

COAL INDIA LIMITED

MINISTRY OF COAL

**COMMITTEE ON PUBLIC UNDERTAKINGS
(2015-2016)**

THIRTEENTH REPORT

(SIXTEENTH LOK SABHA)



LOK SABHA SECRETARIAT

NEW DELHI

**THIRTEENTH REPORT
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(2015-2016)**

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COAL INDIA LIMITED

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**(Action taken by the Government on the Observations / Recommendations
contained in the Fourth Report of Committee on Public Undertakings on
Coal India Limited)**



Presented to Lok Sabha on 25.02.2016

Laid on the table of Rajya Sabha on 25.02.2016

LOK SABHA SECRETARIAT

NEW DELHI

February 2016 / Phalguna 1937 (S)

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COMMITTEE ON PUBLIC UNDERTAKINGS
(2015 – 2016)

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| 2. Smt. Anita B. Panda | Director |
| 3. Ms. Patricia Elizabeth Jacobs | Committee Assistant |

INTRODUCTION

I, the Chairperson, Committee on Public Undertakings (2015-16) having been authorized by the Committee to submit the Report on their behalf, present this Thirteenth Report on action taken by the Government on the Observations / Recommendations of the Committee contained in the Fourth Report (Sixteenth Lok Sabha) on Coal India Limited.

2. The Fourth Report was presented to Lok Sabha / laid on the Table of Rajya Sabha on the 28th of April, 2015. Replies of the Government to the Observations / Recommendations contained in the Report were received on the 30th of October, 2015.

3. The Report was considered and adopted by the Committee at their sitting held on the 06 of January, 2016. An analysis of the action taken by the Government on the Observations / Recommendations contained in the Fourth Report is given at Annexure.

New Delhi
24 February 2016
05 Phalgun 1937(S)

SHANTA KUMAR
Chairperson,
Committee on Public Undertakings.

ABBREVIATIONS

BCCL	Bharat Coking Coal Limited
BG	Broad Gauge
Cab-Sec	Cabinet Secretariat
CCI	Competition Commission of India
CCL	Central Coalfields Limited
CEPI	Comprehensive Environmental Pollution Index
CIL	Coal India Limited
CMPDI	Central Mine Planning and Design Institute
CPA	Critically Polluted Area
CPCB	Central Pollution Control Board
CSR	Corporate Social Responsibility
DPE	Department of Public Enterprises
EC	Environmental Clearance
ECL	Eastern Coalfields Limited
e-CPMP	Electronic Coal Projects Monitoring Portal
ERP	Enterprise Resource Planning
FC	Forestry Clearance
GCV	Gross Calorific Value
GoM	Group of Ministers
GR	Geological Report
HEMM	Heavy Earth Moving and Mining
HR	Human Resource
HQ	Headquarters
LA	Land Acquisition
LHDs	Load Haul Dumpers
MCL	Mahanadi Coalfields Limited
MoC	Ministry of Coal
MoEF	Ministry of Environment & Forest
MoU	Memorandum of Understanding
NCDP	New Coal Distribution Policy

NCL	Northern Coalfields Limited
PMO	Prime Minister's Office
PR	Project Report
R&R	Resettlement and Rehabilitation
SECL	South Eastern Coalfields Limited
SDLs	Side Discharge Loaders
SPVs	Special Purpose Vehicles
TISS	Tata Institute of Social Sciences
UG	Under Ground
WCL	Western Coalfields Limited

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by the Government on the Observations/Recommendations contained in the Fourth Report (Sixteenth Lok Sabha) of the Committee on Public Undertakings (2014-15) on “**Coal India Limited**” which was presented to Lok Sabha on the 28th April, 2015.

2. Action Taken notes have been received from the Government in respect of all the eighteen Observations / Recommendations contained in the Report. These have been categorized as follows:

- (i) Observations / Recommendations which have been accepted by the Government (Chapter II)
Sl. Nos. 1, 2, 3, 4, 5, 9, 12 and 13
(Total 8)
- (ii) Observations / Recommendations which the Committee do not desire to pursue in view of the Government's replies (Chapter III)
Sl. Nos. 8, 15, and 16
(Total 3)
- (iii) Observations / Recommendations in respect of which replies of the Government have not been accepted by the Committee (Chapter IV)
Sl. Nos. 6, 7, 11 and 17
(Total 4)
- (iv) Observations / Recommendations to which the Government have furnished interim replies. (Chapter V)
Sl. Nos. 10, 14 and 18
(Total 3)

3. The Committee desire that final replies on the Observations/Recommendations to which interim replies have been furnished should be expedited. They also desire that response to their comments in Chapter I of the Report should be furnished to them expeditiously.

4. The Committee will now deal with the Action Taken by the Government on some of the Observations/Recommendations in succeeding paragraphs.

Recommendation Serial No. 1

5. The Committee in their Fourth Report had recommended as follows:-

“Coal India Limited (CIL) which came into being in November, 1975 has now emerged as the single largest Coal producer in the world. The vision of the Company to emerge as one of the global players in the primary energy sector got a fillip in 2011 when the Company was granted Maharatna status thereby enabling it to expand its operations and emerge as a global giant. The Committee's examination has revealed that 'Coal Vision 2020' prepared by M/s KPMG has inter-alia recommended for review of existing vision/mission/objectives of CIL, and also business modeling which has been accepted by the CIL board. Moreover, the Ministry of Coal are of the opinion that if the Company has to continue to remain as the leading energy supplier in the country, CIL has to take action befitting its status as a Maharatna Company in quickly meeting the challenges relating to investment, production and in maintaining the quality of Coal. The Committee, therefore, recommend that CIL should implement the suggestions made by M/s KPMG without any further loss of time and address the contemporary challenges in consultations with the Ministry in a professional manner befitting its status as a Maharatna Company, so that the Company can further energize itself to uphold its role as one of the global players in the primary energy sector.”

6. The Ministry of Coal in their action taken reply have stated as follows:-

CIL has taken all out efforts to implement the suggestions made by M/s KPMG. The implementation status is as under:

Suggestions of KPMG	Action taken by CIL
Scale of operation (Enhancement of Coal Production)	<ul style="list-style-type: none"> • Compensation schemes have been made more flexible in new R&R policy in 2012. • EC and FC clearance delays have been suitably articulated to the Government. • Technology development and modernization of mines – a study has been taken up and report submitted for examination & implementation. • CMPDIL has envisaged four-fold increase in exploration capacity.
Customer Proximity	<ul style="list-style-type: none"> • CIL has envisaged to invest substantial amount in the next 5 years in creation of strategic railway assets. • CIL has implemented GCV based pricing in 2011. • Linkage rationalization steps have been initiated and are in progress.
Efficiency	<ul style="list-style-type: none"> • CIL is looking to change its approach towards ERP implementation. E-procurement policy has been adopted. • CIL has recently embarked on various initiatives such as

Suggestions of KPMG	Action taken by CIL
	thrust on video-conferencing and modernization of its operations.
Employer of choice	CIL has prepared "HR Vision 2020" - to redefine HR in CIL.
Diversification	<ul style="list-style-type: none"> • 3 nos. of coking coal washeries (18.6 Mty) are under construction. Letter of Intimation (LoI) issued for 3 non-coking coal washeries (30 Mty). 9 nos. (64 Mty) are under different stages of tendering and approvals. • MoUs have been signed with various agencies for collaboration in various fields.
Suggestions of KPMG	Action taken by CIL
Sustainability	<ul style="list-style-type: none"> • CIL has harmonized disparate practices with regard to land acquisition and R&R in its various subsidiaries and published a new R&R policy in 2012 which allows for several modes of compensation such as annuity which find strong agreement with CIL Vision 2020. • CIL has made significant progress in terms of sustainability reporting over the last 2 years. • Enterprise Risk Management Framework has been drawn up in discussion with external consultant.

