,456 crore as on 01.04.2003 by CIL in the year in which BCCL shall consequently enable to report a positive net-worth.
- (iv) Waiver of accrued interest on other loans by CIL in the year in which BCCL shall be consequently enable to report a positive net-worth.

Strategy for Revival

In order to overcome the sickness and effect turnaround, the company evolved the Revival Plan after interactions with all concerned up to the grassroot level. The Revival Plan envisaged the following strategies :

- I. Revamping HEMM capacity in existing OC mines through increased investment;
- II. Continue deployment of H/HEMM in isolated patches;
- III. Closure of highly loss making UG mines to reduce losses;
- IV. Modernization of UG mines and Washeries;
- V. Opening up of large OC projects to be worked through H/HEMM.

The focus of the revival package:

- Increasing production through investment in machinery;
- Cost cutting through closure of mines and redeployment of manpower to take benefit of natural attrition; and
- Utilizing the low cost benefits of H/HEMM in as many mines as possible.

With the above measures, BCCL is expected to come out of red in the year 2013-14. A draft CCEA note is under preparation for final approval by the Govt. of the above revival scheme.

[Ministry of Coal, O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Recommendation (Serial No. 12, Para No. 5.39)

The Singareni collieries Company Limited is a joint venture of Government of India and the Government of Andhra Pradesh and generating funds through Internal and Extra Budgetary Resources for implementing various schemes/projects. The company has proposed capital out lay of Rs. 580.50 crore during 2009-10. The committee also note that capital expenditure by SCCL during 2008-09 was Rs. 499.34 crore as against approved out lay of Rs. 665.30 crore which comes to 75.10% of the sanctioned capital out lay . The main reason for shortfall in utilization of funds by SCCL, according to the Ministry was non-materialization of new projects due to delay in forest land diversion. Further, the primary reason for decreased allocation of funds BE 2009-10 as compared to BE and RE 2008-09 has been less investment proposals in replacement of completed projects. The Committee are of the view that despite measures taken by SCCL to eliminate the delays and complete the projects in time, no visible improvement has been noticed in this regard. The Committee would, therefore, like the Ministry to tone up the monitoring system for overseeing the steps being taken to ensure the timely completion of coal projects.

Action Taken

Provisional Expenditure of SCCL for the year 2008-09 was given as Rs. 499.34 Crores. Subsequently the actual expenditure incurred worked out to Rs. 650.44 crores, which amounts to 97.76% achievement. The capital spent earlier for 2008-09 as Rs. 499.34 crores had to be revised on re-conciliation to Rs. 650.44 crores due to following reasons:

- (i) During the last few years SCCL has been introducing a large scale computerization in its Management Systems.
- (ii) Due to the initial difficulties in understanding and implementing the systems, some of the expenditure was booked inappropriately.

[Ministry of Coal, O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Recommendation (Serial No. 16, Para No. 5.43)

The Committee are constrained to observe that the implementation of 59 coal projects have been held up for want of environmental clearances. The Committee deprecate that the Ministry have failed to act as a facilitator on behalf of coal companies for getting necessary

clearances from different agencies. The Committee are shocked to observe that the inordinate delay in getting forest and environment clearances has been badly affecting the coal production target by the coal companies. The Committee urge upon the Ministry to take up the matter with the Ministry of Environment and Forests for early clearance and also take up the matter with the concerned State Government in this regard. The Committee feel that while there cannot be any compromise on any environmental issue but at the same time Ministry of Environment and Forests should act promptly wherever clearance is sought by the coal companies. The Committee recommend that the Ministry of Forest and Environment should be more responsive in granting timely forest and environment clearances.

Action Taken

In addition to regularly taking up the environment and forest issues at the appropriate level in the States and the Ministry of Environment and Forests, these issues relating to Forest/Environment clearances are also taken up with Ministry of Environment and Forests at the level of Ministers. Recently a meeting was held on 7.1.2010 between MOS (IC) Coal and S&PI and MOS (IC) E&F to discuss various issues relating to Forest, Environment Clearance and the development and growth of the coal sector.

The following issues were discussed for consideration of MoEF:—

1. Super imposition of coal bearing areas on forest map.
2. Enhancing the borehole density for coal exploration.
3. Handing over of reclaimed mined out areas.
4. Expediting forestry clearance of pending proposals.
5. Facilitating forestry clearance by ratifying the actions in case of Churcha and OS-JKD collieries of SECL.
6. Doing away with the need for conducting public hearing in case of expansion projects of coal for obtaining EC.
7. Pending cases of CCL for stage-II clearance belonging to diversion of forest land prior to 1996.
8. Facilitating FC for Tori-Shivpur-Hazaribagh railway line in North Karanpura, Jharkhand.
9. Forestry clearance for the coal blocks in the State of Chhattisgarh (Hasdeo-Arand).

10. Tribal land clearance under Scheduled Tribe Traditional Forest Dweller Recognition of Forest Rights Act 2006 – need for deemed clearance
11. Nomination of the representative of Ministry of Coal on Forest Advisory Council as a special invitee in respect of coal projects.

