10

STANDING COMMITTEE ON COAL AND STEEL (2014-2015)

SIXTEENTH LOK SABHA

MINISTRY OF COAL

"COAL PRICING AND ISSUES RELATING TO THE COAL ROYALTY"

[Action Taken by the Government on the Observations/ Recommendations contained in the Forty-Ninth Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha)]

TENTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

April, 2015/Vaisakha, 1937 (Saka)

TENTH REPORT

STANDING COMMITTEE ON COAL AND STEEL (2014-2015)

(SIXTEENTH LOK SABHA)

MINISTRY OF COAL

"COAL PRICING AND ISSUES RELATING TO THE COAL ROYALTY"

[Action Taken by the Government on the Observations/ Recommendations contained in the Forty-Ninth Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha)]

Presented to Lok Sabha on 24.04.2015
Laid in Rajya Sabha on 24.04.2015

LOK SABHA SECRETARIAT
NEW DELHI

April, 2015/Vaisakha, 1937 (Saka)

CC&S No. 96

Price : Rs. 55.00

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fifteenth Edition) and printed by National Printers, New Delhi-110 028.

CONTENTS

COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL (2014-15)

Shri Rakesh Singh* — *Chairperson*

Members

Lok Sabha

2. Shri A. Arunmozhithevan
3. Shri Kalyan Banerjee
4. Shrimati Jyoti Dhurve
5. Shri Faggan Singh Kulaste
6. Shri Shailesh Kumar
7. Dr. Banshilal Mahato
8. Shri Godam Nagesh
9. Shri Devji M. Patel
10. Shrimati Riti Pathak
11. Shrimati Ranjit Ranjan
12. Dr. Ravindra Kumar Ray
13. Shri Neiphiu Rio
14. Shri Tamradhwaj Sahu
15. Shri Tathagata Satpathy
16. Shri Janardan Singh "Sigriwal"
17. Shri Pashupati Nath Singh
18. Shri Sunil Kumar Singh
19. Shri Sushil Kumar Singh
20. Shri Rama Kishore Singh
21. Shri Krupal Balaji Tumane

---

* Shri Rakesh Singh appointed *w.e.f.* 27.11.2014 *vice* Shri Hansraj G. Ahir has been appointed Minister.

Rajya Sabha

22. Shri Ali Anwar Ansari
23. Dr. Pradeep Kumar Balmuchu
24. [@] Shri Md. Nadimul Haque
25. Shri B.K Hariprasad
26. Shri Jugul Kishore
27. Shri Avinash Pande
28. [#] Dr. Satyanarayan Jatiya
29. Shri Sanjay Raut
30. Shri Nand Kumar Sai
31. Shri Dilip Kumar Tirkey

SECRETARIAT

1.	Shri Shiv Singh	—	*Joint Secretary*
2.	Shri Ajay Kumar Garg	—	*Director*
3.	Shri Arvind Sharma	—	*Additional Director*
4.	Ms. Miranda Ingudam	—	*Under Secretary*

[@] Shri Md. Nadimul Haque nominated *w.e.f.* 08.01.2015 *vice* Shri Srinjoy Bose.

[#] Dr. Satyanarayan Jatiya nominated *w.e.f.* 25.09.2014 *vice* Shri Basawaraj Patil.

INTRODUCTION

I, the Chairperson, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Forty-seventh Report (Fifteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Forty-ninth Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha) on "Coal Pricing and Issues Relating to the Royalty".

2. The Forty-ninth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 6th February, 2014. Replies of the Government to all the observations/recommendations contained in the Report were received on November, 2014.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 22.4.2015.

4. An analysis on the Action Taken by the Government on the observations/recommendations contained in the Forty-Ninth 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 *April*, 2015
03 *Vaisakha*, 1937 *(Saka)*

RAKESH SINGH,
Chairperson,
Standing Committee on Coal and Steel.

REPORT

CHAPTER I

This Report of the Standing Committee on Coal and Steel deals with Action Taken by the Government on the Observations/ Recommendations contained in the Forty-ninth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel on "Coal Pricing and Issues Relating to Coal Royalty" of the Ministry of Coal which was presented to Lok Sabha/laid in Rajya Sabha on 6.02.2014.

2. The Report contained 18 Observations/Recommendations. Action Taken Replies have been received from the Ministry of Coal in respect of all the 18 Observations/Recommendations contained in the Report on 2nd December, 2014. These have been categorized as follows:

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

Sl. Nos. 1, 4, 6, 7, 8, 9, 11, 12 and 18

Total : 09
(Chapter - II)

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

Sl. Nos. 3 and 10

Total : 02
(Chapter - III)

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

Sl. Nos. 2 and 5

Total : 02
(Chapter - IV)

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

Sl. Nos. 13, 14, 15, 16 and 17

Total : 05
(Chapter - V)

3. The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In case, where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that further Action Taken notes on the Observations/ Recommendations contained in Chapter-I of this Report be furnished to them at an early date.

4. The Committee will now deal with the Action Taken by the Ministry on some of their observations/recommendations made in the Forty-ninth Report.

FUTURE INVESTMENT COSTS AS A FACTOR FOR DETERMINING COAL PRICE

Recommendation (Serial No. 2)

5. The Committee had noted that the requirement of funds for additional resource mobilization for fresh investments in new coal projects and modernization of existing mines for augmentation of production to achieve planned production target, is also added as a factor for determining the coal prices by the Coal PSUs. The Committee were not convinced with the argument put forward by the Government/CIL that investment in the new projects is one of the factors in coal price fixation. The Committee failed to understand as to how CIL and its subsidiaries can add estimated cost of a future project which has not yet started and may take years together to complete in fixing coal prices which ultimately put extra burden on consumers. The Committee felt that considering investments in future projects as one of the factors for determining coal price is against the sound principles of logic and economics. The Committee, therefore, had strongly recommended that such cost estimations for new projects be kept out for fixation of coal price so as to secure the interest of common consumers.

6. The Ministry of Coal in their action taken reply have stated as under:—

> "As per guidelines of Government of India, Internal Rate of Return (IRR) of minimum 12% is required to be ensured for opening up a new mine. In practice, some mines, specially UG mines, are being operated despite incurring losses. It is necessary for CIL that coal prices are set at a level at which the financial viability of new coal projects and CIL is ensured as per the Government guidelines. Further, modernization of existing mines for augmentation of production to achieve planned production involves additional investment for which surpluses generated from profit is utilized."

7. While observing that the cost of investment in new projects was one of the factors taken into account for coal price fixation by coal PSUs, the Committee had recommended that such cost estimation for new projects be kept out for fixation of coal price to secure the interest of the common consumers. The Ministry in their Action Taken note have informed the Committee that as per Government guidelines, it is necessary for CIL to set coal prices at a level where financial viability of new coal projects are ensured. It has further been stated that modernization of existing mines for augmentation of production to achieve planned production involves additional investment for which surplus generation from profit is utilized. The Committee, however, find the reply silent on any kind of formula/methodology which in followed is determining the price component which is used for ensuing financial viability of new coal projects. In the absence of such information, the Committee find the justification put forth by the Ministry far from convincing and therefore reiterate their earlier recommendation and desire that the Ministry should review the present methodology of Coal Pricing by addition of cost estimate of future investment in coal projects to coal prices, unnecessarily increasing the burden to coal consumers. The Committee would like to be apprised of the action taken in the matter.

COAL REGULATORY AUTHORITY

Recommendation (Serial No. 5)

8. The Committee had observed that in a de-regulated regime of coal prices, the coal companies are free to revise the rates at will without having any consultation with different stakeholders, particularly, the

consumers. The latest revision in coal rates by Coal India Limited is bound to impact steel and cement industries which have been put under non-regulated sector. Steel companies which use sponge iron as raw material are also likely to be affected as 30% increase in non-coking coal price will adversely affect the profitability of sponge iron producers. Since the Government has no control over coal price, the need for having a regulatory mechanism for coal sector has been felt since long. The Committee observed that the Planning Commission had also recommended creation of an independent coal regulatory authority which would have power to comprehensively handle coal resource development, regulation on extraction, end use, etc. including pricing and mine safety issues. In any event Central Government must constitute one coal pricing Regulatory Committee consisting of representatives of Coal companies, Central Government, each State which produces coal, representatives of customer, power generation and an expert. The expert should head the Committee. The Committee were apprised that creation of a permanent Coal Regulator Authority had been approved by the Cabinet and a Bill would be introduced soon in Parliament in this regard to give it a statutory status. The Committee had desired the Ministry of Coal to bring in the much needed coal regulator for coal sector or at least coal pricing regulatory Committee expeditiously in the interest of all stakeholders. The Committee would like to be apprised of the action taken by the Ministry within three months.

9. The Ministry of Coal in their action taken reply have stated as follows:—

"Various committees like the Energy Coordination Committee, the Sankar Committee, Working Group on Coal for XI Plan recommended for setting up of an independent regulatory authority for coal sector. Based on these recommendations and after due consultations with all concerned Ministries/Departments, the draft Bill was approved by the Cabinet on 27.06.2013. The same has been introduced in the Lok Sabha on 13.12.2013.

Major functions envisaged for the proposed Coal Regulatory Authority are:—

- Specify by regulation methods of testing for declaration of grades or quality of coal.
- Monitor and enforce closure of mines as per approved mine project plan towards closure of mine.