7. The Committee note the efforts made by CIL to expedite the implementation of the suggestions made by M/s KPMG on enhancement of coal production, efficiency, diversification, sustainability, etc. so as to become a world class coal producing company and achieve 'Coal Vision 2020'. However, most of the steps taken by CIL seem to be either at concept stage or have made little progress on ground. As only five years are left to reach the year 2020, the Committee urge CIL to expedite its efforts at least with regard to initiatives like modernization of operations, creation of railway assets, technology development etc. In so far as EC and FC clearances are concerned, the Committee note from the action taken reply of the Ministry with respect to the Committee's Recommendation No.12 of their original report that issues related to EC, FC, Land acquisition & rail infrastructure projects are now being monitored by PMO for expeditious resolution of related issues as a consequence of actions initiated by Ministry of Coal. Therefore, the Committee are of the view that the Ministry of Coal needs to pursue the matter with PMO so as to ensure that all pending approvals are processed/finalized by the Ministry of Environment, Forests & Climate change within a reasonable time limit. The Committee further find that in the action taken reply, there is no mention of the timeline within which CIL envisages to modernize its mines and develop technology for which a report has been prepared and is awaiting implementation, as well as for construction of three coal washeries, three

non-coking coal washeries and nine other washeries, for which tendering and approval is stated to be underway. Similarly, no details have been provided with regard to the MoUs signed with various agencies for collaboration in various fields for diversification. In so far as CIL efforts to invest in strategic railway assets is concerned, the Committee feel that this is extremely significant to overcome coal evacuation constraints and thus they desire timely implementation of these plans. The Committee, therefore, desire to be provided with clear stage-wise details with regard to the steps taken by CIL to achieve its vision to uphold its role as the leading player in the primary energy sector in the country.

Recommendation Serial No. 6

8. The Committee, in their Fourth Report, have recommended the following with regard to capacity utilization by CIL :-

“The Committee note that actual capacity utilisation at the subsidiaries of CIL was lower than the MoU targets during the years 2011-12 and 2012-13. The capacity utilisation during the year 2011-12 was 86.12% against MoU target of 91.5%. Similarly during the year 2012-13, the capacity utilisation was 82.99% against the MoU targets of 86.24%. For the year, 2013-14 though the Company nearly achieved the annual target of capacity utilization by utilizing 84.75 percent of its installed system capacity against the target of 84.77%, yet, there is a huge gap between actual capacity utilization and total installed capacity of CIL. The shortfall in achieving targets for capacity utilization is mainly attributed to the poor performance of BCCL, CCL and MCL on account of factors such as inordinate delay in environmental clearances, land acquisition law and order problems etc. Given the various constraints under which CIL has to operate, the Committee are quite skeptical that the Company would be able to achieve its full capacity utilization in the near future. The Committee, therefore, recommend that Ministry of Coal should identify the various bottlenecks and take remedial action to address the same so as to enable CIL and its subsidiaries to enhance capacity utilization to the optimum level possible. The Committee also desire that the Ministry should formulate a specific roadmap so as to enable the underperforming subsidiaries of CIL to make a turn around and achieve the optimum capacity utilization in a time bound manner.”

9. The Ministry of Coal, in their Action Taken reply, have stated as follows:-

"In 2014-15, out of 422 operating mines, capacity utilisation of 118 mines was more than 100%, 45 mines have achieved 90 to 100% and 212 mines have achieved capacity utilisation of less than 80%. During 2014-15, over all capacity utilisation of CIL was 84.38% of its MoU target of capacity utilization.

Main reasons of less capacity utilisation are due to

- Delay in acquisition / possession of land & related R&R issues.
- Delay in obtaining Forestry clearances.
- Delay in development of coal evacuation infrastructure
- Ageing of equipments
- Law & order issue in CCL and MCL.

Steps to enhance capacity utilization-

- Action being taken to provide adequate working space by timely acquisition of land, obtaining EC & FC
- Matter taken up with manufacturers for timely supply of HEMM spares
- More thrust being given for preventive machine maintenance
- Old equipments being replaced by new ones
- Action taken for increasing evacuation capacity
Periodical training to machine operators."

10. The Committee note with concern that nearly 50% mines out of the total operating mines of CIL have achieved capacity utilization of less than 80% during 2014-15, due to various reasons. In so far as the gap between installed capacity and actual capacity utilization of CCL, MCL and BCCL is concerned, the Committee note from the reply that among other factors, there were law & order issues in CCL and MCL. As the matter comes under jurisdiction of the respective State Governments and is a perennial problem, the Committee urge the Ministry to strongly take it up at appropriate levels to find lasting solutions so that CCL and MCL could perform optimally. The Committee find that no clarifications with regard to the specific problems being faced by BCCL have been given in the reply which are hampering its endeavours for optimum capacity utilization. As is evident from the subsidiary-wise road map prepared by CIL, the production profile of BCCL is the lowest among all eight subsidiary companies of CIL. Hence, the Committee would also like to be apprised whether BCCL would be utilizing its full capacity under the set targets of production. The Committee also feel that to address the hardships faced by the CIL subsidiaries owing to ageing of equipment, time-bound targets can and need to be put in place for replacement and maintenance of the same. As regards training of machine operators, the Committee feel that being a routine mandatory activity, this must be undertaken by all subsidiary companies in a regular and planned manner. The Committee would desire the Ministry to apprise them of the action taken on the issues enumerated above as well as the progress made by BCCL, CCL and MCL in achieving the total envisaged production target of 246.01 MT in 2015-16 at the final action taken stage.

Recommendation Serial No.7

11. On the constraints being faced by CIL in its exploration activities, the Committee in their Fourth Report have recommended the following:

“The Committee find that in May 2012, Ministry of Coal had assigned 116 coal blocks to CIL. In addition, three de-allocated coal blocks viz. Brahmini, Chichro Pastimal and East of Damogoria were also assigned to CIL. The Ministry of Coal have informed the Committee that out of these 119 blocks, geological reports (GR) are now available for 25 blocks and detailed exploration is already in progress in 30 blocks. Out of the 25 blocks, for which GR is available, Project Reports (PR) have already been prepared for 2 blocks and the rest of the blocks will be taken up for PR preparation in a phased manner during the balance period of the XII Five Year Plan. The Ministry of Coal have apprehended that production realization from underground blocks would take considerably long time in comparison to the opencast blocks/projects. Further, a large number of 119 blocks contain forest areas, for which, forest permission to drill with adequate number of boreholes (15 to 20 boreholes per sq km) is required and applications for permission to carry out detailed drilling in forest areas of 22 nos. of blocks are pending with Ministry of Environment, Forest and Climate Change and State level officials since 3-4 years and the no. of applications presently pending has increased to 48. Apart from this, the prevailing law & order condition is stated to be adversely affecting the performance of drilling. According to Ministry of Coal, the estimated cumulative loss due to law and order problems & non-availability of forest clearance during XI plan period and 2012-13 was 2.42 lakh meter (approx.), whereas during 2012-13 itself it was about 1.08 lakh meter. As stated by the Ministry, efforts made by CMPDI to carry out the pace of drilling would not increase considerably until these constraints are removed. Moreover, limited number of domestic agencies are available for carrying out drilling and International Agencies are not showing interest in CMPDI’s global tenders for drilling. To address the issue, the Committee have been apprised that the matter has been taken up by the Ministry of Coal with the Ministry of Environment Forest and Climate Change for revision of existing drilling norms (permitting only upto 20 boreholes per 10 sq. km) against the requirement of 15 to 20 boreholes per sq.km for exploration in forest areas. The Committee have also been apprised that the Ministry of Environment, Forest and Climate Change has proposed to simplify the procedures for according forest clearance to exploration proposals. The Committee are of the considered view that there is an urgent need to ensure smooth drilling in various coal blocks so as to achieve the production targets by CIL. The Committee, therefore, urge the Ministry to address the various issues relating to drilling norms and simplification of procedures urgently and in a time-bound manner in consultation with the Environment Ministry as well as various State

Governments. The Committee may be kept apprised about the actions taken by the Ministry and the outcome thereto in this regard.”

Reply of the Government

12. The Ministry of Coal, in their Action Taken Reply, on the above Recommendation has stated as follows:

“Out of 119 blocks assigned to CIL, geological reports are available for 39 blocks and detailed exploration is in progress in 71 blocks. Out of 39 blocks, for which GR is available, PRs have already been prepared for 10 blocks and the rest of the blocks will be taken up for PR preparation in phased manner during the balance period of the XII Plan and XIII Plan.

Further, a large number of 119 blocks contain forest areas, for which permission from forest department is required to drill adequate number of boreholes (15 to 20 boreholes per Sq. km).

Applications for permission to carry out detailed drilling in forest areas of 70 no. of blocks are pending with MoEF and state level since 4-5 years. Apart from this, the prevailing law and order conditions is adversely affecting the performance of drilling. The estimated cumulative loss due to law and order problem and non availability of FC during XI Plan period was 1.35 lakh mtrs (aprox) and during XII plan period (2012-13 to 2014-15) is 5.67 lakh meter (approx). More ever, limited number of domestic agencies are available for carrying out drilling and international agencies are not showing any interest in CMPDIL's global tenders for drilling.