[Ministry of Coal, O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Recommendation (Serial No. 17, Para No. 5.44)

One of the reasons for shortfall of production of coal is that a huge reserve of coal is getting sterilized as a result of allotment of particular project for coal and power. Recently, there have been two cases of allotment of coal projects bases in West Bengal. For example, Aerotropolis project; there was the question of quite a considerable amount of coal reserves getting sterilized. It is only after Coal Minister wrote a letter to Chief Minister of West Bengal followed by a meeting with Chief Secretary, West Bengal attended by Chairman, Coal India and Ministry representative, the project was re-drawn with some coal reserves being free from exploitation. The Committee do not approve such an action on the part of Ministry when there is shortage of coal production in the country and coal reserves are available for extraction and the same are not being allotted to the coal companies, especially, Eastern Coal India Limited which can easily produce the coal for such coal reserves. The Committee feels that there should not have been any compromise at the cost of coal production while developing Aerotropolis project or any other project. The Committee urge upon the Ministry to take appropriate steps so that no coal reserve area is blocked and sterilized for setting up of any project where coal reserve exists. The Committee hardly need to emphasise that the industrial projects need to be set up on vacant land instead of setting up industrial projects on coal reserve area. This step if taken in right perspective will go a long way in the production of coal in the country and would thus serve greater and larger public interest.

Action Taken

The infrastructure project like construction of Power Stations, airports, Dams etc. are being proposed in the coal bearing areas in different States leading to sterilization of precious coal resources. While the coal companies may not have any immediate proposals to exploit coal in those areas, nonetheless any proposal to implement such projects will sterilize coal resource. Coal is one of the most important

source of energy supply in the country and its requirement will increase manifold in future years and therefore any sterilization of this precious resource is likely to affect country's energy security plans adversely.

Accordingly Government of West Bengal and Ministry of Civil Aviation were requested in the past not to take up or approve any large scale construction on the coal bearing areas without ascertaining the views of this Ministry/Coal companies. Minister of Coal has also requested to Chief Ministers of 7 coal bearing States to issue necessary instructions to the various Departments in the State Govt. directing them not to take up any large scale construction projects on coal bearing areas without ascertaining the views of Ministry of Coal and the concerned coal companies.

[Ministry of Coal, O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Recommendation (Serial No. 18, Para No. 6.8)

The Committee note that a combined proposal on Master Plan for Jharia and Raniganj Coalfields dealing with fire, rehabilitation and diversion of surface infrastructure in the lease hold areas of Bharat Coking Coal limited & Eastern Coalfields Limited with a total outlay of Rs. 9773.84 crore (Rs. 7112.11 crore for Jharia Action Plan and Rs. 2661.73 crore for Raniganj Action Plan) after taking undue long period has been approved by the Government in August 2009.

Bharat Coking Coal Limited & Eastern Coalfields Limited are reported to have initiated steps both in fire control and rehabilitation activities. For speedy implementation of Master Plan, a High Power Central Committee under the Chairmanship of Coal Secretary has been constituted with representatives of different Ministries and concerned State Governments. The Plan is to be implemented by Jharia Rehabilitation Development Authority and Asansol Durgapur Development Authority. The Plan involved shifting and rehabilitation of more than three lakh people from area where fire have been raging for years due to unscientific mining practices.

The Plan though conceived way back in 1996 and finally approved in 2009 is stated to be facing teething problems. The Secretary, Ministry of Coal admitted before the Committee that the difficulties are being faced in the commencement of the plan. The Committee strongly feel that what is really needed is sincere and concerted efforts from different concerned agencies for shifting of people from the endangered areas to the safer places with better amenities and saving a large

amount of coal from burning and preventing environmental pollution. The Committee desire the Ministry to take up the Master Plan for its implementation on war footing and rehabilitate the families, which would be shifted. The implementation of Plan should be reviewed at the highest level on monthly basis. Although, the plan is to be implemented by Jharia Rehabilitation Development Authority and Asansol Durgapur Development Authority, one senior officer of the Joint Secretary level of the Ministry should be given responsibility to oversee the work of the Jharia Rehabilitation Development Authority and Asansol Durgapur Development Authority on day-to-day basis. The Ministry should see that not a single affected person is left out from resettlement. The Committee also desire that no shifting of people from Jharia and Raniganj Coalfields should take place to coal bearing areas and to avoid environmental pollution. The Committee also desire that the completion time frame of ten years for Raniganj and 12 years for Jharia envisaged in the plan need to be compressed so as to implement the plan on first track basis lest a national catastrophe should take place. The Committee would like to be informed on the implementation status of the Master Plan after every three months.

Action Taken

As already replied at point No. 3.28, the Govt. has approved the Master Plan dealing with fire, subsidence and rehabilitation and diversion of surface infrastructure within the leasehold of Bharat Coking Coal Limited (BCCL) & Eastern Coalfields Limited (ECL) in August, 2009 at an estimated investment of Rs. 9773.84 crores (Rs. 7112.11 crores for Jharia Coal Field (JCF) and Rs. 2661.73 crores for Raniganj Coal Field (RCF) including Rs. 116.23 crores sanctioned earlier for various Environmental Measures & Subsidence Control (EMSC) schemes for implementation in 10 years period and in case of BCCL additional two years for completion of pre-implementation activities. All EMSC schemes have been merged with Master Plan dealing with fire, subsidence and rehabilitation and diversion of surface infrastructure.