- Ensure adherence to the approved mining plans.
- Specify the principles and methodology for determination of price of raw coal and washed coal or any other by-product generated during the process of washing.
- Call for information, record or the documents from the entities and publish statistics and other data in relation to the coal industry.
- Specify the standards of performance and norms of operational efficiency except in the area related to mines safety.
- Specify procedure for automatic coal sampling and weighment.
- Have an advisory role on formulation of policies in coal sector.

On the dissolution of the 15th Lok Sabha, the Coal Regulatory Authority Bill, 2013 has lapsed as per the provisions of Article 107(5) of the Constitution of India. It is proposed to hold further Inter-Ministerial consultations in the matter.

Also pending legislation of 'The Coal Regulatory Authority Bill, 2013 a non-statutory Coal Regulatory was proposed to be set up and a Government Resolution was published in the Gazette of India on 04.03.2014. Since the non-statutory Coal Regulator, is having only advisory role and none of the statutory or adjudicatory powers has been assigned to it, it has also been decided by the Competent Authority that the Government resolution dated 04.03.2014 may be rescinded."

10. The Committee are unhappy to note that although the Coal Regulatory Authority Bill, 2013 introduced in Lok Sabha had lapsed due to the dissolution of the 15th Lok Sabha, the Bill has not been re-introduced so far in the 16th Lok Sabha. The Committee, therefore, desire the Government to take necessary steps to bring the new legislation to accommodate the current challenges faced in this sector due to the recent Supreme Court Judgement on de-allocation of Coal Blocks and other consequent ramifications thereof. The Committee would like to be apprised of the progress made in the matter.

REDUCTION IN PRODUCTION COST OF COAL

Recommendation (Serial No. 7)

11. As regards production cost of coal, the Ministry of Coal informed the Committee that about 81% of the total cost of production is fixed and the balance 19% is variable. Controllable items are mainly the expenditure incurred on account of over time paid to the workers, under loading/over loading, demurrage and power. Though the coal companies have taken measures to bring down the cost of production of coal and lignite by increasing production and productivity by rationalizing machine utilization and deployment of manpower, the Committee felt that the result in terms of cost reduction is not forthcoming. The Committee, therefore, had recommended that more concrete measures including austerity measures by Coal Companies need to be taken not only to bring down the cost of production but also to enhance the reserves and profitability of the coal companies.

12. In their action taken reply the Ministry of Coal have stated as follows:—

> "The suggestion is noted and CIL will be advised to bring down the cost of production and also to enhance the reserves and profitability of the coal companies."

13. As regards Committee's recommendation that more corrective measures including austerity measures by coal companies need to be taken not only to bring down the cost of production but also to enhance the reserves and profitability of the coal companies, they are concerned to note that the Action Taken Reply of the Ministry have merely stated that the suggestion of the Committee has been noted and CIL will be advised for the same. The Committee expect the Ministry to come out with a road map highlighting the concrete measures to be taken up for drastically cutting down the cost of production of coal. The Committee desire that a systematic and holistic study may be carried out on this aspect and desire that they be apprised of the progress made in the matter.

REVIEW OF POLICY OF E-AUCTION OF COAL

Recommendation (Serial No. 8)

14. The Committee had observed that due to lower coal production against the targeted production there is shortage of coal in the country.

The small scale industries as well as mega industries including the power companies are heavily dependent on coal for their survival. Demand of the coal outstrips the supply. The coal demand in the country during year 2012-13 was estimated at 772.84 million tonnes as against domestic production of 574 million tonnes leaving a gap of 198.44 million tonnes of the targeted demand. Coal India Limited has failed time and again to meet the domestic demand for coal, and to meet the same, it imports the coal. The Committee were surprised to note what exactly prompts CIL to go for e-auction of coal despite the coal shortage in the country and that too nearly 10% of the total coal produced in the country is sold through e-auction. The Committee, had observed that e-auction by CIL does not give a fair chance of participation to the end-users and benefits only the big traders and influential parties. The big traders may purchase through e-auction at comparatively cheaper rates by forming cartel and make small scale industries to purchase coal from them at higher rates. The Committee, therefore, had recommended that the whole procedure of e-auction should be made more transparent which can also subserve the interest of small scale industries. The Ministry of Coal and CIL should ensure that small scale industries, small traders and end-users are not put at a disadvantageous position in the process of e-auctioning under the New Coal Distribution Policy. The monopoly of big traders which deprives the small traders and users of a fair chance of participation in coal e-auction need to be checked through a more transparent regulatory and monitoring mechanism. The Committee had observed that the process of e-auction which though generates good revenue for Coal India Limited is also a big tool for manipulation and therefore, should be checked immediately. While reiterating their earlier recommendation (24th and 33rd Reports, 15th Lok Sabha) to review the present policy of e-auction to safeguard the interest of end-users, the Committee had also desired that the extent of quantity of coal reserved for e-auction should be kept at a bare minimum so as to meet the domestic demand of coal of the end-users, and small scale industries in the country.

15. The Ministry of Coal in their action taken reply have stated as follows:—

"The Coal India is putting all efforts to increase the production but due to the following reasons the desired level of production achievement is getting affected:

(i) Delay in forest clearance and environmental clearance which has held up opening up of a number of new coal projects.

(ii) Difficulty in getting physical possession of tenancy land is also severely affecting opening of new mines and expansion of existing mines.

(iii) Law and order problem in some of the mining areas.

(iv) Non-availability of adequate logistics *viz.* railway transport facility for coal evacuation in certain coalfields.

As per NCDP, small and medium sector consumers are to be supplied coal by State nominated agencies. In order to facilitate coal availability to consumers whose requirements are seasonal and who cannot access coal through institutional process, NCDP mandates for supply of coal to such consumers through e-auction of coal.

E-Auction Scheme has been introduced as per NCDP guidelines and accordingly CIL has framed e-auction schemes which are as follows:—

(i) Spot e-auction Scheme 2007—Under this scheme any Indian Buyer *viz*. individual, personal firm, company etc. can participate in e-auction for procurement of coal.

(ii) E-Auction Scheme 2007 for Forward e-auction (for sale of coal over a long period)—All consumers of coal located in India *viz*. proprietorship/partnership firm registered in Indian Company incorporated in India etc. desirous of getting coal supply over a long period can participate in Forward e-auction for procurement of coal for own consumption and not for transfer or resale.

It may be seen from the above that Government of India/CIL has formulated the e-auction scheme to facilitate coal to even single users and the process of e-auction is transparent and open to one and all. The Bid Price of e-auction is the prerogative of the Bidders and the same is market driven.

As per NCDP, "around 10% of estimated annual production of CIL would initially be offered under e-auction and the quantity to be offered under e-auction would be reviewed from time to time by Ministry of Coal". Under e-auction coal companies of CIL have been offering around 10% of estimated annual production. As per Presidential Directive dated 04.04.12, CIL was advised to reduce e-auction of coal from 10% to 7% of its production progressively till the end of 12th Plan.

In order to meet the demand of power sector, it has now (2014) been decided to reduce the quantity of e-auction coal. The coal so released could be made available in the linkage pool which could be supplied to the power sector."

16. The Committee were concerned to observe that inspite of coal shortage in the country, nearly 10% of the total coal produced in the country is sold through e-auction. The Committee had felt that in e-auction, the CIL does not give a fair chance of participation to the end-users and benefits only the big traders and influential parties. They also observed that the big traders may purchase through e-auction at comparatively cheaper rates by forming cartel and leaving small scale industries to purchase coal from them at higher rates. The Committee therefore, had recommended that the whole process of e-auction be made more transparent to ensure that small scale industries, small traders as well as actual end users are not put at a disadvantageous position in so far as the supply of coal is concerned. The Committee are happy to note that as per the New Coal Distribution Policy (NCDP), the quantity offered under e-auction is being reviewed from time to time and as per Presidential directive, CIL has been advised to reduce e-auction of coal from 10% to 7% by the end of 12th plan. The Committee, however, desire that more stringent monitoring mechanism be put in place for effective implementation of such changes in the policy so that interests of small traders and actual consumers are adequately protected.

COAL THEFT AND ILLEGAL DIVERSION OF COAL

Recommendation (Serial No. 18)

17. The Committee took a serious note of the rampant incidents of coal theft in coal mining areas. There were also complaints regarding misuse of coal and diversion of coal from end-users. The Committee had felt that coal thefts and black marketing of coal had a direct bearing on the coal distribution in the country and had also been responsible in some way for coal shortage in country. Coal theft, directly or indirectly, disturbs the demand-supply equation of coal in the country which is reflected in coal price dynamics also in a subtle and latent manner. The Ministry of Coal and CIL have submitted before the Committee about their limitation and difficulty to check and monitor the same. The Committee had observed that the actions are taken only when there are complaints. The Committee were of the opinion that there was an urgent need to keep strong vigilance and there should be a monitoring mechanism

put in place as far as this issue is concerned. The end-user verification and checking on coal theft from coal mines is a joint responsibility of coalfield managers and State enforcement authorities. The Committee had felt that coalfield managers should have better coordination with the State enforcement authorities in this regard and wherever irregularities are found, strict action must be taken as per law. The Committee had strongly recommend that Ministry of Coal and Coal PSUs should set up a sophisticated and integrated Global Positioning System (GPS)/General Packet Radio Service (GPRS)/Radio Frequency Identification (RFID) and Closed Circuit Television (CCTV) Camera mechanism in all their coalfields so as to monitor and check the coal theft from coal mines and end-user verification on continuous basis and more effectively.