Clause of revision of existing drilling norms (permitting only up to 20 boreholes per 10 sq.km) against the requirement of 15 to 20 boreholes per sq.km for exploration in forest areas has been taken up by MoC with MoEF. MoEF has proposed to simplify the procedures for according forest clearance to exploration proposals.

An online system of submission of forest application was introduced by MoEF in April 2014. CMPDIL had submitted all pending application (presently 72 nos) on line, but till date forest permissions were granted for 2 blocks only.”

13. The Committee note with concern that while work related to Geographical Reports and subsequent Project Reports for exploration and mining in 110 blocks out of 119 blocks assigned to CIL, has been progressing, albeit slowly, there still remains the hurdle of environmental and forest clearance for a large number of the same which allows drilling of requisite number of boreholes in the forest areas of the coal blocks. The Committee find that in spite of an online system for submission of forest

applications initiated in April 2014, only 2 blocks, so far, have been granted permission to proceed with detailed drilling of boreholes, out of the 72 applications sent so far. They are further concerned to note that only a limited number of domestic agencies are available for drilling work and that international agencies are not responding to the global tenders for drilling. The Committee desire to know specific reasons for this scenario. Also, under such circumstances, the Committee fail to comprehend the basis of CIL fixing ambitious production targets. However, as the Ministry, in their replies, have stated that the PMO has been approached to break the logjam with MoEF, the Committee expect the matter to proceed in a favourable direction. As already stated in their previous recommendation, the Committee desire that the MoEF must be urged to process the pending clearances for drilling in a strict time-bound manner. Overall, the Committee desire to be apprised of further progress made in this regard, particularly, after simplification of procedures for according forest clearance to exploration proposals and urge the Ministry of Coal to continue vigorous efforts so as to enable CIL to gain the requisite forest clearances.

Recommendation Serial No. 11

14. On the system of e-Auction, the Committee, in their original report had observed as follows: -

“In accordance with the National Coal Distribution Policy 2007, CIL introduced e-auction system whereby any needy person can procure coal by participating in e-auctions. The Committee are of the considered view that though e-auction is a welcome policy initiative as this enables availability of coal to eligible end-users who are unable to source the requirement through available institutional mechanism, however, the system is prone to manipulation by unscrupulous traders who may purchase coal through e-auction and sell it out in the black market unless stringent rules are put in place to ensure the genuineness of the applicants. The Committee were informed by the Ministry of Coal that CIL has taken a slew of measures to check the veracity and genuineness of end users to curb the malpractices in the e-auction system. While appreciating the measures taken by CIL to safeguard the interest of the actual end-users and prevent any likely misuse of e-auction policy, the Committee caution CIL to exercise due diligence while implementing the system of coal sale through e-auction.”

15. The Ministry in its action taken reply had stated: -

“New Coal Distribution Policy (NCDP) -2007 states that coal distribution through e-auction was introduced with a view to provide access to coal for such consumers who are not able to source coal through the available

institutional mechanism for reasons like the seasonality of coal requirement, limited requirement of coal not warranting long-term linkages etc. In the long run, it is expected that e-auction may help in creating spot as well as future market of coal in the country.

Accordingly two fresh e-auction schemes were introduced-

- i) In spot e-auction any Indian buyer is entitled to participate.
- ii) In forward e-auction scheme only actual users can participate for supply of assured quantity of coal for a long period (one year). CIL offers coal under forward e-auction, to safeguard the interest of actual users."

16. The Committee commend the efforts of CIL in making the process of coal auctioning more participative and transparent through the introduction of the two fresh e-auction schemes offering spot e-auction and forward e-auction to the actual users. However, as the thrust of the Committee's original recommendation was on exercising due diligence to prevent the misuse/manipulation of the existing e-auction arrangements by black marketers, the Committee find that the action taken replies are silent on the matter. Hence, the Committee would desire a detailed reply on the mechanism available in the fresh e-auction schemes to ensure that only actual users participate in the same so as to check the current malpractice of black marketing of coal by taking advantage of e-auction schemes.

Recommendation Serial No. 17

17. The Committee in their Original Report had recommended as follows:

“The Committee express their deep anguish over the fact that although funds have been earmarked and allocated for CSR activities, CIL and its subsidiaries have not been able to utilize the funds. From the data made available to the Committee, it is noted that the funds could not be utilised fully in each of the years since 2008-09. Worst is the position during the years 2011-12 and 2012-13, when only ₹82 crore and ₹149.55 crore could be utilised against the allocation of ₹553 crore and ₹595.74 crore respectively. Although the position has improved during the year 2013-14, the under-spending to the tune of ₹64.99 crore is still there. The Committee are not convinced by the justification given by the Company that baseline survey for computing data was a time-consuming process which slowed the utilization of funds. The Committee have been informed that for monitoring of CSR activities, the Committee comprising of Board Level Directors has been formed at CIL (HQ) and its subsidiaries. They have also been informed that CIL has entered into MoU with Tata Institute of Social Sciences (TISS) for extending assistance in implementing CSR activities in view the statutory provisions under the Company Act 2013. The Committee expect the Company to expeditiously implement CSR

activities so that funds allocated for CSR activities are spent within stipulated time frame.”

18. In their Action Taken Reply, the Ministry of Coal, had stated as under: -

“As per DPEs guideline CSR project were to be implemented by specialised Agency and in order to quantify the impact made by CSR activities base line data was to be collected before start of any project. The observance of these formalities were time taking resulting into delay in finalisation and completion of projects. Further the works of infrastructure nature under CSR involving huge amount, needed selection of agency with reasonable rates of execution as per the tender process which also required considerable time.

However, the unspent amount of CSR for a particular year has been carried forward to the next financial year for utilization together with the budget allocation for the year. During 2013-14 the CSR expenditure was ₹ 409.37 crores against total budget of ₹ 474.36 crores which is more than 86% of the budget allocation. Further an amount of around ₹ 330.00 crores (provisional) has been spent during 2014-15 against budget of ₹471.65 crores which is 70% of the budget. Besides the above expenditure, each of CIL subsidiaries has kept provision for expenditure on "Swachh Vidyalaya Abhiyan" during 2014-15. CIL Board has also empowered CIL subsidiaries for keeping provision of additional budget towards expenditure on 'Swachh Vidyalaya Abhiyan'.”

19. The Committee lay a very strong emphasis on the mandatory CSR activities of the eligible Companies and feel that it should aim for serving the interests of the poorest among the poor in line with the Gandhian philosophy of 'Antyodaya'. They are extremely concerned about the unspent funds under CSR and note that in 2013-14 and 2014-15, only 86% and 70% of the CSR funds respectively could be spent by CIL. The Committee opine that the reasons cited by CIL for the same are a regular part of any project and a Company like CIL, which has experience and expertise in this field, should not feel hampered by these reasons in carrying out CSR activities and spending 100% of the funds allotted for the same. While the Committee hope that the trend of unspent funds for CSR would not be repeated by CIL in future, they desire the Ministry to refer to their detailed observations/ recommendations as contained in their Eighth report on 'Corporate Social Responsibility in Select Central Public Sector Undertakings'.

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

Recommendation (Sl. No. 1)

Coal India Limited (CIL) which came into being in November, 1975 has now emerged as the single largest Coal producer in the world. The vision of the Company to emerge as one of the global players in the primary energy sector got a fillip in 2011 when the Company was granted Maharatna status thereby enabling it to expand its operations and emerge as a global giant. The Committee's examination has revealed that 'Coal Vision 2020' prepared by M/s KPMG has inter-alia recommended for review of existing vision/mission/objectives of CIL, and also business modeling which has been accepted by the CIL board. Moreover, the Ministry of Coal are of the opinion that if the Company has to continue to remain as the leading energy supplier in the country, CIL has to take action befitting its status as a Maharatna Company in quickly meeting the challenges relating to investment, production and in maintaining the quality of Coal. The Committee, therefore, recommend that CIL should implement the suggestions made by M/s KPMG without any further loss of time and address the contemporary challenges in consultations with the Ministry in a professional manner befitting its status as a Maharatna Company, so that the Company can further energize itself to uphold its role as one of the global players in the primary energy sector.”

Reply of the Government

CIL has taken all out efforts to implement the suggestions made by M/s KPMG. The implementation status is as under:

Suggestions of KPMG	Action taken by CIL
Scale of operation (Enhancement of Coal Production)	Compensation schemes have been made more flexible in new R&R policy in 2012. EC and FC clearance delays have been suitably articulated to the Government. Technology development and modernization of mines – a study has been taken up and report submitted for examination & implementation. CMPDIL has envisaged four-fold increase in exploration capacity.
Customer	CIL has envisaged to invest substantial amount in the next 5 years in creation of strategic railway assets.