Jharia Rehabilitation & Development Authority (JRDA) and Asansol Durgapur Development Authority (ADDA) have been notified as implementing agencies of the Master Plan. Implementation of the Master Plan is being monitored by High Powered Central Committee under the Chairmanship of Secretary, Ministry of Coal and representatives of concerned State Governments and coal companies.

So far two meetings of the High Powered Central Committee have been held to monitor implementation of Jharia and Raniganj Master Plan.

The first meeting of the High Powered Central Committee was held on 10th November 2009 in New Delhi under the Chairmanship of Secretary (Coal) where Hon'ble MOS (I/C) was also present to address the participants. The meeting was also participated by Hon. MP and Chairman, ADDA Shri B.G. Choudhury, Advisor (P), MOC, Director (T), CIL, CMD, BCCL, CMD, ECL, CMD, CMPDIL, officials from CIL, JRDA, ADDA, DGMS, Railways etc.

The second meeting of the High powered Committee under the Chairmanship of Secretary(Coal) was held on 5.3.2010 to review the progress made on the decisions taken in the Ist meeting. Following decisions/outcome have been arrived during the meeting:—

- (i) BCCL informed that the affected persons are now mentally prepared for shifting and Govt. of Jharkhand has to take timely initiatives in this direction.
- (ii) To initiate shifting process, BCCL suggested that JRDA may acquire 80 acres of land adjoining Bhuli alongwith total infrastructure of Bhuli township.
- (iii) BCCL also is ready to help in strengthening the JRDA by offering services of town administration and infrastructure. BCCL offered that their 300 employees can be placed at the disposal of JRDA till JRDA is equipped with their own manpower.
- (iv) Help from NGOs to be sought for cooperation of people by making them aware of the dangerous consequences of the delay in rehabilitation work.
- (v) On training of personnel, BCCL, offered to extend full support in providing infrastructure viz. unused Hospitals etc. and JRDA to provide other logistics.
- (vi) For conducting demographic survey and for carrying out initial survey and to initiate the land acquisition process, Rs. 5 crores have been released to ADDA by ECL on 8.2.2010.
- (vii) ADDA to ensure engagement of reputed and credible agencies for doing the demographic survey with due accuracy and expertise.
- (viii) About 80% of affected families can be shifted to Gourandih and Bojemehari sites but it is difficult to shift about 20% to these affected families as they are 60 km to 70 km away.

- (ix) The issue of diversion of DB Road, NH road, IOC pipeline and Railway line has been taken up with the appropriate authorities.
- (x) ADDA indicated that empanelment of agencies for survey work will be completed by April, 2010.
- (xi) Study on addition of new sites of affected zones to be undertaken in the Master Plan.

[Ministry of Coal, O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Recommendations (Serial No. 19, Para No.7.7)

The Committee note that the Ministry of Coal is contemplating to bring in Mine Closure Policy for Coal and Lignite allocates and consultation with coal and lignite companies and other stake holders. The Committee consider it a positive development as reclamation of abandoned mines in a scientific manner is absolutely necessary not only for preventing illegal mining but also to avoid serious mishaps taking place involving human casualties as also to deal with environmental issues. The Committee feel that in the absence of any statutory provisions for mine closure, the coal mafias have been operating at will with the connivance of local administration and officials of coal and lignite companies taking away valuable mineral reserves clandestinely. The Committee would like the Ministry to finalise the Mine Closure Policy at the earliest.

Action Taken

The Guidelines in respect of Mine Closure Plan of coal and lignite mines have already been published for adoption by mine owners of different coal/lignite Companies.

[Ministry of Coal, O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Recommendations (Serial No. 22, Para No. 9.2)

The Committee note that the coal blocks which are being allotted to other end-users other than the Coal India Limited were identified by the Coal India Limited for their own mining purpose but the Ministry have been allotting such coal blocks to other parties. It is unfortunate that Coal India and its subsidiaries could not exhaust themselves for identifying such coal blocks from the inception for whatever the reasons available to them. The Committee is actually surprised to see that neither the Coal India Limited no its subsidiaries

could identify by the Ministry for being allotted to private parties. On the one hand, Coal India Limited and its subsidiaries could not identify such coal blocks for coal production but are now running after foreign countries for importing coal. The Committee do not approve such failure on the part of Coal India Limited to identify such coal blocks since nationalization of coal companies. The Chairman, Coal India limited during the course of evidence pleaded that 138 coal blocks be handed over by the Ministry to its subsidiaries for its mining purpose. The Committee are constrained to observe that only 25 coal blocks allotted under captive coal regime have started mining operation out of 208 coal blocks allotted so far by the Ministry to various private parties and end-users. This clearly shows non-serious attitude on the part of such private parties to develop the coal blocks allotted to them within stipulated time. The Committee, therefore, recommends that the Ministry should take appropriate steps against such establishments who have failed to develop such coal blocks for mining operations and if necessary cancel their allotment.

Action Taken

CIL & its subsidiaries had identified the coal blocks in 1996 for maintaining targeted production level of 2006-07 for another 30 years *i.e.* 2036-37. The exercise was updated in 2004. The remaining areas/blocks were also identified by CIL as Captive/Non-CIL blocks which were used for Captive allocation for other players. In 2006, the position was reviewed by the Energy Coordination Committee (ECC) headed by the Prime Minister. ECC took a view that CIL may be allowed to retain only those blocks which were projected for production by XIth plan and relinquish the remaining blocks for allocation to others. In the process, 48 CIL blocks (40 explored & 8 unexplored).