18. The Ministry of Coal in their action taken reply have stated as follows:—

> "The Coal mines are widely scattered and located in different geographical states. The mining operations are being carried out by the field Managers with very little or negligible administrative control over the surrounding areas. Generally local people or somewhere organized groups are involved in coal theft at different locations. Illegal mining is a problem being faced by coal producing units and it can be checked only with the effective State intervention as law and order is a State subject.
>
> As regards verification of end-use of coal by allottees of coal, it is to inform that NCDP of the Government of India has already recognized the menace posed by diversion of coal and has advised that coal be used efficiently and economically so as to avoid wastage of the fuel. To abide by this direction, elaborate provision has been kept in the Fuel Supply Agreement (FSA) to ensure that the consumer does not divert any coal and use it only for their consumption in their units. A verification process through detailed document verification to ensure end-use of coal has been approved by CIL Board which has been implemented by all coal supplying companies.
>
> To prevent theft of coal, different subsidiaries of CIL have taken initiatives to install more number of electronic weighbridges and GPS based truck monitoring system.
>
> Present status of operating weighbridges against required number of weighbridges and additional action taken to install weighbridges

and installation of GPS system on trucks transporting coal is given below:—

ECL

Status of installation of Electronic Weighbridge:

Requirement	-	117
Total on roll	-	85
Work order placed and under execution	-	27
Tender invited	-	5

Action taken for installation of GPS system on trucks transporting coal:

GPS/GPRS based tracking of coal trucks movement system has been implemented at Salanpur Area. Geo-fencing for all units of Salanpur Area is being incorporated in application software.

BCCL

Existing Rail weighbridge	-	19 Nos.
Additional proposed to be installed	-	4 Nos.
Existing Road weighbridge	-	43 Nos.
Additional proposed to be installed	-	54 Nos.
CCTV camera proposed to be installed in Road weighbridges	-	40 Nos.

Action taken for installation of GPS system on trucks transporting coal:

Work order issued 29.12.2012

Current status—The system has been installed and made operative in all areas of BCCL—Till date 620 vehicles have been fitted with VMUs.

CCL

Status of installation of Electronic Weighbridge:

Rail Weighbridges

Total Requirement	-	40

No. in use	-	35
Under installation and commissioning (will be commissioned by Mar. '14)	-	2 nos.
Supply order released	-	2 nos.
Under procurement	-	1 no.

Road Weigh Bridges

Total Requirement	-	131
No. in use	-	97
Installation completed and stamping is awaited. Commissioning in Feb. '14	-	2 nos.
by Mar. '14	-	7 nos.
Supply order released	-	5 nos.
Under procurement (Tendering done)	-	20 nos.

Action taken for installation of GPS system on trucks transporting coal:

(1) GPS/GPRS based Vehicle Tracking System has been installed in 47 nos. of HEMM at Piparwar OCP.

(2) The work order of RFID based Vehicle Tracking and Weighing Control system alongwith CCTV has been placed for Ashoka OCP. Two nos. weigh bridges (new) have been arranged for installation at Ashoka OCP. New WB installation at RCM siding and Asoka siding is completed. At both the ends one dummy weigh bridge has also been installed for trial run of the RFID system. The installation and commissioning of RFID based weighing control has been done on two nos. of Weigh Bridges and two nos. of Dummy Weigh Bridges along with control centre at GM (PPR) office. The system is under testing phase and trial run has started from January, 2014.

(3) A detailed scheme for GPS/GPRS based vehicle tracking and RFID based weighing control system along with CCTV was approved by CCL Board in a meeting held on 21.05.2013. Tendering has been done for entire CCL command area and implementation shall be done in two phases. Piparwar and NK area shall be covered during 1st phase.

  (a) Date of Implementation at NK and Piparwar Area: 31.05.2014

(b) Date of complete installation and commissioning: 30.11.2014 (All Areas)

NCL

Status of installation of Electronic Weigh Bridge:

Weigh bridges installed at par with its requirement - 32 nos.

Action taken for installation of GPS system on trucks transporting coal:

Work order for GPS based Vehicle Tracking System has been placed on 16.01.2014. The delivery of equipment is expected by 31.03.2014. The expected date of full implementation after trial period of 3 months is 31.07.2014. As Road Weigh Bridges are installed in the projects of NCL, coal is being transported through weigh bridges.

WCL

Status of installation of Electronic Weigh Bridge:

Rail Weigh Bridges install	-	26

Road Weigh Bridges

(i)	Total Road Weigh Bridges installed	-	113
(ii)	Under installation	-	22

Status of GPS based vehicle tracking system:

1. Supply order has been placed for implementation of 140 Nos., GPS units for Nagpur Area.
2. Work is under progress for GPS system alongwith weight meters/load sensors to be fitted with 39 vehicles at Gondegaon OC Nagpur area as pilot project on CIL R&D fund.

SECL

Status of installation of Electronic Weigh Bridge:

Existing	-	178
Under installation	-	08
Requirement (new projects)	-	21
Nos. of equipment's placed during year	-	04

Action taken for installation of GPS system on trucks transporting coal:

i. 05 nos. RF-ID based Boom Barrier System installation at Gevra and Dipka Areas.

ii. 03 nos. GPS based OITDS already installed at Kusmunda, Dipka and Gevra Areas.

iii. Vehicle tracking system alongwith Boom Barrier, RFID and CCTV Cameras is operational in four mines of SECL on trial run basis.

iv. Vehicle tracking system for all mines of Sohagpur Area to be operational by December, 2014.

v. Action for other mines based on performance of trial run and modification needed.

MCL

Existing Rail Weigh Bridge	-	32
120 T Rail Weigh Bridge under process of procurement	-	3
Existing Road Weigh Bridge (static)	-	83
60 T, Static Road Weigh Bridge under process of procurement	-	5

Status of installation of 100 T in motion Road Weigh Bridge:

Existing	-	27
Under Installation	-	3
Under Commissioning	-	10

Status of installation of GPS based truck monitoring system:

Tendering has been done for supply, installation, commissioning and integration of the following:

GPS/GPRS based Vehicle Tracking System alongwith onboard load censors on trucks/tippers used for Coal Production/internal Transportation (for 1500 Vehicles),

RFID based Reader with Fixed IP Camera at Road Weigh Bridges for capturing image of the vehicles and vehicle details alongwith weighment data (96 locations), and CCTV surveillance system at Railway sidings for continuous video recording – 22 locations.

19. The Committee are happy to note that the Ministry of Coal have come out with a number of initiatives to tackle the serious issue of coal theft and illegal diversion of coal. While appreciating that provisions have been made in the Fuel Supply Agreement (FSA) to prevent consumers from diverting coal for any other use than for consumption in their units alongwith a detailed verification regime. The Committee also note that initiatives have been taken up by CIL and its subsidiaries to prevent theft of coal by installation of electronic weigh bridges and GPS based truck monitoring system. The Committee earnestly hope that the Ministry of Coal/Coal India Ltd. will make all efforts to implement the planned initiatives in a time bound manner. The Committee would like to be apprised of the progress made by all subsidiaries of CIL and SCCL regarding installation of electronic weigh bridges, GPS on trucks transporting coal so as to curtail cases of theft and illegal diversion of coal.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No. 1)

COAL PRICING

The Committee note that the Central Government was empowered by the Colliery Control Order, 1945 to fix the grade-wise and colliery-wise prices of coal. The pricing of coal was fully de-regulated after the Colliery Control Order, 2000 was notified with effect from 1st January, 2000 in supersession of the Colliery Control Order, 1945. Under the Colliery Control Order, 2000 the Central Government has no power to fix the prices of coal. Further, coal has also been removed from the list of essential commodities through an amendment in the Essential Commodities Act, 1955. While fixing the prices of coal, the coal companies take into consideration general increase in price of commodities in the market leading to increase in the cost of input in the production of coal as reflected in Wholesale Price Index (WPI) and All India Consumer Price Index (AICPI), capacity of the company to absorb the increase in cost, landed cost of imported coal, impact of revision in wages of non-executive employees and revision in pay of executives as per Government guidelines as and when such revision takes place, requirement of additional resources mobilization for fresh investments in new projects to augment coal production to achieve planned production target. The Committee have been given to understand that coal prices were revised *w.e.f.* 16.10.2009 by Coal India Limited when the basic prices of F&G grades of coal (ROM-Run of Mine) were increased by 8% to 10% over the previous revision. While Coal India subsidiaries except ECL and BCCL have increased the coal price by 10%, the increase in coal price by ECL and BCCL was 15%. Further, Grade A and B coal of underground mines of ECL is being supplied to specific consumers *i.e.* National Thermal Power Corporation, Damodar Valley Corporation and State power utilities at negotiated prices. Singareni Colliery Company Limited (SCCL), has revised the prices of coal of various grades in 2004 for F&G grade coal and in 2009 for B, C, D and E grade coal. The coal prices were again revised on 01.01.2012 and 28.05.2013. The Committee feel that the increase in the price of different grades of coal adversely affect the end users including power sector and the impact of coal price increase has to be passed on to the consumers. The Committee, therefore, expect the coal companies to go in for a minimum coal price increase so that a balance could be struck between the coal price and proposed capital investment but certainly not with a view to achieving maximum profit for the organization.