Suggestions of KPMG	Action taken by CIL
Proximity	CIL has implemented GCV based pricing in 2011. Linkage rationalization steps have been initiated and are in progress.
Efficiency	CIL is looking to change its approach towards ERP implementation. E-procurement policy has been adopted. CIL has recently embarked on various initiatives such as thrust on video-conferencing and modernization of its operations.
Employer of choice	CIL has prepared " HR Vision 2020" - to redefine HR in CIL.
Diversification	3 nos. of coking coal washeries (18.6 Mty) are under construction. Letter of Intimation (LoI) issued for 3 non-coking coal washeries (30 Mty). 9 nos. (64 Mty) are under different stages of tendering and approvals. MoUs have been signed with various agencies for collaboration in various fields.

Suggestions of KPMG	Action taken by CIL
Sustainability	CIL has harmonized disparate practices with regard to land acquisition and R&R in its various subsidiaries and published a new R&R policy in 2012 which allows for several modes of compensation such as annuity which find strong agreement with CIL Vision 2020. CIL has made significant progress in terms of sustainability reporting over the last 2 years. Enterprise Risk Management Framework has been drawn up in discussion with external consultant.

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

Comments of the Committee

Please see para 7 of Chapter I.

Recommendation (Sl. No. 2)

Coal is the most dominant energy source in India's energy scenario. It is the most crucial input for major infrastructure industries like power, steel etc. in India. Against the world average of 29%, coal meets around 52% of primary commercial energy needs in India. Hence, production of coal holds the key for

meeting India's fast expanding energy needs. Coal India Limited, which produces 82 percent of India's total coal production and meets 40 percent primary commercial energy requirements of the country, has a major responsibility to provide energy security to the country through ensuring desired level of production. However, the Committee are constrained to note the continuous lowering of targets of coal production by CIL. As per the data furnished by the Ministry, production targets for the year 2011-12 were initially estimated as 520.50 MT which were further revised to 447 MT. Not only that during the last five years, CIL has continuously registered shortfall in production against the envisaged targets. Although the company explained the reasons for shortfall year-wise and claimed those reasons to be unanticipated, despite their best efforts, CIL could hardly address issues relating to declining production thereby reversing the trend of shortfall in coal production. Going by this trend, the Committee are skeptical about CIL achieving its projected target of production of 615 MT during the terminal year of 12th plan, i.e. 2016-17. The Committee, therefore, would like to caution the Company to remain very careful in addressing & adjudging the efficacy of the ongoing projects and their various stages of implementation. The Committee are of the view that the Company should make all out efforts by combining business acumen and accumulated experience to overcome all impediments to achieve the desired target of production by the terminal year of the 12th Five Year Plan. They would also like to be informed of the actions taken by CIL in this direction.

Reply of the Government

Performance of Coal India Limited during XII Plan is as under:

(In Million
Tonne)

Year	2012-13	Incremental growth	2013-14	Incremental growth	2014-15	Incremental growth
Coal Production	452.211	16.273	462.422	10.211	494.238	31.816

It can be seen from the above that there has been an incremental growth every year during XII Plan.

In the year 2014-15, though there was incremental production of 31.816 MT, coal stock increased by 4.867 MT due to evacuation constraints.

CIL has prepared a roadmap to produce 908.10 Million tonne in 2019-20. Subsidiary-wise breakup is given as under:

(Million Tonne)

Company	15-16	16-17	17-18	18-19	19-20
ECL	42.03	46.90	51.70	56.60	62.00
BCCL	35.51	37.00	41.00	46.00	53.00
CCL	60.50	67.00	80.00	102.00	133.00
NCL	80.00	82.00	90.00	99.00	110.00
WCL	45.00	48.00	50.00	55.00	60.00
SECL	135.00	149.00	161.00	193.10	239.60
MCL	150.00	167.00	187.00	222.00	250.00
CIL	584.04	597.60	660.70	773.70	908.10
<i>Excluding NEC</i>					

To achieve this target following action has been taken -

a) Monitoring of Projects:

- Issues related to EC, FC, Land acquisition & rail infrastructure projects are now being monitored for expeditious resolution of related issues as a consequence of actions initiated by MoC.
- MoC has started an e-portal (e-CPMP) on the Cab-Sec website where crucial issues are being uploaded by CIL and its subsidiary companies and MoC is vigorously following up with the State governments and other associated ministries. Issues related to Land acquisition/ possession, R&R & Law & order are being regularly taken up at highest level by MoC with respective State Governments. MoC is also holding regular meetings with MoEF & Ministry of Railways regarding issues related to EC- FC & all major rail infrastructure projects.
- CCI-Projects Monitoring Group reviews all coal projects costing ₹ 1000 Crs and above. The institution of PMG has extended the facilities of their portal for online monitoring of coal projects. The issues/constraints faced in implementation of coal projects are being regularly uploaded on the portal for subsequent follow up. PMG has vigorously taken up issues related to land acquisition, law & order, EC & FC with the highest levels of the respective State governments and other concerned agencies.
- MoC reviews all projects with capacities 3 Mty and above or ₹ 500 Crs and above on Quarterly basis to fast track the development of ongoing projects & expedites execution of delayed projects.
- All EC & FC proposals are now being submitted & processed online.

b) Actions/steps taken to enhance production from opencast mines:-

- High capacity mines being planned with high capacity equipment.
- Deployment of Surface Miner and Ripper for blast free mining.
- The tendering process has been made more participative & transparent in order to ensure successful & timely conclusion of the bids.

c) Actions/steps taken to enhance production from underground mines:-

- Planning new underground mines adopting mass production technology.
 - Continuous Miner technology has been established as a successful underground mass production technology with high productivity and safety. At present, 8 Continuous Miners are deployed in 7 underground mines of CIL. Introduction of this technology in 19 more underground mines has already been planned.
 - Longwall technology has been introduced in two mines, one each in BCCL and ECL. Production has already started in BCCL whereas it is expected to start in ECL within six months. Further, work have been awarded to Mine Developer and Operator to operate Kapuria, Moonidih (both XV & XVI seam) and Muraidih in BCCL by longwall technology.
 - Entering into risk / gain sharing arrangements with the equipment suppliers for guaranteed levels of production and maintenance of equipments.
- Replacing manual loading with loading machines like Side Discharge Loaders (SDLs), Load Haul Dumpers (LHDs) in conjunction with belt conveyers wherever feasible
- Universal Drill Machines are being deployed for improved availability of coal to SDLs & LHDs.
- One mine with High Wall mining technology is working in SECL and few more are being identified.
- Providing man riding systems to reduce travel time of miners.
- Faster drivage of incline & shaft sinking with the adoption of modern technology.
- Introducing multi skilled job concepts.
- Training of manpower

d) To achieve the targeted production, CIL has planned for capital expenditure as under:

(₹ In Crs)

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Capital	5990.50	12307	16129	14696	13929

Expenditure					
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(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

Comments of the Committee

Please see para 10 of Chapter I.

Recommendation (Sl. No.3)

The Committee observe that coal production by CIL is highly skewed in favour of open cast mining. While actual production from open cast mining was 426.31 MT during 2013-14, actual production from underground mining was only 36.11 MT i.e a little more than 8% of the total production. What is more disturbing is the negative growth from underground mining which is evident from the data furnished by the Ministry. The actual production from underground mining during the year 2011-12 was 1.63MT lesser than the production of the previous year. Similar trend was repeated in the year 2012-13 and 2013-14, whereby the actual production fell by .61 MT and 1.67 MT as compared to previous years respectively. Constraints like closure of large number of underground mines either due to conversion to opencast mines or exhaustion of extractable reserves or for reasons of safety, failure of some of the new technologies; non-availability of surface right for implementation of caving method of mining largely due to excessive growth of surface structures, restricting de-pillaring operations in underground mines are stated to have resulted underground production not picking up as desired. The Ministry of Coal have stated that a number of steps towards enhancing production from underground mines have been taken which among others include high-wall mining, encouraging equipment manufacturers to create manufacturing facilities indigenously to support the large scale mechanization of underground mines; faster development of infrastructure for UG mines - mechanized shaft and incline drivages; introduction of man riding systems in UG mines; air conditioning systems for mine ventilation, particularly the deep mines of more than 400m depth etc. The Committee find that inspite of the efforts being made by the Ministry to address the various constraints with regard to underground mining, the declining trend of production is not likely to be reversed during the year 2014-15 as during the first quarter only 8.49MT coal could be produced through underground mines. The Committee, therefore, urge the Ministry and CIL to explore all possible ways including adoption of state of art technologies being used world-wide for underground coal mining so as to enable CIL to achieve atleast 55.89 MT of annual underground coal production targets by the termination of 12th Plan i.e. 2016-17.