In 2007, CIL was mandated to meet the entire coal requirement of the country as part of the New Coal Distribution Policy (NCDP). In view of the tapering projected production and the new mandate given by the Government, CIL requested the Ministry to consider allocation of additional 138 blocks for meeting the future demand.

The majority of coal resources of India are inferior grade non-coking coals. So, the production of coking coal and superior grade non-coking coal is not enough to meet the demand. This necessitates import of coal to meet the shortfall.

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 in case 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. If the coal block is not explored, additional two years are allowed for detailed exploration and three months for preparation of geological report. The allocatees of coal blocks, who have not started production so far, are in various stages of obtaining statutory clearances and mining lease, preparing mining plan, acquisition of land, procuring machinery and equipment etc. for both mining as well as end-use project.

The process of allocation of captive coal blocks for specified end uses begun in 1993 and so far 208 coal blocks have been allocated. Only 39 coal blocks were allocated from 1993 to 2004. So far production from 26 coal blocks have commenced. As such, there has been substantial progress in the development and production of coal blocks.

The responsibility of developing the coal block as per the prescribed guidelines and milestone chart attached with the allocation letter rests entirely with the allocatee 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. shall take appropriate action to de-allocate the said block. So far, seven coal blocks have been de-allocated after following due process.

Government, in line with this, periodically monitors and reviews the development by the allocatee companies in the Review Meetings. Wherever delays are noticed, Government issues show cause notices and advisories to such allocatees cautioning them to bring the coal blocks into production as per the guidelines/milestones chart. Similarly, the Coal Controller's office is also monitoring on regular basis the achievement of different milestones. 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 last review meeting was held on 22nd and 23rd June, 2009 with all the coal block allocatees to review the development of coal blocks and the end use projects. In the meeting the allocatees had indicated difficulties faced in obtaining statutory clearances and mining lease,

preparing mining plan, acquisition of land, procuring machinery and equipment etc. for both mining as well as end-use project. The representatives of the concerned State Governments were requested to facilitate expeditious mitigation of difficulties faced by the allocatees. The administrative Ministries concerned were also requested to undertake review at their level and facilitate expeditious development of end use projects.

Based on the last Review Meeting held, the following were issued the show-cause notices:

Sector	No. of show cause notices	No. of allocatee companies	No. of coal/ Lignite blocks
Govt.	25	22	32
Private	15	27	16
Total	40	49	48

[Ministry of Coal, O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Recommendations (Serial No. 23, Para No. 9.3)

The Committee also urge upon the Ministry to consider the request of Coal India Limited for allotment of 138 coal blocks identified by it. Otherwise Coal India will not be able to achieve the coal production target envisaged in XIth and XIIth Plan.

Action Taken

CIL has sought 138 additional coal blocks with GR of about 57.57 billion tonnes in order to maintain its production at the level of 2016-17.

The requirement of CIL for allocation of these blocks will be assessed on merits and on actual demand of indigenous coal. In view of the mandate given under the New Coal Distribution Policy, their requirement would be considered always on priority.

[Ministry of Coal, O.M. No. 20011/16/2009-IF, dated 16/03/2010]

Comments of the Committee

(Please see Para No. 23 of Chapter-I of the Report)

CHAPTER III

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

-NIL-

CHAPTER IV

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

Recommendations (Serial No. 8, Para No. 4.10)

The Committee note that as against capital outlay of Rs. 43476.37 crore proposed by the Ministry of Coal, Rs. 37100 crore was approved by the Planning Commission for Coal and Lignite sector for XIth Plan during the first two years of the current plan Rs. 9198.96 crore has been utilized which accounts for only 24.79% of the approved outlay of the entire plan whereas about 40% of the allotted funds should have been utilized during this period. The Ministry of Coal have indicated the problems of land acquisition, rehabilitation settlement and forest and environment clearance etc. as the main reasons for inadequate utilization of funds by the designated Public Sector Undertakings (PSUs). The Committee feel that the reasons cited are mainly administrative in nature and could have been resolved by proper planning, anticipation and expected standard discharge of function of the higher officers of the PSUs. At this stage the Committee are apprehensive whether the 75% of the remaining earmarked funds would be spent during the remaining period of the plan. The Committee, therefore, desire the Ministry to review the status of implementation of schemes/projects and prioritize the schemes/projects envisaged in XIth Plan to accomplish them well in time to realize the goals set for coal and lignite sector. The bottlenecks identified in this connection should be removed expeditiously by taking appropriate steps. The Committee would like to be informed of the mid terms appraisal of the XIth Plan which is stated to be underway.

Action Taken

Capital Outlay position of Coal India Limited is as under:-

(Rs. in crores)

	As per XIth Plan	Revision in 2009-10 during MTA	Actual
	1	2	3
2007-08	2472.14	2033.51	2033.51
2008-09	3258.30	2507.17	2507.17

	1	2	3
2009-10	3734.69	3100.00	1963.49*
2010-11	3528.45	3800.00+ 6000.00	—
2011-12	4398.49	4650.00	—
Total	17390.27	16090.68	—

Rs. 6000.00 crore *ad-hoc* provision for acquisition of assets in abroad.