Action Taken

CIL is a Public Sector Undertaking and the profit earning is not its sole objective. The pricing of coal and revision of coal prices from time to time is resorted to only when revision of coal prices becomes necessary.

At the first instance the coal companies put their best efforts to increase the efficiency to absorb the increase in input costs of coal production.

Also while revising the prices of coal, the CIL considers its impact on overall economy particularly the impact on Power Sector is worked out separately and it is ensured that the impact is minimum.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II dated November, 2014]

Recommendation (Serial No. 4)

The Committee note that though the regulated sector including power and fertilizers have largely been spared from price hike, the rationale behind price hike for non-regulated sector is beyond comprehension and rather discriminatory to this sector and to the end-consumers in particular. The Committee, therefore, recommend that a principled parity may be established as far as the coal price fixation is considered for regulated and non-regulated sectors. The Committee would like to be informed of the precise reasons and justification for having different price for different sectors, *i.e.* regulated and non-regulated in this regard.

Action Taken

Since the prices of end products of power utilities and fertilizer units are regulated by Government/regulator, any increase in the price of coal in such regulated sectors will directly hit the consumers and the common people at large, hence the price is kept low as compared to non-regulated sectors. In the non-regulated sectors *viz.* steel, cement etc., the end products are not regulated by the Government and the producing units are free to sell their end products on the rates decided in open market.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II
dated November, 2014]

Recommendation (Serial No. 6)

The Committee observes that the freight rates also impact the coal prices. It is necessary that rail freight rates for coal transport are rationalized and for this the Ministry of Coal/Coal companies should have proper coordination at sufficiently higher level in the Ministry of Railways. In this regard, the Committee would like the Ministry of Coal and CIL to explore other modes of transport also so as to ensure speedy and cost effective movement of coal.

Reply of the Government

CIL and Ministry of Coal (MoC) have been regularly raising all the important commercial issues for discussion in the Rail-Coal Interface meetings with Railway Board and coal loading Zonal Railways. Since, coal is dispatched by CIL on FOR colliery basis, CIL neither has direct say in the choice of modes of transportation by the consumers, nor is consulted by Railways to decide the freight structure. Nevertheless, alongwith various commercial decisions of Railways, like chargeable carrying capacity, demurrage charges etc. having direct bearing on the interest of CIL, issues relating to introduction of telescopic freight to provide relief to distant consumers have also been brought for discussion.

Railway is the mainstay of transportation of coal in the Country and is destined to continue in the foreseeable future. However, there is constant endeavour for developing alternative mode of transportation. Consumers in the vicinity of coalfields have been extensively using various captive modes of transportation which account for about 21% of the total dispatch of CIL. However, such alternative modes of transportation can be utilized within the vicinity of the coalfield only. Road transportation is not encouraged for various reasons including environmental impact and it cannot be an alternative mode of transportation for long-haul distance. (Presently contributing about 25% of the total dispatch of CIL.)

However the suggestion of the Committee has been noted and MoC will follow up the same with CIL and its subsidiary companies.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II
dated November, 2014]

Recommendation (Serial No. 7)

As regards production cost of coal, the Ministry of Coal have informed the Committee that about 81% of the total cost of production is fixed and the balance 19% is variable. Controllable items are mainly the expenditure incurred on account of over time paid to the workers, under loading/over loading, demurrage and power. Though the coal companies have taken measures to bring down the cost of production of coal and lignite by increasing production and productivity by rationalizing machine utilization and deployment of manpower, the Committee feels that the result in terms of cost reduction is not forthcoming. The Committee, therefore, recommend that more concrete measures including austerity measures by Coal Companies need to be taken not only to bring down the cost of production but also to enhance the reserves and profitability of the coal companies.

Action Taken

The suggestion is noted and CIL will be advised to bring down the cost of production and also to enhance the reserves and profitability of the coal companies.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II
dated November, 2014]

Recommendation (Serial No. 8)

The Committee observe that due to lower coal production against the targeted production there is shortage of coal in the country. The small scale industries as well as mega industries including the power companies are heavily dependent on coal for their survival. Demand of the coal outstrips the supply. The coal demand in the country during year 2012-13 was estimated at 772.84 million tonnes as against domestic production of 574 million tonnes leaving a gap of 198.44 million tonnes of the targeted demand. Coal India Limited has failed time and again to meet the domestic demand for coal, and to meet the same, it imports the coal. The Committee is surprised to note what exactly prompts CIL to go for e-auction of coal despite the coal shortage in the country and that too nearly 10% of the total coal produced in the country is sold through e-auction. The Committee finds that e-auction by CIL does not give a fair chance of participation to the end-users and benefits only the big traders and influential parties. The big traders may purchase through e-auction at comparatively cheaper rates by forming cartel and make small scale industries to purchase coal from them at higher rates. The Committee, therefore, recommends that the whole procedure of e-auction should be made more transparent which can also sub-serve the interest of small scale industries. The Ministry of Coal and CIL should ensure that small scale industries, small traders and end-users are not put at a disadvantage position in the process of e-auctioning under the New Coal Distribution Policy. The monopoly of big traders which deprives the small traders and users of a fair chance of participation in coal e-auction need to be checked through a more transparent regulatory and monitoring mechanism. The Committee recommends that the process of e-auction which though generates good revenue for Coal India Limited is also a big tool for manipulation and therefore, should be checked immediately. While reiterating their earlier recommendations (24th and 33rd Reports, 15th Lok Sabha) to review the present policy of e-auction to safeguard the interest of end-users, the Committee also desire that the extent of quantity of coal reserved for e-auction should be kept at a bare minimum so as to meet the domestic demand of coal to the end-users, and small scale industries in the country.

Action Taken

The Coal India is putting all efforts to increase the production but due to the following reasons the desired level of production achievement is getting affected:

(i) Delay in forest clearance and environmental clearance which has held up opening up of a number of new coal projects.

(ii) Difficulty in getting physical possession of tenancy land is also severely affecting opening of new mines and expansion of existing mines.

(iii) Law and order problem in some of the mining areas.

(iv) Non-availability of adequate logistics *viz.* railway transport facility for coal evacuation in certain coalfields.

As per NCDP, small and medium sector consumers are to be supplied coal by State nominated agencies. In order to facilitate coal availability to consumers whose requirements are seasonal and who cannot access coal through institutional process, NCDP mandates for supply of coal to such consumers through e-auction of coal.

e-Auction Scheme has been introduced as per NCDP guidelines and accordingly CIL has framed e-Auction schemes which are as follows:—

(i) Spot e-Auction Scheme 2007—Under this scheme any Indian Buyer (*viz.*) individual, personal firm, company etc. can participate in e-Auction for procurement of coal.

(ii) e-Auction Scheme, 2007 for Forward e-Auction (for sale of coal over a long period)—All consumers of coal located in India (*viz.*) proprietorship/partnership firm registered in Indian Company incorporated in India etc. desirous of getting coal supply over a long period can participate in Forward e-Auction for procurement of coal for own consumption and not for transfer or resale.

It may be seen from the above that Government of India/CIL has formulated the e-Auction Scheme to facilitate coal to even single users and the process of e-Auction is transparent and open to one and all. The Bid Price of e-Auction is the prerogative of the Bidders and the same is market driven.

As per NCDP, "around 10% of estimated annual production of CIL would initially be offered under e-auction and the quantity to be offered under e-auction would be reviewed from time to time by Ministry of Coal". Under e-auction coal companies of CIL have been offering around 10% of estimated annual production. As per Presidential Directive dated 04.04.2012, CIL was advised to reduce e-auction coal from 10% to 7% of its production progressively till the end of 12th Plan.

In order to meet the demand of power sector, it has now (2014) been decided to reduce the quantity of e-auction coal. The coal so released could be made available in the linkage pool which could be supplied to the power sector.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II
dated November, 2014]

Recommendation (Serial No. 9)

The information and data provided by Ministry of Coal and Coal India Limited and its subsidiaries to the Committee clearly reveal that there have been different coal rates for different coal grades across different subsidiaries of CIL earlier in Useful Heat Value (UHV) based system of pricing of coal. Though, CIL has submitted before the Committee that now the prices of the given grade of coal is same for most of the companies, it is really ironical that the same grade of coal is being sold at different prices even today in Gross Calorific Value (GCV) based system for Rajmahal of Eastern Coalfields Ltd.(ECL) and Western Coalfields Limited (WCL). The Committee observes that there is no Common Policy for fixation of Coal prices in the country like the petroleum companies which sell petrol and diesel at almost same rates across different petroleum companies.

Also, this ambiguity regarding different coal prices across different coal companies is a reason for dissatisfaction and unfairness to end-users. The Committee, therefore, are of the opinion that having uniform prices across all grades of coal by all the coal companies is essential not only from point of marketing and linkages, but also for protecting the interests of the end-users. The Committee, therefore, strongly recommends that CIL should come up with a National Policy for Coal Prices applicable to all Coal Companies and the Committee be apprised of the steps taken in this regard.

Action Taken

While switching over from UHV based system to GCV based system of grading and pricing, efforts were made to ensure that the pricing of coal by CIL is uniform for all the subsidiaries by and large. However, there were two exceptions: Rajmahal Coalfields of ECL and WCL coal which is justified on the grounds as mentioned below:—

Differential prices of Rajmahal coal

The ECL is under BIFR and maximum coal is produced from Rajmahal OC Mine, which contribute 39% of total projected coal production for the financial year 2013-14 as such a considered view was taken to give additional price weightage @ Rs.300/- per ton to Rajmahal coal so that there may be rational pricing and also ECL may get reasonable revenue to come out of BIFR.