Reply of the Government

Percentage share of underground production of CIL has gradually declined from 73% in 1974-75 to about 7.09% in 2014-15. This has been due to augmenting production matching the growing energy requirements by undertaking large number of high capacity mechanized opencast mines with lesser gestation periods since scope for augmenting production from the underground mines was limited on account of difficult geo-mining conditions, non-availability of large size deposits for adopting mass production technologies, total dependence on imported equipment for mass production technologies and long gestation periods involved.

Many underground mines developed during pre- nationalisation period in un-scientific manner had to be discontinued due to safety reasons. These mines were converted into opencast mines for safe extraction of lower seams.

In addition to the above, the other major constraints in augmenting coal production from underground mines are as follows:-

- Technological limitation in mining coal from thick and steeply inclined and multiple seams
- Non-availability of indigenous manufacturing facilities for equipment and spares for longwall technology and continuous miner technology
- Long gestation periods mainly due to absence of mechanization for incline drivage and shaft sinking
- Gassiness of seams requiring special attention
- Heavy pumping of water
- Adverse roof conditions
- High cost of production requiring economies of scale
- Large requirement of manpower.
- Problem associated with contiguous / multiple seam workings - Multiple seam workings have problems of goaved out waterlogged areas and fire in overlying seams restricting depillaring with caving. Contiguous seams pose problems of parting failure and roof control.

Future Programme for Underground Production –

(Million Tonne)

Year	15-16	16-17	17-18	18-19	19-20
UG coal production	38.75	42.47	44.15	48.13	52.34

The steps proposed to augment coal production from underground mines in Coal India Limited include the following:-

- Planning new underground mines adopting mass production technology.
- ✓ Continuous Miner technology has been established as a successful underground mass production technology with high productivity and safety. At present, 8 Continuous Miners are deployed in 7 underground mines of CIL. Introduction of this technology in 19 more underground mines has already been planned.
- ✓ Longwall technology has been introduced in two mines, one each in BCCL and ECL. Production has already started in BCCL whereas it is expected to start in ECL within six months. Further, work have been awarded to Mine Developer and Operator to operate Kapuria, Moonidih (both XV & XVI seam) and Muraidih in BCCL by longwall technology.
- ✓ Entering into risk / gain sharing arrangements with the equipment suppliers for guaranteed levels of production and maintenance of equipments.

- Replacing manual loading with loading machines like Side Discharge Loaders (SDLs), Load Haul Dumpers (LHDs) in conjunction with belt conveyers wherever feasible
- Universal Drill Machines are being deployed for improved availability of coal to SDLs & LHDs
- One mine with High Wall mining technology is working in SECL and few more are being identified.
- Providing man riding systems to reduce travel time of miners
- Faster drivage of incline & shaft sinking with the adoption of modern technology.
- Introducing multi skilled job concepts etc.
- Training of manpower .

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

Recommendation (Sl. No. 4)

The Committee note that despite being third largest coal producer country and holding fifth largest coal reserves in the world, the share of demand of Coal met by indigenous supply has been consistently declining during the last couple

of years. From 92% in 2007-08, it has come down to 78% in 2013-14. The increasing demand along with the decline in indigenous coal production has led the country more dependent on imports. Moreover, as per the Ministry of Coal's own admission, import of coal will continue in future also due to limitation of coking coal resource. Committee's examination has revealed that CIL has engaged an International Reputed Agency to study mine operations for modernization and mechanization possibilities which may further help in improving coal production. While the Committee would like to know the outcome of the study undertaken in this regard; they desire CIL to take all possible steps including modernisation and mechanisation by deployment of state of the art machinery and technologies in their mining operations so that indigenous production of coal is increased to the maximum extent possible and import of coal can be minimized in future.

Reply of the Government

M/s. KPMG, an international consultant has submitted the study report on modernisation and mechanisation possibilities in CIL mines. The major key recommendations are as follows:

Opencast mines:

- Strengthening of mine planning and scheduling
- Improvement in equipment productivity
- Modernization of drill & blast process

Underground mines:

- Use of man-riding system
- Strengthening strata control practices
- Use of mobile bolters
- Upgradation of coal evacuation infrastructure from UG mines

Other recommendations:

- Strengthening of safety system at mines
- Amalgamation of Opencast mines
- Infrastructure upgradation for Workshop
- Upgradation in use of information technology
- Skill creations

Steps taken for modernisation on opencast and underground mines are as under:

(a) Opencast mines:-

- High capacity mines being planned with high capacity equipment.

- Deployment of Surface Miner and Ripper for blast free mining.
- The tendering process has been made more participative & transparent in order to ensure successful & timely conclusion of the bids.

(b) Underground mines:-

- At present, 8 Continuous Miners are deployed in 7 underground mines of CIL. Introduction of this technology in 19 more underground mines has already been planned.
- Longwall technology has been introduced in two mines, one each in BCCL and ECL. Production has already started in BCCL whereas it is expected to start in ECL shortly.
- Further, work have been awarded to Mine Developer and Operator to operate in a few more mines of BCCL with longwall technology.
- Universal Drill Machines are being deployed for improved availability of coal to SDLs & LHDs
- One mine with High Wall mining technology is working in SECL and few more are being identified.
- Providing man riding systems to reduce travel time of miners
- Introducing multi skilled job concepts etc.

(c) Others

- Software like "Vent Soft" for ventilation planning, "Minex" for UG Mine Planning, "Stadpro" for shaft stability and load analysis, "Flac 3D" for numerical modeling are being used.
- Simulators are being used for training of operators
- Training of manpower

To reduce import of coal, CIL has prepared a roadmap to produce 908.10 Million tonne of coal in 2019-20. Subsidiary -wise breakup is given as under:

(In million tonnes)

Company	15-16	16-17	17-18	18-19	19-20
ECL	42.03	46.90	51.70	56.60	62.00
BCCL	35.51	37.00	41.00	46.00	53.00
CCL	60.50	67.00	80.00	102.00	133.00
NCL	80.00	82.00	90.00	99.00	110.00
WCL	45.00	48.00	50.00	55.00	60.00
SECL	135.00	149.00	161.00	193.10	239.60
MCL	150.00	167.00	187.00	222.00	250.00
CIL	584.04	597.60	660.70	773.70	908.10
<i>Excluding NEC.</i>					

However the gap between demand and indigenous availability of good quality of coking coal has to be met through import in spite of enhanced production programme undertaken by CIL.

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

Recommendation (Sl. No. 5)

The Committee note that CIL has not been able to achieve projected coal offtake targets during the last five years. The shortfall in offtake persist during each of the year since 2009-10. The Company could achieve 95.80%, 98.97%, 95.8%, 92.0%, and 95.2% of projected annual coal off-take targets for the years 2013-14, 2012-13, 2011-12, 2010-11 and 2009-10 respectively. With regard to wagon loading performance of CIL, though wagon loading performance in absolute term improved marginally during these years, the actuals were short of targets during each of the year. In view of railways being the most efficient and least polluting mode to facilitate the movement of excavated coal, the Committee feel that regular coordination between Railways and Ministry of Coal/CIL on issues concerning off-take of coal is an imperative need to enable CIL to exploit its resources to optimum.

The Committee were informed by the representatives of Railway Board that additional rake loading points have been identified to evacuate more coal through existing railway lines. The Committee desire that the Ministry of Coal in consultation with Ministry of Railways should take necessary action to make these additional rake loading points functional so as to ensure more evacuation of coal through existing lines until the railway infrastructure is expanded to new potential areas of production. Since there is a limit to enhance the coal production by increasing the offtake level with the existing railway infrastructure and by short term solutions like increasing the numbers of rake loading points, the Committee urge the Ministry of Coal to take up with the Ministry of Railways to expand railways network in the new areas having huge coal reserves so as to facilitate the evacuation of coal from these areas.