*Progressive upto December, 2009.

[Ministry of Coal, File No. 20011/16/2009-IF, dated 16/03/2010]

Comments of the Committee

(Please see Para No. 10 of Chapter-I of the Report)

Recommendations (Serial No. 13, Para No. 5.40)

The Neyveli Lignite Corporation Limited has projected to spend Rs. 1893.84 crore during 2009-10. However, the Committee are constrained to note that NLC could spent only Rs. 1559.15 as against the allocation of Rs. 2717.00 crore during 2008-09 which is 57.38% of the BE targets which obviously is an indicative of sub-optimal utilization of approved allocation. The Neyveli Lignite Corporation Limited has not come out with cogent reasons for its miserable performance. Two projects *viz.* Jayangondam Mines and Bithnok Mines are reported to be delayed but reasons therefore, have not been advanced. Accordingly to the Ministry, Riri project was kept in abeyance for want of its feasibility. Dealy in supply of the Main plant package by Bharat Heavy Electrical Limited is also started to be one of the reasons for less expenditure. The Committee feels that under utilization of funds has direct bearing on the implementation of important schemes and programmes ultimately affecting the overall performance of the company. The Committee recommends the Ministry to review the progress of fund utilization and projects at regular intervals with a view to ensuring that the projects are progressed as per planned schedule right from preparation of feasibility report to their completion.

Action Taken

The Scheme-wise Capital Expenditure for the period April to December 2009 along with the reasons for shortfall is given in **Annexure-I**.

[Ministry of Coal, File No. 20011/16/2009-IF, dated 16/03/2010]

Comments of the Committee

(Please see Para no. 13 of Chapter-I of the Report)

Recommendations (Serial No. 15, Para No. 5.42)

The Committee have been informed that there has been considerable delay in the land acquisition for 34 projects of Coal India subsidiaries which has resulted in shortfall of coal production. The Committee feel that the coal projects being undertaken by CIL subsidiaries have been severely affected in the absence of timely action by the State Governments of West Bengal, Jharkhand, Bihar, Madhya Pradesh for granting various clearances for land acquisition. In fact, the Eastern Coalfields Ltd. was the worst sufferer for such delay in land acquisition. The Committee would like the Ministry to take up this issue with all the concerned State Governments in the expeditious land acquisition so that coal companies are able to increase coal production in future. It is equally important that Chairman-cum-Managing Directors of all the CIL subsidiaries should be more serious in taking up the matter with the respective State Governments. The Committee would like the Ministry to submit a detailed report in this regard as early as possible as regards the further steps which would be taken by the concerned coal companies with the State Governments for expeditious land acquisition.

Action Taken

Subsidiary companies are taking vigorous follow up action for expediting land acquisition process. Regular follow up is being taken up by the companies at different levels. Meeting with the respective State Government authorities are also being organized to expedite the issue. In case of projects of ECL, the matter has been taken up by CMD, ECL himself and a number of discussions have taken place between him and Hon'ble Dy. Chief Minister as well as Chief Secretary of Jharkhand State. In case of projects of BCCL, follow up action has also been taken up with the Principal Secretary (Rev. & Land Reforms) and Special Secretary (Rev. & Land Reforms), Government of Jharkhand

to expedite the pending cases in the State of Jharkhand. For projects of CCL, matter has also been taken up at CMD/Director level of the company and a number of meetings have been organized with the Chief Secretary, Jharkhand State to expedite the issue of land acquisition. Chairman, CIL has also apprised H.E., Governor of Jharkhand, of the issue of land and rehabilitation problems in different coal projects in Jharkhand State. The updated status of the 34 Projects as given in the annexure is enclosed in **Annexure-II**.

[Ministry of Coal, File No. 20011/16/2009-IF, dated 16/03/2010]

Comments of the Committee

(Please see Para no. 16 of Chapter-I of the Report)

Projects where land acquisition has been delayed are furnished below:

ANNEXURE II
(Sl. No. 15, Para No. 5.42)

Projects where land acquisition has been delayed are furnished below

Sl.No.	Project	Area (in Ha.)	Act	Dt. of Appli- cation	Time taken since date of application (in month)	Status
1	2	3	4	5	6	7
ECL						
1.	Rajmahal OC (Ranidih Mouza), Jharkhand State	46.15	L.A.	23-02-05	59	Notification u/s Sec.6(1) issued on 22-4-06. Rs. 60 lakh deposited with the State Govt. by ECL. Possession yet to be received.
2.	SP Mines, Jharkhand State	309.45	L.A.	22-07-94	186	An amount of Rs. 443 lakh deposited with State Govt. Acquisition process not yet completed by State Govt.
3.	Shyampur Mugma, Jharkhand State	11.90	L.A.	2004	58	Rs. 100 lakh deposited with the State Govt. Pending with Secretary, Land Reforms Deptt., Govt. of Jharkhand, Ranchi.