Pricing in respect of WCL

The WCL mines are situated in the nearby vicinity of SCCL. Historically, the Notified Prices of WCL coal were kept by and large at par with the Prices applicable for the Singareni Collieries Co. Ltd. (SCCL), in view of the similarity of the geographical, Seam, Geo-Mining condition and market conditions between these two neighbouring coal companies. Secondly the stripping ratio at WCL is comparatively higher than other subsidiaries and also coal production is being done from small patches due to which the cost of production becomes higher. The O.B. ratio is also not favourable in general. Considering above the WCL coal prices were fixed at a price higher than the prices notified for other subsidiaries.This was also applicable during the UHV regime.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II
dated November, 2014]

Recommendation (Serial No. 11)

The Committee has been apprised that the new coal price policy approved by the Government allows power companies to pass on burden of expensive imported coal on to the consumers. To meet its balance Fuel Supply Agreements (FSAs) with power companies, CIL may import coal and supply the same to the willing Thermal Power Plants on cost plus basis. Under the proposed pass-through mechanism, approved by Cabinet Committee on Economic Affairs (CCEA), the entire additional cost of imported coal would be passed on to consumers as against averaging of prices of imported and domestic coal under the earlier planned price-pooling mechanism. The Committee feels that this decision of the Government is likely to increase electricity tariffs further. The Committee are perturbed to note that the decision will only help the power companies, especially in private sector, who will be the main beneficiary of the decision as they will not pass on the benefits to the consumers. The interests of the consumers have thus been ignored and an additional burden of higher coal price subsequently resulting in higher electricity tariffs have been put on them. The Committee, therefore, recommend the Government to review this new coal price policy in the interest of consumers so as not to pass this additional burden on to them.

Action Taken

A proposal was placed before the Cabinet Committee of Economic Affairs (CCEA) to consider various options to augment coal supplies to the Thermal Power Plants (TPPs) in the country. The proposal of Pooling of Price of domestic Coal with imported Coal was considered by the CCEA in its meeting held on 21.06.2013. The Government had approved supply of coal to the identified 78,000 MW power plants commissioned or to be commissioned during the period between 01.04.2009 and 31.03.2015. The supply of overall domestic coal to these project was restricted to 65%, 65%, 67% and 75% during remaining 4 years of the 12th Plan, subject to the availability of coal. Actual supplies would, however, be available when the required long term Power Purchase Agreements (PPAs) are tied up. To meet the balance Fuel Supply Agreement (FSA) obligations, Coal India Limited (CIL) was to import coal and supply the same to the willing TPPs on cost plus basis. The TPPs can also import coal themselves. Accordingly, CIL was directed to implement the decisions of CCEA *vide* Presidential directive issued on 17.07.2013.

While approving the proposal for import of coal, the CCEA had also approved that pass through mechanism would be as per the modalities suggested by CERC. Based on advisory of MoP to CERC/SERCs, including modifications if any, in the bidding guidelines, the appropriate Commission would decide the pass through of higher cost of imported coal/market fuel on a case to case basis based on the pleadings of the parties and provisions of the concerned PPA after hearing all the stakeholders. Thus, appropriate safeguards were built in the mechanism so that additional cost of imported coal would be passed on to consumers only after strict scrutiny by appropriate Commissions.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II
dated November, 2014]

Recommendation (Serial No. 12)

COAL ROYALTY

Royalty is an amount payable by a lessee to the lessor for removing or consuming a mineral. Section 9 (1) of the Mines and Minerals (Development and Regulation) Act requires the holder of a mining lease or his agent, manager, employee, contractor or sub-lessee to pay royalty in respect of any mineral removed or consumed from the leased area at the rate specified in the Second Schedule of the Act. Section 9(3) of the MMDR Act, empowers the Central Government to enhance or reduce the royalty rates in respect of any mineral by notification. For fixing the rate of royalty on coal/lignite. The Ministry of Coal constitutes a study group headed by the Additional Secretary for fixing the rate of royalty on coal. The Study Group takes the views of all the stakeholders like the coal producing and consuming States and the major consumer sectors such as power, iron and steel, cement etc. After taking the views of all the stakeholders and other relevant factors, the study group makes its recommendations to the Ministry. The Ministry have informed the Committee that a Study Group was constituted in 2005 under the Chairmanship of Addl. Secretary (Coal) with the representatives of Ministries of Mines, Power, Coal Companies, CMPDIL and Federations of industries like FICCI and FIMI to decide the rates of royalty. Considering complexities involved in the issue of payment of royalty on *ad-valorem* basis *vs* tonnage basis, the issue was referred to the Economic Advisory Council to the Prime Minister (EAC). Based on the recommendations of Economic Advisory Council of the Prime Minister the rates of royalty on coal and lignite have been revised with effect from 01.08.2007.

The royalty rates were last revised *w.e.f.* 10.05.2012. These are being calculated as a combination of specific and *ad-valorem* rates of royalty *i.e.* R(Royalty Rupees/tonne)= a+bP where 'P' (price) shall mean basic pithead price of ROM(run-of-mine) coal and lignite as reflected in the invoice, excluding taxes, levies and other charges; 'a' represents the fixed component and 'b' represents the variable or *ad-valorem* component. The value of 'b' has been fixed as 5% and the value of 'a' fixed for different grades of coal. The representative of the Ministry of Coal tried to explain the formula worked out by the Economic Advisory Committee of the Prime Minister on Payment of Royalty to the Committee during the course of evidence but failed to convince the Committee the justification for having such a formula. According to the Committee, the formula evolved is not only ambiguous but has been worked out without any sound basis. The Committee would like the Ministry to have a relook at this cumbersome formula and come out with a simpler and workable formula. The Committee observe that EAC to Prime Minister had also recommended that the parameters of 'a and 'b' in the suggested formula have to be set so as to moderate the variation in the royalty on account of variation in price. It was also suggested that 'b' be kept at 5% for all grades of coal. The Committee has failed to understand the justification for keeping 'b' at 5% for all grades of coal. The fact remains that the formula suggested is devoid of clarity. The Committee would like to be apprised about the rationale for keeping 'b' at 5% for all grade of coal.

Action Taken

The matter regarding determination of royalty on *ad-valorem* basis was referred for study to two Committees, namely, the Economic Advisory

Council to Prime Minister (EAC) and the Committee on Royalty set up by the Ministry of Coal in the year 2005. Both these Committees had examined this issue at length in consultation with all stakeholders. Taking into consideration, the submissions made by all stakeholders, the interest of the coal producing States, the consumers and the economy as a whole, the two Committees have concluded that since it is not the right time to switch over to full-fledged *ad-valoraem* regime of royalty, adaptation of a formula, which has a combination of specific and *ad-valoraem* rates of royalty would be best sub-serve the interest of all the stakeholders as well as the country.

Accordingly, the rates of royalty on coal and lignite were revised with effect from 01.08.2007 on a hybrid formula, based on combination of specific and *ad-valorem* rates of royalty. The formula stipulated is as under:—

R (Royalty Rupees/tonne) = a + bP

Where 'P' (price) shall mean basic pithead price of ROM (run-of-mine) coal and lignite as reflected in the invoice, excluding taxes, levies and other charges and the values of 'a' (fixed component) and 'b' (variable or *ad-valorem* component).

As regards keeping the variable or *ad-valorem* component *i.e.* 'b' at 5%, it is stated that royalty rates in India at that time were already higher than prevailing in other major coal producing countries. The Committee on royalty felt that the value of 'b' be kept at 5% and the fixed component may be calibrated so that the weighted royalty rates may continue to be about 15% of the pithead coal price. The recommendations were accepted by the Government.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II
dated November, 2014]

Recommendation (Serial No. 18)

The Committee take a serious note of the rampant incidents of coal theft in coal mining areas. There are also complaints regarding misuse of coal and diversion of coal from end-users. The Committee feel that coal thefts and black marketing of coal has a direct bearing on the coal distribution in the country and is also responsible in some way for coal shortage in country. Coal theft, directly or indirectly, disturbs the demand-supply equation of coal in the country which is reflected in coal price dynamics also in a subtle and latent manner. The Ministry of Coal and CIL have submitted before the Committee about their limitation and difficulty to check and monitor the same. The Committee observe that the actions are taken only when there are complaints.

The Committee are of the opinion that there is an urgent need to keep strong vigilance and there should be a monitoring mechanism put in place as far as this issue is concerned. The end-user verification and checking on coal theft from coal mines is a joint responsibility of coal field managers and State enforcement authorities. The Committee feel that coal field managers should have better coordination with the State enforcement authorities in this regard and wherever irregularities are found, strict action must be taken as per law. The Committee strongly recommend that Ministry of Coal and Coal PSUs should set up a sophisticated and integrated Global Positioning System (GPS)/General Packet Radio Service (GPRS)/Radio Frequency Identification (RFID) and Closed Circuit Television (CCTV) Camera mechanism in all their coal fields so as to monitor and check the coal theft from coal mines and end-user verification on continuous basis and more effectively.

Action Taken

The Coal mines are widely scattered and located in different geographical states. The mining operations are being carried out by the field Managers with very little or negligible administrative control over the surrounding areas. Generally local people or somewhere organized groups are involved in coal theft at different locations. Illegal mining is a problem being faced by coal producing units and it can be checked only with the effective State intervention as law and order is a State subject.