Reply of the Government

Steps taken by CIL to facilitate the evacuation of coal:

1. Regular co-ordination with Railways is being done at different level.

- i) An inter-ministerial sub-group at Ministry of Coal comprising of representatives from Ministry of Railways, Ministry of Power, and Coal India regularly monitor issues involved in coal movement including rail dispatch.
 - ii) CIL & Coal Companies have developed an in-built mechanism for regular co-ordination at different level of Railway Board. CIL organize annual Rail-Coal Interface between coal companies and coal loading Zonal Railways under the tutelage of Railway Board to evolve month-wise wagon loading plan.
 - iii) At the operational level co-ordination is maintained through the mechanism of placement of indents by the coal companies on daily basis and allocation of rakes by the zonal railways.
 - iv) The issues coming in the way of augmenting wagon availability is also being discussed to evolve the corrective measures in the monthly reconciliation meeting between the zonal railways and the coal companies organized by Railway Board.
2. In order to achieve the planned growth in production and evacuation in future, CIL has undertaken the following major Railway Infrastructure Projects to be executed by Indian Railway Authority:
- i) Tori-Shivpur-Kathotia new BG Line for North Karanpura Coalfields of Central Coalfields Limited, Ranchi, Jharkhand. Construction is being implemented in two phases viz. Tori-Shivpur & Shivpur - Kathotia. The work is under execution in Tori-Shivpur Section by East Central Railway, Patna. Tori-Shivpur segment is expected to be completed by 2016-17.
 - ii) Jharsuguda-Barpalli Railway Infrastructure Project for IB Coalfields of Mahanadi Coalfields Limited, Sambalpur, Odisha. The work is under execution by South Eastern Railway, Kolkata. Expected to be completed by 2016-17.
 - iii) To cater to evacuation of coal from Mand-Raigarh and Korba-Gevra Coalfields of SECL, following 2 SPVs for two Railway Corridors have been formulated:
 - i) East Corridor (Bhupdeopur- Gharghoda-Dharamjaigarh up to Korba with a spur from Gharghoda to Donga Mahua to connect mines of Gare-Pelma Block). The first phase of the project is expected to be commissioned by 2017-18.
 - ii) East-West Corridor (Gevra Road to Pendra Road via Dipka, Kathghora, Sindurgarh, Pasan).
3. 14 additional rail lines and 25 new sidings have been identified to increase the offtake level
4. CIL has planned to finance for procurement of wagons. The proposal is under consideration of Indian Railway Authority.

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

Recommendation (Sl. No. 9)

The Committee find that growth in profits is mainly attributed to price rise of coal particularly for the years 2010-11 and 2011-12 as acknowledged by the Company. However, high cost of production coupled with decrease in prices of coal sold through e-auction almost proved detrimental to Company's endeavours to maximize its profits as profit after tax of the Company decreased by 12.93% in 2013-14 as compared to 2012-13. In view of the above, the Committee are of the view that sustaining and enhancing its profitability would be a challenging task in future for the Company. Given the volatility in e-auction prices and limited scope of improvement in cost efficiency of production and optimum utilization of manpower, maintaining sustainable profitability would be an uphill task for the Company. It is in this backdrop, the Committee feel that apart from suitable cost control measures, the Company have to explore all possible options to increase the volumes of coal production and offtake in order to sustain its profits in future.

Reply of the government

To reduce cost of production, CIL has planned to increase production, augmenting evacuation, improving capacity utilization and mechanization of mines.

- A Comprehensive Road map has been drawn by CIL to increase the volume of Coal production to achieve a level of 908 MT of Coal production by 2019-20.

Actions/steps taken to enhance production from opencast mines:-

- High capacity mines being planned with high capacity equipment.
- Efforts are being taken by all the subsidiaries for obtaining EC/FC within the schedule time frame so that projects could start production in time.
- Efforts are also being taken by the subsidiaries by better liasoning with state Govt. agencies to acquire land for identified & expansion projects.
- Deployment of Surface Miner and Ripper for blast free mining.
- The tendering process has been made more participative & transparent in order to ensure successful & timely conclusion of the bids.

Actions/steps taken to enhance production from underground mines:-

- Planning new underground mines adopting mass production technology.
- ✓ Continuous Miner technology has been established as a successful underground mass production technology with high productivity and safety. At present, 8 Continuous Miners are deployed in 7 underground mines of CIL. Introduction of this technology in 19 more underground mines has already been planned.

- ✓ Longwall technology has been introduced in two mines, one each in BCCL and ECL. Production has already started in BCCL whereas it is expected to start in ECL within six months. Further, work have been awarded to Mine Developer and Operator to operate Kapuria, Moonidih (both XV & XVI seam) and Muraidih in BCCL by longwall technology.
- ✓ Entering into risk / gain sharing arrangements with the equipment suppliers for guaranteed levels of production and maintenance of equipments.
- Replacing manual loading with loading machines like Side Discharge Loaders (SDLs), Load Haul Dumpers (LHDs) in conjunction with belt conveyers wherever feasible.
- Universal Drill Machines are being deployed for improved availability of coal to SDLs & LHDs.
- One mine with High Wall mining technology is working in SECL and few more are being identified.
- Providing man riding systems to reduce travel time of miners
- Introducing multi skilled job concepts etc.
- Training of manpower.
- A blue print has also been drawn for augmentation of evacuation Capacity commensurate with Production envisaged in 2019-20 in order to sustain its profit in future. CIL has undertaken the following major Railway Infrastructure Projects to be executed by Indian Railway Authority:
 - Tori-Shivpur-Kathotia new BG Line for North Karanpura Coalfields of Central Coalfields Limited, Ranchi, Jharkhand. Construction is being implemented in two phases viz. Tori-Shivpur & Shivpur - Kathotia. The work is under execution in Tori-Shivpur Section by East Central Railway, Patna. Tori-Shivpur segment is expected to be completed by December 2017.
 - Jharsuguda-Barpalli Railway Infrastructure Project for IB Coalfields of Mahanadi Coalfields Limited, Sambalpur, Odisha. The work is under execution by South Eastern Railway, Kolkata. Expected to be completed by June 2016.
 - To cater to evacuation of coal from Mand-Raigarh and Korba-Gevra Coalfields of SECL, following 2 SPVs for two Railway Corridors have been formulated:
 - i) East Corridor (Bhupdeopur- Gharghoda-Dharamjaigarh up to Korba with a spur from Gharghoda to Donga Mahua to connect mines of Gare-Pelma Block). The first phase of the project is expected to be commissioned by September 2017.
 - ii) East-West Corridor (Gevra Road to Pendra Road via Dipka, Kathghora, Sindurgarh,Pasan). (December 2017)
- Further, CIL has planned to finance for procurement of wagons. The proposal is under consideration of Indian Railway Authority."

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

Recommendation (Sl. No.12)

The Ministry of Coal is the administrative Ministry with regard to CIL and every year the Company sign MoU document under which targets for the ensuing year, both for financial and non-financial are set based on the objectives or micro-objectives of the Company. At the end of the year, performance evaluation based on the audited performance of the Company is assessed by the DPE. The Committee are constrained to note that despite periodic monitoring by the Ministry as prescribed under relevant provisions, many of the performance indicators such as production, coal off-take, shortfall vis-à-vis targets etc. still remain problem areas for the Company. The Committee are given to understand that while the responsibility of compliance with the relevant laws rests with the CIL and its subsidiaries, the Ministry, where required, plays the role of a facilitator viz. facilitating and interfacing with other concerned Government Ministries/agencies etc. in seeking early clearances or in addressing procedural hurdles or in dealing with external constraints being faced by the Company. While respecting the autonomy of CIL, the Committee are of the firm view that monitoring the performance and giving directions/guidelines from time to time lies within the administrative domain of the Ministry. The Ministry, therefore, should review the performance of CIL in view of MoU targets during the previous year and guide CIL to improve their performance.

The Committee are dismayed to note that out of 117 coal projects under implementation during 2012-13 each costing Rs. 20 crore and above, as many as 59 projects are stated to be delayed mainly on account of delay in land acquisition and forestry clearances. Although, no cost overruns are stated to be incurred in respect of these 59 projects, however, in 19 of these projects the time overruns is five years and more. In his deposition before the Committee, CMD, CIL was candid in stating that despite broad Government guidelines for according EC&FC clearances to a project in 180 days, there is not a single case where the process has been completed within stipulated time frame. He further stated that State Governments do not accord much priority to timely processing of requests for environmental and forest clearances as there is no direct incentive for them for doing the job. The Committee have been informed by the Ministry of Coal that there are inordinate delays in land acquisition (LA) and related Resettlement and Rehabilitation (R&R) process, securing environmental clearance (EC) and also forestry clearances (FC) for the coal mining projects. Since LA and R&R are complex issues and are dealt mainly at State level, single window mechanism may not be feasible. However, it is understood that for single window clearance mechanism for EC & FC, the issue is being addressed by Ministry of Environment & Forest (MoEF). Further, Group of Ministers (GoM) has

directed MoEF to go for online processing of applications for EC & FC. Ministry of Coal (MoC) has also been requesting to expedite adopting on line processing of EC & FC proposals. Besides, MoC is taking the pending issues with concerned authorities at State and Central levels on regular basis. Govt. of India has also set up a Cabinet Committee on Investment for Fast Tracking of approvals/clearance in respect of large projects in Infrastructure Sector. Apart from it, there is a sub-committee in the Cabinet Secretariat on environment which is periodically reviewing the status of projects pending for clearances.