1	2	3	4	5	6	7
CCL						
1.	Tetariakhar Project, Jharkhand State	3.97	L.A.	03-09-03	76	Notification u/s 4 is yet to be issued by State Govt.
2.	Gidi C, Jharkhand State	4.17	L.A.	May, 2008	21	Notification u/s 4 is yet to be issued by State Govt.
WCL						
1.	Extn. Of Sasti OC, Maharashtra State	164.16	L.A.	09-02-05	59	Notification u/s 4 is awaited.
2.	Gondegaon Extn. OC Maharashtra State	191.99	L.A.	25-03-06	46	Notification u/s 4 is awaited.
3.	Gondegaon Extn. OC Maharashtra State	16.56	L.A.	17-04-06	45	Notification u/s 4 is awaited.
4.	Singori OC Maharashtra State	84.86	L.A.	17-04-06	45	Notification u/s 4 is awaited.
5.	Inder UG to OC Maharashtra State	291.17	L.A.	17-04-06	45	Pending with the Collector, Nagpur
6.	Makardhokra-I OC, Maharashtra State	85.44	L.A.	28-12-04	61	Award u/s 4 is awaited.
SECL						
1.	Saraipali OC, Chhattisgarh State	236.58	L.A.	23-04-04	64	Amount of compensation deposited with the Collector, Korba and disbursement started by Collector. Physical possession of land is awaited.
2.	Baroud OC, Chhattisgarh State	157.94	L.A.	08-12-03	76	Amount of compensation deposited with the Collector, Korba. Final award prepared to be issued after election. Physical possession of land is awaited.
BCCL						
1.	Block-II OCP	2.80	L.A.	10-06-02	91	Approval u/s 7 is awaited.
2.	Block-II OCP	1.72	L.A.	10-06-02	91	Approval u/s 7 is awaited.

1	2	3	4	5	6	7
3.	Muraidih OCP	1.93	L.A.	10-05-02	92	Possession to be delivered.
4.	Madhuban Washery	0.19	L.A.	10-05-02	92	Possession to be delivered.
5.	Phularitand OCP	6.02	L.A.	18-04-02	93	Approval u/s 7 is awaited.
6.	Phularitand OCP	1.84	L.A.	23-04-02	93	Approval u/s 7 is awaited.
7.	Jogidih OCP	8.90	L.A.	04-09-02	89	Notification Sec. 4 (1), Sec. 6 to be issued.
8.	Dahibari OCP	6.90	L.A.	11-11-04	63	Pending u/s 11.
9.	Muraidih Colliery	7.92	L.A.	05-11-04	63	Notification Sec.4(1) & Sec.6 is awaited.
10.	Gonudih/Khas Kusunda OCP	1.30	L.A.	05-11-04	63	Pending u/s 11.
11.	Chandan OCP	3.84	L.A.	16-12-04	61	Possession to be delivered.
12.	Block-IV OCP	4.58	L.A.	10-03-05	59	Possession to be delivered.
13.	Block-IV OCP	2.20	L.A.	10-01-03	85	Possession to be delivered.
14.	Muraidih Colliery	19.68	L.A.	21-01-03	84	Notification Sec. 4 (1) awaited.
15.	Goluckdih OCP	2.68	L.A.	15-05-03	80	Approval u/s 11 is awaited.
16.	Block-III OCP	3.04	L.A.	10-05-02	92	Khatian of the village is not available. D.C., Dhanbad has requested Director(Survey) of Khatiyani of the respective Mouza vide letter No. 41 dt.17-01-03. This has also been taken up with the Principal Secretary (Revenue & Land Reforms), Govt. of Jharkhand on 30-10-09 & 11-12-09.
17.	Lohapatti Colliery	31.29	L.A.	10-05-02	92	-do-
18.	Jeanagora OCP	22.26	L.A.	10-05-02	92	-do-
19.	Jeanagora OCP	35.22	L.A.	10-05-02	92	-do-
20.	Ganga OCP	0.26	L.A.	23-06-04	67	Notification Sec.4(1) to be issued.
21.	Block-IV OCP	1.61	L.A.	21-11-05	50	Notification Sec.4(1) to be issued.

Recommendation (Serial No. 21, Para No. 8.4)

The Committee in their First Report (14th Lok Sabha) had recommended the Ministry of Coal to prepare a vision document *i.e.* Coal 2025 without any further delay and constitute a task force for holding consultations/ discussions with experts and industry at large so that the Ministry can have a long term vision of the industry. The Ministry in their action taken notes furnished to the Committee had stated in 2004 that action for drawing up Coal Vision-2025 has already been initiated. Further, according to the Ministry views of Coal India Ltd. and other stakeholders were sought in this regard. The Secretary, Ministry of Coal informed the Committee during evidence held on 29.09.2009 that the Expert Committee under the Chairmanship of Shri T.L. Sankar constituted by the Government for drawing a road map for coal sector has submitted its report.

The Committee regrets to point out the inordinate time taken by the Government in this regard, which clearly indicates their lackadaisical approach towards this vital policy. The Committee strongly feel that the Ministry should finalize the Coal Vision - 2025 without any loss of time and they be apprised about the conclusive action taken in the matter.

Action Taken

The Coal Vision-2025 document was prepared and circulated to the concerned Ministries/Departments, industry associations and other Organizations for their comments in order to finalize the above mentioned document. This was also placed on the website of the Ministry, seeking comments from interested persons/organizations.

In the meantime, two important Committees were constituted by the Government, namely, the one constituted by the Planning Commission under the Chairmanship of Shri Kirit S. Parikh on Energy Policy and Security, and the other by the Ministry of Coal under the Chairmanship of Shri T.L. Sankar to prepare a road map for reforms in the coal sector. It was felt that before the Vision Document-2025 is finalized, the recommendations of aforesaid two Committees should be awaited so that there is conformity in the broad approach to the development of coal sector and the over all energy, policy and security.