As regards verification of end-use of coal by allottees of coal, it is to inform that NCDP of the Government of India has already recognized the menace posed by diversion of coal and has advised that coal be used efficiently and economically so as to avoid wastage of the fuel. To abide by this direction, elaborate provision has been kept in the Fuel Supply Agreement (FSA) to ensure that the consumer does not divert any coal and use it only for their consumption in their units. A verification process through detailed document verification to ensure end-use of coal has been approved by CIL Board which has been implemented by all coal supplying companies.

To prevent theft of coal, different subsidiaries of CIL have taken initiatives to install more number of electronic weighbridges and GPS based truck monitoring system.

Present status of operating weighbridges against required number of weighbridges and additional action taken to install weighbridges and installation of GPS system on trucks transporting coal is given below:—

ECL

Status of installation of Electronic Weigh Bridge:

Requirement	-	117
Total on roll	-	85
Work order placed and under execution	-	27
Tender invited	-	5

Action taken for installation of GPS system on trucks transporting coal:

GPS/GPRS based tracking of coal trucks movement system has been implemented at Salanpur Area. Geo-fencing for all units of Salanpur Area is being incorporated in application software.

BCCL

Existing rail weigh bridge	-	19 Nos.
Additional proposed to be installed	-	4 Nos.
Existing road weigh bridge	-	43 Nos.
Additional proposed to be installed	-	54 Nos.
CCTV camera proposed to be installed in road weighbridges	-	40 Nos.

Action taken for installation of GPS system on trucks transporting coal:

Work order issued 29.12.2012

Current status - The system has been installed and made operative in all areas of BCCL—Till date 620 vehicles have been fitted with VMUs.

CCL

Status of installation of Electronic Weigh Bridge:

Rail Weigh Bridges

Total Requirement	-	40
No. in use	-	35
Under installation and commissioning (will be commissioned by Mar. 14)	-	2 nos.
Supply order released	-	2 nos.
Under procurement	-	1 no.

Road Weigh Bridges

Total Requirement	-	131
No. in use	-	97
Installation completed and stamping is awaited. Commissioning in Feb. 14	-	2 nos.
by Mar. 14	-	7 nos.
Supply order released	-	5 nos.
Under procurement (Tendering done).	-	20 nos.

Action taken for installation of GPS system on trucks transporting coal:

(1) GPS/GPRS based Vehicle Tracking System has been installed in 47 nos. of HEMM at Piparwar OCP.

(2) The work order of RFID based Vehicle Tracking and Weighing Control system along with CCTV has been placed for Ashoka OCP. Two nos. weighbridges (new) have been arranged for installation at Ashoka OCP. New WB installation at RCM siding and Asoka siding is completed. At both the ends one dummy weighbridge has also been installed for trial run of the RFID system. The installation and commissioning of RFID based weighing control has been done on two nos. of Weighbridges and two nos. of Dummy Weighbridges along with control Centre at GM (PPR) office. The system is under testing phase and trial run has started from January-2014.

(3) A detailed scheme for GPS/GPRS based vehicle tracking and RFID based weighing control system along with CCTV was

approved by CCL Board in a meeting held on 21.05.2013. Tendering has been done for entire CCL command area and implementation shall be done in two phases. Piparwar and NK area shall be covered during 1st phase.

(a) Date of Implementation at NK and Piparwar Area : 31.05.2014

(b) Date of complete installation and commissioning: 30.11.2014 (All Areas)

NCL

Status of installation of Electronic Weigh Bridge:

Weigh bridges installed at par with its requirement - 32 nos.

Action taken for installation of GPS system on trucks transporting coal:

Work order for GPS based Vehicle Tracking System has been placed on 16.01.2014. The delivery of equipment is expected by 31.03.2014. The expected date of full implementation after trial period of 3 months is 31.07.2014. As Road Weigh Bridges are installed in the projects of NCL, coal is being transported through weigh – bridges.

WCL

Status of installation of Electronic Weigh Bridge:

Rail Weigh Bridges installed - 26

Road Weigh Bridges

(i) Total Road Weigh Bridges installed - 113

(ii) Under installation - 22

Status of GPS based vehicle tracking system:

1. Supply order has been placed for implementation of 140 Nos., GPS units for Nagpur Area.

2. Work is under progress for GPS system along with weight meters/load sensors to be fitted with 39 vehicles at Gondegaon OC Nagpur area as pilot Project on CIL R&D fund.

SECL

Status of installation of Electronic Weigh Bridge:

Existing	-	178
Under installation	-	08
Requirement (new projects)	-	21
Nos. of equipment's placed during year	-	04

Action taken for installation of GPS system on trucks transporting coal:

i. 05 nos. RF ID based Boom Barrier System installation at Gevra and Dipka Areas.

ii. 03 nos. GPS based OITDS already installed at Kusmunda, Dipka and Gevra Areas.

iii. Vehicle tracking system along with Boom Barrier, RFID and CCTV Cameras is operational in four mines of SECL on trial run basis.

iv. Vehicle tracking system for all mines of Sohagpur Area to be operational by December, 2014.

v. Action for other mines based on performance of trial run and modification needed.

MCL

Existing Rail Weigh Bridge	-	32
120 T Rail Weigh Bridge under process of procurement	-	3
Existing Road Weigh Bridge (static)	-	83
60 T, Static Road Weigh Bridge under process of procurement	-	5

Status of installation of 100 T in motion Road Weigh Bridge:

Existing	-	27
Under Installation	-	3
Under Commissioning	-	10

Status of installation of GPS based truck monitoring system:

Tendering has been done for supply, installation, commissioning and integration of the following:

GPS/GPRS based Vehicle Tracking System along with onboard load censors on trucks/tippers used for Coal Production/internal Transportation (for 1500 Vehicles),

RFID based Reader with Fixed IP Camera at Road Weigh Bridges for capturing image of the vehicles and vehicle details along with weighment data (96 locations), and CCTV surveillance system at Railway sidings for continuous video recording – 22 locations.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II dated November, 2014]

CHAPTER III

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

Recommendation (Serial No. 3)

The Committee are of the view that the philosophy behind nationalization of coal sector was to ensure the availability of coal to power sector and other end-users to boost the national economy rather than making huge profits by coal companies by frequent revisions in coal rate. The Committee understands that while meeting the coal demand from different sectors, CIL and its subsidiaries have to make profit for its sustainability. Therefore, there is a need to strike a balance between coal production and coal price. The Committee strongly recommend that while calculating the coal prices or going in for revision of coal prices, CIL and its subsidiaries should endeavour for revenue neutrality as far as possible so as to put minimum burden on coal consumers thus securing their interest and welfare.

Action Taken

Budgetary support from Government of India to CIL has been withdrawn long back and it has to sustain its operations with its own generated resources. While considering revision in coal prices, CIL *interalia* considers increase in input costs, compensate the additional cost due to revision of pay of executives and wages of non-executives as per National Coal Wage Agreement and maintain reasonable level of overall profitability of CIL so that there is adequate reserve and surplus available for new investments.

After 10% disinvestment of shares of CIL, it is now a listed company, accountable to its shareholders and to have to perform at optimum level to have the confidence of investors.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II
dated November, 2014]

Recommendation (Serial No. 10)

The Committee have been apprised by the Ministry of Coal and CIL that international prices are also one of the factors in coal price fixation and therefore domestic coal prices are increased or decreased accordingly as per increase or decrease in international coal prices, now and then. But, Committee notice that there is no clarity, rules or guidelines regarding immediate calling of Board Meeting of CIL so as to quickly catch up with the trends in international market and commensurate it with the domestic market in case of sudden increase or decrease in international coal prices. The Committee also observe that though the Ministry of Coal/CIL are very prompt to review or revise the domestic coal prices in case of any increase in international price of coal but the same exercise of discretionary powers for short term period review of coal prices are hardly practised so far as the issue of decreasing domestic coal price in tune with decreasing international coal prices are concerned. The Committee, therefore, recommends that CIL Board should have meetings for immediate review of domestic coal prices in tune with trends in international market, both in cases of increase and decrease in international coal prices as it has a direct bearing on the consumers and other stakeholders. The Committee desire that CIL should lay down clear guidelines in this regard.

Action Taken

The prices of Higher Grades of non-coking coal are by and large maintained at import parity prices, in line with the guidelines of the Government of India as envisaged in the Integrated Energy Policy, as reproduced below:

High quality coking and non-coking coal which is exportable should be sold at export parity prices as determined by import price at the nearest port minus 15%.

In this regard it is stated that recently during the price revision applicable *w.e.f.* 28.05.2013 the prices of higher grades of coal *i.e.* G3 and G4 have been decreased in line with the decreasing trend of the equivalent grade of imported coal prices.

For the lower GCV coals, which are mainly supplied to regulated sector where the price is low in comparison to the equivalent imported coal price, the price was increased for the GCV band *w.e.f.* 28.05.2013 to maintain the overall revenue neutrality to the extent possible.