The Committee again emphasise that meeting targets for coal production are imperative for ensuring energy requirements thereby sustaining the economic growth of the country. Since various Ministries, State Governments are involved in forest and environment clearances, a lot of coordination and cooperation is required for which the Administrative Ministry has to play a proactive role on project based needs. To find out the long term solution, lengthy and cumbersome procedures and formalities need to be simplified for which the matter should be taken at the highest level in the Government. In view of the above, the Committee hope that efforts being made by the Government to expedite the process of land acquisition and environmental clearance would fast track the development of delayed projects. The Committee would like to be apprised of the outcomes of implementation of such recommendations.”

Reply of the Government

Government has taken following initiatives for fast track development of ongoing projects and expedite execution of delayed projects:-

- Issues related to EC, FC, Land acquisition & rail infrastructure projects are now being monitored by PMO for expeditious resolution of related issues as a consequence of actions initiated by MoC.
- MoC has started an e-portal (e-CPMP) on the Cab-Sec website where crucial issues are being uploaded by CIL and its subsidiary companies and MoC is vigorously following up with the State governments and other associated ministries. Issues related to Land acquisition/ possession, R&R & Law & order are being regularly taken up at highest level by MoC with respective State Governments. MoC is also holding regular meetings with MoEF & Ministry of Railways regarding issues related to EC- FC & all major rail infrastructure projects.
- CCI-Projects Monitoring Group reviews all coal projects costing ₹ 1000 Crs and above. The institution of PMG has extended the facilities of their portal for online monitoring of coal projects. The issues/constraints faced in implementation of coal projects are being regularly uploaded on the portal for subsequent follow up.

PMG has vigorously taken up issues related to land acquisition, law & order, EC & FC with the highest levels of the respective State governments and other concerned agencies.

- MoC reviews all projects with capacities 3 Mty and above or ₹ 500 Crs and above on Quarterly basis to fast track the development of ongoing projects & expedites execution of delayed projects.
- All EC & FC proposals are now being submitted & processed online."

(Ministry of Coal File No. 25011/1/2015IFD, dated 29 October, 2015)

Recommendation (Sl. No.13)

Besides delays in forest & environmental clearances, the Committee note that embargo imposed on mining activities in view of Comprehensive Environmental Pollution Index (CEPI) is stated to be one of the reason for slippage in the production of coal during the 11th Plan. Moreover, the CEPI embargo has adversely affected the coal production target of CIL as a whole particularly in the scenario whereby increased targets for coal production are being set keeping in view the demand for power generation in the country. Though as a result of Ministry of Coal's endeavour, MoEF has lifted its moratorium from six clusters out of the eight industrial clusters for which embargo was initially put, the moratorium on CEPI restriction is stated to be still continuing in Chandrapur Cluster of WCL and Korba Cluster of Chhattisgarh. Further, MoEF has reimposed CEPI in Singrauli Field as also Jharsugudha. In this context, the Committee have been informed that CEPI has been reviewed by a third party engaged by Central Pollution Control Board (CPCB), which has made certain recommendations pertaining to the criteria of its imposition. These recommendations are stated to be under consideration by the MoEF. The Committee repose their trust on MoEF and expect them to take a rational view in the matter and strike a balance between environment considerations and growing energy needs of the country. The Committee would also like to be apprised of the decision taken by the MoEF with regard to review of CEPI.

Reply of the Government

With the initiatives of MoC, CEPI (Comprehensive Environmental Pollution Index) moratorium was lifted from 7 out of 8 coal bearing areas in two phases i.e. on 05.07.2011 & on 17.09.2013. On 01.09.2014, the moratorium on the balance area i.e. Chandrapur CPA (Critically Polluted Area) is kept in abeyance temporarily for one year for expansion projects of existing coal mines in the area.

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

CHAPTER III

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

Recommendation (SI. No.8)

The Committee note that Coal India Africana Limitada (CIAL), a wholly owned subsidiary of CIL, has acquired area for exploration and development of coal assets in Mozambique. The Committee have also been informed that exploration activities for these coal blocks are under progress and after the completion of exploration activities Geological Report and Mine Plan would be finalized. The Committee hope that CIAL would finalize the Geological Report and Mine Plan for coal blocks under exploration in a time bound manner and the Company will soon commence production from coal blocks acquired in Mozambique. The Committee expect that production of coal from the acquired coal blocks in Mozambique will help augment the production targets of CIL in future. They would like to be apprised of the developments in this regard.

The Committee further note that CIL had entered into a MoU regarding formation of a Special Purpose Vehicle (SPV) through Joint Venture involving CIL/SAIL/RINL/NTPC & NMDC for acquisition of coal properties abroad. The objective of the Joint Venture of ICVL is "Formulation of a SPV for securing metallurgical coal and thermal coal supplies from overseas". It is noted from the information furnished by the Ministry that subsequently CIL Board decided to opt out of the Joint Venture Company. However, pursuant to a request from the Ministry of Coal, it was decided to place the matter for reconsideration of CIL Board. The CIL Board desired certain clarification from ICVL. The Committee find that the clarification from ICVL has since been received and would be placed before CIL Board for a final decision. While taking note of these developments, the Committee would like to emphasise for early settlement of the issue so that the SPV is in place which would certainly increase the prospects for acquisition of coal assets abroad.

Reply of the Government

Under the exploration programme, Coal India Africana Limitada (CIAL) has completed drilling in the license areas 3450L & 3451L. The coal cores have been transported to India and are being analyzed in CMPDIL & CSIR labs in India. The chemical analysis of the coal cores is in the final stages. Simultaneously, preparation of the Geological Report is under way. The results of the analysis of coal cores are necessary for preparation of the Geological Report. After finalization of the Geological Report, the mine ability of the coal deposits would be examined, to be followed by preparation of the Mining Plan, if feasible.

The clarifications desired by Board from ICVL have been placed before CIL Board. The Board observed that ICVL is primarily focussed on securing metallurgical coal for the captive consumption of constituent steel companies, while CIL's priority is meeting the nation's increasing thermal coal demand, which it has to sell to the consumer. NTPC being a consumer of non coking coal has already opted out. Also there is a possibility of a conflict of interest among the companies. CIL through Coal Videsh has been engaged since long in identifying thermal coal assets abroad.

Thus the CIL Board observed that there is no merit in CIL's in continuing in ICVL and that CIL should withdraw from the JV.

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

Recommendation (Sl. No.15)

The Committee note from the information furnished by the Ministry/CIL that illegal mining and influence of local coal mafias particularly in the States of West Bengal and Jharkhand have hampered the production and caused revenue losses to the Company besides causing environmental degradation. Several measures have been taken by Coal Companies as emerged during the course of deliberations, to prevent illegal mining which include fencing of illegal mining sites, deployment of CISF, close liaisoning with State police and administration, surprise raids, dozing off and filling up of rat holes, etc. The Secretary, Ministry of Coal during the course of deposition has stated that technology intervention is the best solution. The Committee have been apprised that Coal India and Ministry are working on a combination of GPRS, RFID and CCTV alongwith electronic way bridges so as to electronically monitor the movement of coal. The Secretary candidly stated that human interventions have to be kept at minimum level. While taking note of the plans of the Ministry to take the help of technology to address the issue of illegal mining and pilferage of coal, the Committee exhort the Ministry to take urgent and immediate steps in this regard. Besides the Committee may also like to recommend that the possibility of using aerial surveillance may also be explored to address the issue of illegal mining and pilferage of coal.