The reports of the two Committees have since been submitted, and the Integrated Energy Policy has been approved by the Government recently.

There have been many important developments both in the energy sector as well as the overall economic scenario at the domestic and international level since the draft Vision Document-2025 was prepared in 2005. Based on these, the draft Vision Document-2025 would need to be updated and modified. Therefore, it would take some more time to finalize the Vision Document. However, the matter is being progressed on priority.

[Ministry of Coal, File No. 20011/16/2009-IF, dated 16/03/2010]

Comments of the Committee

(Please see Para No. 17 of Chapter-I of the Report)

CHAPTER V

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

Recommendations (Serial Nos. No. 14, Para No. 5.41)

According to the Ministry new projects have been identified by NLC for which advance action plan proposals have been sanctioned. The committee would like to be informed about their details. At the same time, they hope that these projects would be taken up and completed without any delay.

Action Taken

The details of the AAP sanctioned projects along with the present status are furnished below:-

Projects	Status
1	2
Mine-III (8 MTPA) & TPS-III (1000 MW) Estimated capital cost: Rs. 5200 Crore AAP : Rs. 3.95 Crore	Preparation of Feasibility Report (FR) for Thermal and EIA/EMP reports for both Mine & Thermal will be taken up after completion of the linked mining Feasibility Report.
Jayamkondam Mines- 13.5 MTPA & TPS-1600 MW Estimated capital cost: Rs. 9800.00 Crore AAP : Rs. 11.90 Crore	Report: Preparation of Thermal & Mine Feasibility reports are under finalization. Draft EIA/EMP for TPS received and Draft report for Mine project is awaiting for the draft Mining FR & Mine Plan. The application for administrative sanction of land acquisition, Mining Lease has been submitted. Geological exploration work, Pump Test, Soil Investigation, Hydro-Geological Studies and Contour Survey completed. Investigation works for drawl of 100 MLD water from Kollidam river has been started and Socio Impact Assessment Study work is in progress.
Bithonok Mines—2.25 MTPA & TPS—250 MW Estimated capital cost: Rs. 1517.49 Crore AAP : Rs. 10.45 Crore	Application for Administrative sanction for Land and for Mining lease submitted. Feasibility report along with the draft PIB Memo submitted to Ministry of coal on 06.10.2009 to process the proposal for obtaining GOI sanction.

1	2
	<p>Preparation of EIA/EMP Report completed and Public Hearing was conducted on 23.12.2009.</p> <p>Contour survey work & Geological exploration study completed. Hydro-Geological Studies, Geo-Technical investigation studies are in progress.</p> <p>50 cusecs of water from IGNP has been reserved for NLC's Bithnok & Riri projects.</p>
<p>Riri Mines-4.2 MTPA & TPS-500 MW</p> <p>Estimated capital cost: Rs. 3060 Crore</p> <p>AAP : Rs. 7.50 Crore</p>	<p>Application seeking the administrative sanction for acquisition of 4073 ha of land in Riri has been sent to Secretary (Energy), GoR on 31.05.2006.</p> <p>Geological exploration study work completed. The geological exploration carried out in the area to confirm the reserves revealed poor quality of lignite. Due to this preparation of FR could not be progressed and project activities suspended. The project proposal is kept in abeyance.</p>
<p>Gujarat Mines—8 MTPA & TPS—1000 MW</p> <p>Estimated capital cost: Rs. 6400 Crore</p> <p>AAP : Rs. 6.20 Crore</p>	<p>The finalization of JVA is pending because of the power allocation issue raised by the GoG.</p> <p>Preparation of draft FR and draft EIA/EMP are completed. Application for water allocation and Mining Lease has been submitted.</p> <p>Geological exploration, Soil investigation and Surveying of Tokri river and Power Lines completed.</p>
<p>Neyveli New TPS - (2 X 500 MW) in lieu of existing TPS-I</p> <p>Estimated capital cost: Rs. 5000 Crore</p> <p>AAP : Rs. 11.25 Crore</p>	<p>Feasibility report along with the draft PIB Memo was submitted to Ministry of coal on 06.10.2009 to process the proposal for obtaining GOI sanction.</p> <p>Preparation of EIA/EMP report completed and Public Hearing was held on 10.12.2009.</p> <p>Contour Survey work completed and Soil Investigation work is in progress.</p> <p>NOC was received from Airport Authority of India on 25.11.2009 for the construction of chimneys and cooling towers.</p> <p>Kerala State Electricity Board (KSEB), Puducherry Electricity Board, APTRANSCO and ESCOMs of Karnataka informed that they are willing to avail the power from the new TPS.</p>
<p>TPS at Orissa (2000 MW)</p> <p>Estimated capital cost: Rs. 10000 Crore</p> <p>AAP : Rs. 18.65 Crore</p>	<p>As the project has not taken up in time the contract for preparation of Feasibility Report and for Environment Report was closed.</p> <p>MOP has issued Mega power status on 19.04.2004. Standing</p>