If all the GCV bands of coal are priced on import parity prices, the prices of lower grades of coal will increase abnormally and may impact the regulated sectors like power.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II
dated November, 2014]

CHAPTER IV

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

Recommendation (Serial No. 2)

The Committee note that the requirement of funds for additional resource mobilization for fresh investments in new coal projects and modernization of existing mines for augmentation of production to achieve planned production target, is also added as a factor for determining the coal prices by the Coal PSUs. The Committee are not convinced with the argument put forward by the Government/CIL that investment in the new projects is one of the factors in coal price fixation. The Committee fail to understand as to how CIL and its subsidiaries can add estimated cost of a future project which has not yet started and may take years together to complete in fixing coal prices which ultimately put extra burden on consumers. The Committee feel that considering investments in future projects as one of the factors for determining coal price is against the sound principles of logic and economics. The Committee, therefore, strongly recommend that such cost estimations for new projects be kept out for fixation of coal price so as to secure the interest of common consumers.

Action Taken

As per guidelines of Government of India, Internal Rate of Return (IRR) of minimum 12% is required to be ensured for opening up a new mine. In practice, some mines, specially UG mines, are being operated despite incurring losses.

It is necessary for CIL that coal prices are set at a level at which the financial viability of new coal projects and CIL is ensured as per the Government guidelines.

Further, modernization of existing mines for augmentation of production to achieve planned production involves additional investment for which surpluses generated from profit is utilized.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II
dated November, 2014]

Recommendation (Serial No. 5)

The Committee notes that in a de-regulated regime of coal prices, the coal companies are free to revise the rates at will without having any consultation with different stakeholders, particularly, the consumers. The latest revision in coal rates by Coal India Limited is bound to impact steel and cement industries which have been put under non-regulated sector. Steel companies which use sponge iron as raw material are also likely to be affected as 30% increase in non-coking coal price will adversely affect the profitability of sponge iron producers. Since the Government has no control over coal price, the need for having a regulatory mechanism for coal sector has been felt since long. The Committee observes that the Planning Commission had also recommended creation of an independent coal regulatory authority which would have power to comprehensively handle coal resource development, regulation on extraction, end use, etc. including pricing and mine safety issues. In any event Central Government must constitute one coal pricing Regulatory Committee consisting of representatives of Coal companies, Central Government, each State which produces coal, representatives of customer, power generation and an expert. The expert should head the Committee. The Committee has been apprised that creation of a permanent Coal Regulator Authority has been approved by the Cabinet and a Bill is going to be introduced soon in Parliament in this regard to give it a statutory status. The Committee desire the Ministry of Coal to bring in the much needed coal regulator for coal sector at least coal pricing regulatory committee expeditiously in the interest of all stakeholders. The Committee would like to be apprised of the action taken by the Ministry within three months.

Action Taken

Various committees like the Energy Coordination Committee, the Sankar Committee, Working Group on Coal for XI Plan recommended for setting up of an independent regulatory authority for coal sector. Based on these recommendations and after due consultations with all concerned Ministries/Departments, the draft Bill was approved by the Cabinet on 27.06.2013. the same has been introduced in the Lok Sabha on 13.12.2013.

Major functions envisaged for the proposed Coal Regulatory Authority are:—

- Specify by regulation methods of testing for declaration of grades or quality of coal;
- Monitor and enforce closure of mines as per approved mine project plan towards closure of mine;
- Ensure adherence to the approved mining plans;
- Specify the principles and methodology for determination of price of raw coal and washed coal or any other by-product generated during the process of washing;
- Call for information, record or the documents from the entities and publish statistics and other data in relation to the coal industry;
- Specify the standards of performance and norms of operational efficiency except in the area related to mines safety;
- Specify procedure for automatic coal sampling and weighment;
- Have an advisory role on formulation of policies in coal sector.

On the dissolution of the 15th Lok Sabha, the Coal Regulatory Authority Bill, 2013 has lapsed as per the provisions of Article 107(5) of the Constitution of India. It is proposed to hold further Inter-Ministerial consultations in the matter.

Also pending legislation of 'The Coal Regulatory Authority Bill, 2013' a non-statutory Coal Regulatory was proposed to be set up and a Government Resolution was published in the Gazette of India on 04.03.2014. Since the non-statutory Coal Regulator, is having only advisory role and none of the statutory or adjudicatory powers has been assigned to it, it has also been decided by the Competent Authority that the Government resolution dated 04.03.2014 may be rescinded.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II
dated November, 2014]

CHAPTER V

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

Recommendation (Serial No. 13)

The Committee note that State of West Bengal has strongly opposed the differential treatment meted out to the State in matters of royalty, etc. In the Mines and Minerals Development and Regulation Bill, 2011(MMDR), the rates of royalty on major minerals have been specified in the Second Schedule to the bill. In the Bill, rates of royalty proposed for different grades of coal produced in West Bengal are different from other States. While the rates of royalty for West Bengal are specific, the rates of other States are a combination of specific and *ad valorem* rates of royalty and much higher than the rates proposed for West Bengal. The State of West Bengal has been treated differently from other States since the year 1991 in the matter of rate of royalty to be charged on coal because the State of West Bengal imposes cess on coal. The Committee in their Report on MMDR Bill, 2011 submitted to Parliament on 8.5.2013 have observed that this differential treatment to West Bengal in the matter of fixation of rates of royalty *vis-à-vis* other States, who do not impose cess, is unjustified, as the State Government is empowered under the Constitution to impose cess on coal. The royalty on coal and cess on coal bearing land are levied and collected on the basis of powers assigned to the States under two different entries in Constitution, namely, Entry No. 49 – Taxes on lands and buildings and Entry No. 50 – Taxes on mineral rights, subject to any limitations imposed by Parliament by law relating to mineral development. The Parliament has not imposed any limitation on the taxing power on the mineral rights which the State can impose under Entry No. 50 of the State List. The Committee are also apprised that the issue of propriety of imposition of cess on coal bearing land by the Government of West Bengal has been settled by the Hon'ble Supreme Court in favour of the State in Civil Appeal Nos. 1532-33/93 in the matter of State of West Bengal *versus* Kesoram Industries and Others in January, 2004. The Committee, therefore, reiterate their earlier recommendation (36th Report on MMDR Bill, 2011) and desire that the royalty for different grades of coal should be kept same in all States including State of West Bengal in all fairness and the Government in this regard may take appropriate action to amend Schedule-II of the MMDR Bill, 2011 by fixing rate of royalty same to all States.

Action Taken

The Economic Advisory Council (EAC) to the Prime Minister in October, 2005 had recommended that any revision in royalty should not be made applicable automatically to the States, which levy their own cesses. It is due to this that the State of West Bengal who levied cess has not been given the benefit of increasing rates of royalty since 1981. The seventh Study Group set up by Ministry of Coal in 2010 to revise the rates of royalty, also could not get any assurance from the Government of West Bengal regarding withdrawal of cess, as such the benefit of present rates of royalty on coal @14% *ad-valorem* on price of coal was not extended to the State of West Bengal.

As far as cesses levied by the State Governments is concerned, the respective High Court and the Supreme Court had struck down in 1989 and 1991 the cesses levied by many State Governments on Minerals or mining rights as well as other taxes of the State Governments, which were in the nature of tax on royalty. The cess Acts of the Government of West Bengal were challenged in a petition of M/s. Kesoram Industries Ltd. before the High Court of Calcutta. The High Court passed an order on 25.11.1992 holding the provisions relating to levy and collection of cesses under the Cess Act, 1880, the West Bengal Primary Education Act, 1973 and the West Bengal Rural Employment and Production Act, 1976 as *ultra vires* of the Constitution. Against this order, the Government of West Bengal field an SLP in the Supreme Court. The Supreme Court held that the State is competent to levy the impugned cess in as much as the levy of said cess is not on coal but on coal bearing land. Hence, the West Bengal Government has continued to collect cess on coal. At one point of time it was as high as 45%. Since the coal produced in West Bengal was getting priced out and the coal companies in the State were facing severe financial crisis, the State Government had scaled down the rates of cess to 25% *ad-valorem*. During the 1994 revision as well, the State of West Bengal had been kept out of the enhanced royalty rates because the State Government continued to levy and collect cesses. They continue to levy cess at these rates at present.

However, on the question of leving of a cess/taxes on mineral bearing land by State Legislature, the matter has been referred to a nine judge bench in Supreme Court. The said case is pending in the Supreme Court.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II
dated November, 2014]

Recommendation (Serial No. 14)

The Committee observe that the issue of levy of cess on coal by different States continues to remain a bone of contention between Centre and States and remain a cause of concern for the coal industry. The Committee feel that excepting coal mines and lignite, State Government is the owner of the mines. Therefore, free hands should be given to the State Government for imposing cess. The Committee while reiterating their earlier recommendation regarding collection of cess by States in 36th Report ["The Mines and Mineral (Development and Regulation) Bill, 2011"] recommend that the State Government may by notification specify the rate of Cess to be levied in case of major minerals and minor minerals excepting coal and lignite and minor mineral according to the State Governments' wisdom and in case of coal and lignite at a rate not exceeding fifty per cent by introducing appropriate legislation in States. The Committee would like the Ministry to come out with a permanent solution to the issue of levying cess by different States after having due consultations with all the concerned States. Irrespective of charging cess by different States, the Committee feel that royalty of each State should be equal and on the basis of grades of coal. The Committee feel that share of royalty which States be entitled to be paid to them immediately after receiving it by the coal companies from the Central Government.

Action Taken

The issue of levy of cess on coal continues to remain a cause of concern for the coal company as any cess over and above royalty distorts coal pricing significantly. As stated earlier, the Economic Advisory Council (EAC) to the Prime Minister in October, 2005 had recommended that any revision in royalty should not be made applicable automatically to the States, which levy their own cesses.

In the wake of a judgment passed by the Constitution Bench of the Supreme Court in State of West Bengal *vs.* Kesoram Industries Ltd. and Others, a number of States have re-introduced cess or other statutory levies on mineral bearing land. The decision of the Supreme Court in the above matter along with the decision in India Cement Ltd. vs. The

State of Tamilnadu, on the question of leving of a cess/tax on mineral bearing land by State Legislature, has been referred to a nine judges bench in Supreme Court. The matter is pending in the Supreme Court.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II
dated November, 2014]

Recommendation (Serial No. 15)

The Committee note that low royalty rates and their infrequent revision has become an important irritant in the realm of Centre-State Financial Relations. The Committee are constrained to observe that one of the major factors for the downward trend of royalty is the absence of a clear cut policy on the subject. The system of royalty as prevailing in the country is riddled with complications. The Committee has been informed that though coal and lignite minerals belong to States, the royalty rates are fixed by the Central Government and the grievances of the concerned States are not adequately addressed by the Central Government before taking a final decision in this regard. There are several grades of coal and royalty rates differ from one category to another. Sometimes, rates differ from one company to another.

The lignite rates also differ from coal rates. Since the issue of royalty is riddled with complexities, the committee feels that there is a greater need that the issue be looked at in a larger perspective keeping in view the growing needs of the States. The rationalization of royalty rates and the timely revision will not only help the backward mineral rich States to improve their non-tax revenues but will also go a long way in improving Central-State Financial Relations. The Ministry of Coal ought to adopt a holistic approach of the problem and work out a plausible solution. It is pertinent to note that non-revision of royalty rates for many years has led to decline in the royalty income of the States. The Committee, therefore, recommends that the Ministry should bring out a clear cut policy on royalty acceptable to coal producing States which could be revised at periodical intervals. The Committee, therefore, urges the Ministry of Coal to address the grievances of affected States by having frequent interactions with the concerned States at the appropriate level.

Action Taken

The Section 9(3) of the MMDR Act, 1957 empowers the Central Government to enhance or reduce the royalty rates in respect of any mineral by notification in the Official Gazette with effect from such date as may be notified. The provision to Section 9(3) of the Act prevents the Central Government from enhancing the rate of royalty in respect of any mineral more than once during any period of three years and there is no power to the Central Government to revise royalty rates during such period.

Ministry of Coal constitutes a Study Group from time to time for revision of rates of royalty on coal under the Chairmanship of Additional Secretary with representatives from Ministry of Mines, Power, Coal India Limited (CIL), Central Mine Planning and Design Institute Limited (CMPDIL), Federation Chamber of Commerce of India (FICCI) and Federation of Indian Mineral Industries (FIMI). The Committee holds consultations with all the stakeholders which include coal producing/ consuming States, major coal consumers *viz.* NTPC, Cement manufactures etc. and their grievances/suggestions are duly addressed.

The 8th Study Group has been constituted on 21.07.2014 to consider revision of rates of royalty on coal under the Chairmanship of Additional Secretary, Ministry of Coal with representatives from Ministries of Power, Mines, Coal India Limited (CIL), Federation Chamber of Commerce of India (FICCI), Federation of Indian Mineral Industries (FIMI) and Central Mine Planning and Design Institute Limited (CMPDIL) as members of the Study Group. First meeting of the Study Group was held on 09.10.2014. The revision of royalty is not due before 10.05.2015

[Ministry of Coal O.M. No. 54012/3/2013-CA-II
dated November, 2014]

Recommendation (Serial No. 16)

The Committee observes that while the prices of coal have been revised quite frequently, (nearly 7 times since deregulation) the rates of royalty have not been revised simultaneously. The plea of the coal producing States for an upward revision of the rate of royalty merits consideration on the ground that they lose heavily if the rates of royalty are not commensurate with revision in the administered price of coal and lignite. The Committee, therefore, recommends that in case royalty cannot be revised for some reasons, the Centre should compensate the States through an equivalent matching grant.

Action Taken

The Government has notified a new royalty rate structure on coal and lignite *w.e.f.* 10.05.2012 @ 14% *ad-valorem* on the price of coal, as reflected in the invoice, excluding taxes, levies and other changes and the rate of royalty on lignite has been revised @ 6% *ad-valorem* on transfer price of lignite as ratified by the Central Electricity Regulation Commission and if lignite sold to other consumers the royalty shall be 6% *ad-valorem* on the price of lignite as reflected in the invoice excluding taxes, levies and other charges.

Thus the amount of royalty will automatically get revised as and when the prices of coal are revised.

The 8th Group has been constituted on 21.07.2014 to consider revision of rates of royalty on coal under the Chairmanship of Additional Secretary, Ministry of Coal with representatives from Ministries of Power, Mines, CIL, FICCI, FIMI and CMPDIL as members. First meeting of the study Group was held on 09.10.2014. The revision of royalty is not due before 10.05.2015.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II
dated November, 2014]

Recommendation (Serial No. 17)

The Committee has been informed by the Ministry that a need was felt for quite some time, to determine a methodology for calculation of royalty, chargeable on coal produced from captive mines/blocks. The Government also included another term of reference *viz* "to determine the basis of fixation of royalty on the coal produced from captive blocks". The Ministry are reported to have sought the views of stakeholders, coal producers, consumers and coal bearing States. The replies on the questionnaire from the concerned stakeholders were examined in detail by a Study Group who has submitted its report to the Government. The Committee would like the Ministry to announce new royalty rates only after the suggestions/views from different stakeholders are taken into consideration and a balance should be maintained as far as securing the interests of the various stakeholders is concerned.

Action Taken

As stated earlier, Ministry of Coal constitutes a Study Group from time to time for revision of rates of royalty on coal under the Chairmanship of Additional Secretary with representatives of the Ministry of Mines, Power, CIL, CMPDIL, FICCI, FIMI. The Committee seeks comments of all the stakeholders which includes coal producing/consuming States, major coal consumers *viz.* NTPC, Cement manufactures etc. and after duly addressing their grievances/suggestions a balance is maintained as far as securing the interests of the various stakeholders is concerned regarding the fixation of royalty rates.

The 8th Group has been constituted on 21.07.2014 to consider revision of rates of royalty on coal under the Chairmanship of Additional Secretary, Ministry of Coal with representatives from Ministries of Power, Mines, CIL, FICCI, FIMI and CMPDIL as members. First meeting of the study Group was held on 09.10.2014. The revision of royalty is not due before 10.05.2015.

[Ministry of Coal O.M. No. 54012/3/2013-CA-II dated November, 2014]

NEW DELHI;
23 *April*, 2015
03 *Vaisakha*, 1937 *(Saka)*

RAKESH SINGH,
Chairperson,
Standing Committee on Coal and Steel.

ANNEXURE I

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 22 APRIL, 2015 IN ROOM NO. '112', FIRST FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1600 hrs. to 1630 hrs.

PRESENT

Shri Rakesh Singh—*Chairperson*

MEMBERS

Lok Sabha

2. Shri A. Arunmozhithevan
3. Shrimati Jyoti Dhurve
4. Shri Faggan Singh Kulaste
5. Dr. Banshilal Mahato
6. Shrimati Ranjit Ranjan
7. Shri Neiphiu Rio
8. Shri Tathagata Satpathy
9. Shri Janardan Singh "Sigriwal"
10. Shri Pashupati Nath Singh
11. Shri Sunil Kumar Singh

Rajya Sabha

12. Shri Ali Anwar Ansari
13. Dr. Pradeep Kumar Balmuchu
14. Dr. Satyanarayan Jatiya[#]
15. Shri Sanjay Raut
16. Shri Dilip Kumar Tirkey

SECRETARIAT

1.	Shri Shiv Singh	—	*Joint Secretary*
2.	Shri Ajay Kumar Garg	—	*Director*
3.	Shri Arvind Sharma	—	*Additional Director*
4.	Ms. Miranda Ingudam	—	*Under Secretary*

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

3. The Committee thereafter took up for consideration the following Draft Reports:—

(i) *** *** *** *** ***

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

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

(iv) Draft Action Taken Report on 49th Report (15th Lok Sabha) on the subject "Coal Pricing and Issues relating to Coal Royalty" of the Ministry of Coal;

4. The Committee adopted the Reports without any changes/ modifications. The Committee then authorized the Chairman to finalise the Reports on the basis of factual verification from the concerned Ministry and present the same 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 OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE FORTY-NINTH REPORT OF THE STANDING COMMITTEE ON COAL AND STEEL

I. Total No. of Recommendations made: 18

II. Recommendations that have been accepted by the Government:

(*vide* Recommendation at Sl. Nos. 1, 4, 6, 7, 8, 9, 11, 12 and 18)

Total : 09
Percentage : 50%

III. Recommendations which the Committee do not desire to pursue in view of the Government's replies:

(*vide* Recommendation at Sl. Nos. 3 and 10)

Total : 02
Percentage : 11.11%

IV. Recommendations in respect of which replies of the Government have not been accepted by the Committee:

(*vide* Recommendation at Sl. Nos. 2 and 5)

Total : 02
Percentage : 11.11%

V. Recommendations in respect of which final replies of the Government are still awaited:

(*vide* Recommendation at Sl. Nos. 13, 14, 15, 16 and 17)

Total : 05
Percentage : 27.77%