1	2
<p>Talabira coal mine Estimated capital cost: Rs. 447.72 Crore</p>	<p>Linkage Committee (LT) has allocated 2.31 mtpa 'F' grade coal to Orissa project. Application for land acquisition was submitted. MOU with Govt. of Orissa could not be signed as Govt. of Orissa demanded certain levies which are not permissible as per Govt. guidelines. The stalemate is yet to be resolved.</p> <p>Talabira coal mine: A joint venture is among M/s MCL, M/s NLC & M/s Hindalco with the equity ratio is 75:15:15 and Capacity is 20 MTPA. Registrar of Companies (ROC) has approved the name of the 'Company MNH Shakthi Ltd.' NLC's share of Rs. 1.5 Lakhs in the paid up capital of JV Company was paid to MNH Shakthi Ltd. on 29.11.2008. An MOU and JVA was signed for formation of JV Company. Project report has been prepared by CMPDIL for 20MTPA capacity. MCL being the major shareholder is carrying out the pre-project activities.</p>
<p>Lignite mine at Hadla and Palana (2.5 MTPA) & Barsingsar Extension Power station (250 MW) Talabira coal mine Estimated capital cost: Rs. 1625.00 Crore AAP : Rs. 10.85 Crore</p>	<p>Preparation of Final draft FR of TPS and Hadla Mine FR completed. Preparation of Palana Mine FR is in progress. Preparation of EIA/EMP report for both mine & Thermal projects is in progress. Fuel linkage is from Hadla and Palana Mines. Agency yet to be identified for preparation of EIA/EMP report for Palana Mine. An application has been submitted for land acquisition and for Mining Lease. Geological Exploration, Hydro-Geological Studies and Geo-Technical investigation studies are in progress. 14 cusecs of additional water committed to the already sanctioned 45 Cusecs of water totaling 59 Cusecs of water for Barsingsar Mines cum Thermal Plant including Palana and Hadla with tentative location of intake at Gajner Lift Canal.</p>

[Ministry of Coal, File No. 20011/16/2009-IF, dated 16/03/2010]

Recommendations (Serial Nos. No. 20, Para No. 7.8)

The Committee also note that 18 abandoned mines belonging to Coal India Limited having estimated left out coal reserves of more than 10 MT each with aggregate reserve of about 1647 MT coal have been identified and Expression of Interest have been invited from

internationally reputed parties for selection as partners to form a joint venture company in 50:50 equity ratio. The Committee are inclined to conclude that as a result of unscientific mining activities, a large chunk of coal reserves is being left out in the abandoned mines. The Committee desire that the mining activities should be conducted in scientific manner so that entire reserves of the particular mine are fully exploited.

Action Taken

Action is being taken to exploit the available reserves in the mines of Coal India Limited in a scientific manner with due regard to conservation, safety, production and productivity.

[Ministry of Coal, File No. 20011/16/2009-IF, dated 16/03/2010]

NEW DELHI;
29 October, 2010
7 Kartika, 1932 (Saka)

KALYAN BANERJEE,
Chairman,
Standing Committee on Coal and Steel.

ANNEXURE I

MINUTES OF THE SITTING OF THE STANDING COMMITTEE
ON COAL AND STEEL (2010-11) HELD ON 29.10.2010 IN
COMMITTEE ROOM NO. G-074, PARLIAMENT LIBRARY
BUILDING, NEW DELHI

The Committee sat from 1400 hrs. to 1500 hrs.

PRESENT

Shri Kalyan Banerjee—*Chairman*

MEMBERS

Lok Sabha

2. Shri Hansraj G. Ahir
3. Shri Sanjay Bhoi
4. Shri Ismail Hussain
5. Shri Narahari Mahato
6. Shri Govind Prasad Mishra
7. Shri Adhi Sankar
8. Shri Pashupathi Nath Singh
9. Sardar Sukhdev Singh Libra
10. Dr. G. Vivekanand

Rajya Sabha

11. Ms. Mabel Rebello
12. Shri Dhiraj Prasad Sahu
13. Shri Jai Prakash Narain Singh
14. Shri R.C. Singh

SECRETARIAT

1. Shri Raj Shekhar Sharma — *Director*
2. Smt. Sunita — *Deputy Secretary*
3. Md. Aftab Alam — *Under Secretary*

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

3. The Committee then considered and adopted the following Draft Reports subject to some minor modifications:—

(i) Action taken report on the observations/recommendations contained in the 1st Report on Demands for Grants (2009-10) of the Ministry of Coal.

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

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

(iv) ** ** ** ** **

4. ** ** ** ** **

5. The Committee authorized the Chairman to finalize the Reports after making consequential changes arising out of factual verifications by the concerned Ministries or otherwise and to present these Reports to both the Houses of Parliament.

The Committee then adjourned.

**Do not pertain to this Report.

ANNEXURE II

(Vide Para IV of Introduction)

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

I.	Total No. of Recommendations made	23
II.	Recommendations that have been accepted by the Government (vide recommendation at S1. Nos. 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 16, 17, 18, 19, 22, 23)	17
	Percentage of total	73.91
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies	00
	Percentage of total	Nil
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee (vide recommendation at S1. Nos. 8, 13, 15, 21)	04
	Percentage of total	17.39
V.	Recommendations in respect of which final replies of the Government are still awaited (vide recommendation at S1. Nos. 14 and 20)	02
	Percentage of total	8.69