Reply of the Government

Law & Order is a State subject. Hence, primarily, it is the responsibility of the State/District administration to take necessary deterrent action to stop/curb illegal mining of coal. However, CIL is taking the following actions to stop /curb illegal mining taking place within mine leasehold area :-

- (i) Rat holes created by illegal mining are being dozed off and filled up with stone and debris wherever possible.
- (ii) Concrete walls have been erected on the mouth of the abandoned mines to prevent access and illegal activities in these areas.
- (iii) Regular raids/checks being conducted by security personnel and static security pickets including armed guards during the night hours are being deployed at pithead depots.
- (iv) Surprise raids/checks being conducted jointly by security personnel and law and order authorities of the concerned State Government.
- (v) Fencing is being constructed at the various illegal mining sites along with displaying of signboards mentioning "Dangerous and Prohibited Place."
- (vi) Dumping of the overburden is being done on the outcrop zones, which are not required to be mined.
- (vii) Collection of intelligence reports about illegal coal depots and illegal movement of coal and informing district authorities of the same for taking preventive action.
- (viii) Installation of check-posts at vulnerable points to check transport documents;
- (ix) Training of existing security personnel, refresher training of CISF personnel and basic training of new recruits in security discipline for strengthening the security setup;
- (x) The coal companies maintain close liaison with the State authorities.
- (xi) Committee/task force has been constituted at different level (block level, sub-divisional level, district level, state level) at some subsidiaries of CIL to monitor different aspects of illegal mining.

Adoption of Technology to curb illegal mining and pilferage of coal:

Action has been taken to install RFID based Boom Barriers & Readers, GPRS based truck monitoring system and CCTV in weigh-bridges. Status of which is as under:-

A. RFID based Boom Barriers & Readers installation :

Subsidiary	Status
ECL	Tendering for 77 nos. under process.
CCL	Out of proposed 118 nos., 4 nos. installed and the balance are under process of installation.
BCCL	Tendering for 11nos.under process
MCL	Installed in 35 locations
NCL	Out of proposed 23 Nos., 01 no. installed and balance under process of installation
WCL	Tendering for 100 nos. under process.
SECL	Out of proposed 138 nos., 10 Nos. installed and balance under process of installation.

B. GPRS based truck monitoring system:

Subsidiary	Status
ECL	Out of proposed 1479 nos., 420 nos. installed and the balance under process of installation.
CCL	Out of proposed 2197 nos., 47 nos. installed and the balance under process of installation.
BCCL	703 nos. installed
MCL	1800 nos.installed
NCL	Out of proposed 1005 nos., 256 nos. installed and the balance under process of installation.
WCL	Out of proposed 710 nos., 140 nos. installed and the balance under process of installation.
SECL	Out of proposed 1601 nos., 331nos. installed and the balance under process of installation.

C. CCTV:

Subsidiary	Status
ECL	Out of proposed 115 nos., 107 nos. installed and the balance under process of installation.
CCL	Out of proposed 138 nos., 26 nos. installed and the balance under process of installation.
BCCL	39 nos. installed
MCL	Out of proposed 514 nos., 135 nos. installed and the balance under process of installation / tendering.
NCL	Work awarded for 550 nos. To be installed in phases.
WCL	Out of proposed 203 nos., 107 nos. installed and the balance under process of installation.
SECL	Out of proposed 377 nos., 18 nos. installed and the balance under process of installation.

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

Recommendation (Sl. No. 16)

Research and Development assumes critical importance for a Company like Coal India where modernization of mines and usage of modern equipment in mining activities play a predominant role in the performance of the Company. The Committee have been informed that due weightage and priority have been accorded to R&D in the perspective plan of coal production formulated by the Ministry of Coal, whereunder the Company should invest at least 1% of their PBT in R&D every year. The Committee are of the opinion that for Maharatana Status Company like CIL, 1% of PBT on R&D is not adequate. The Committee desire that CIL should explore possibilities of scaling expenditure on R&D considering its sheer size and operations. They also urge upon the Government to make concerted efforts to translate the plan of action as envisaged for the development of R&D activities in the perspective plan into tangible results so that it would have a definite impact on the mining operations of CIL.

Reply of the Government

R&D activities have been given due weightage to promote research in emerging and challenging areas of mining and engineering technology, development of expertise, application/adoption of research findings for improvement of coal exploration, production, productivity and safety in coal mines, coal beneficiation & utilization, protection of environment & ecology, introduction of new technology and techniques in the area of coal mining, strata control and mine communication etc.

- At present, R&D is being carried out in the state-of-the-art technologies like, application of tele robotics for on-line monitoring of mine environment including strata monitoring in underground mines, development of indigenous catalyst through pilot scale studies of Coal-to-Liquid (CTL) conversion, integrated communication system to communicate and locate trapped underground miners in case of mine disasters, dumper collision avoidance system in opencast mines, development of suitable and cost effective mine void aqua eco-system for promoting pisci culture in abandoned coal quarries etc. R & D is also carried out in emerging areas like, Coalbed Methane (CBM), Shale Gas, etc.
- Further to enhance the quantum of research work needed to address the complexities of operations of coal industry and for wider involvement of research institutes/agencies having adequate infrastructure and expertise, the following plan of action have been envisaged for further enhancement of CIL's R&D expenditure:
 - (i) Subsidiary companies of CIL are pursuing to strengthen their research efforts by promoting in-house research projects funded by them, directly.
 - (ii) In addition to submission of research proposals through normal route, open advertisement for Expression of Interest (EoI) are also being floated from time to time for undertaking research work on specific topics.
 - (iii) Efforts are being made to encourage private sector participation in R&D activities. Premier and reputed academic institutes, research organizations are being invited to join research endeavor to formulate need based research projects in line with the requirement of the coal industry through organizing brain storming session/workshops, seminars etc.
 - (iv) A number of thrust areas have been identified after obtaining inputs from various research / academic institutions and also from the coal and lignite producing companies. The document as such has widely been circulated amongst mining community inviting research proposals.
 - (v) For procuring the state -of –the- art technologies, CIL is exploring possibilities to collaborate with overseas institutions for introducing these technologies for the benefit of coal industry.
 - (vi) Encouraging research scholars/ academicians/coal sector employees pursuing Ph.D. in the emerging/ innovative areas of mining and other related activities by granting financial assistance through research funding.

In pursuit to the above, it is expected that the expenditure in R&D would also scale up from the present level in the coming years. Coal India Limited is constantly putting all out efforts to translate the outcomes of R&D activities in to tangible results in mining operations.

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

CHAPTER IV

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

Recommendation (Sl. No. 6)

The Committee note that actual capacity utilisation at the subsidiaries of CIL was lower than the MoU targets during the years 2011-12 and 2012-13. The capacity utilisation during the year 2011-12 was 86.12% against MoU target of 91.5%. Similarly during the year 2012-13, the capacity utilisation was 82.99% against the MoU targets of 86.24%. For the year, 2013-14 though the Company nearly achieved the annual target of capacity utilization by utilizing 84.75 percent of its installed system capacity against the target of 84.77%, yet, there is a huge gap between actual capacity utilization and total installed capacity of CIL. The shortfall in achieving targets for capacity utilization is mainly attributed to the poor performance of BCCL, CCL and MCL on account of factors such as inordinate delay in environmental clearances, land acquisition law and order problems etc. Given the various constraints under which CIL has to operate, the Committee are quite skeptical that the Company would be able to achieve its full capacity utilization in the near future. The Committee, therefore, recommend that Ministry of Coal should identify the various bottlenecks and take remedial action to address the same so as to enable CIL and its subsidiaries to enhance capacity utilization to the optimum level possible. The Committee also desire that the Ministry should formulate a specific roadmap so as to enable the underperforming subsidiaries of CIL to make a turn around and achieve the optimum capacity utilization in a time bound manner.

Reply of the Government

In 2014-15, out of 422 operating mines, capacity utilisation of 118 mines was more than 100%, 45 mines have achieved 90 to 100% and 212 mines have achieved capacity utilisation of less than 80%. During 2014-15, over all capacity utilisation of CIL was 84.38% of its MoU target of capacity utilization.

Main reasons of less capacity utilisation are due to

- Delay in acquisition / possession of land & related R&R issues.
- Delay in obtaining Forestry clearances.
- Delay in development of coal evacuation infrastructure
- Ageing of equipments
- Law & order issue in CCL and MCL.

Steps to enhance capacity utilization-

- Action being taken to provide adequate working space by timely acquisition of land, obtaining EC & FC
- Matter taken up with manufacturers for timely supply of HEMM spares
- More thrust being given for preventive machine maintenance
- Old equipments being replaced by new ones
- Action taken for increasing evacuation capacity
- Periodical training to machine operators

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

Comments of the Committee

See para 13 of Chapter I.

Recommendation (SI. No.7)

The Committee find that in May 2012, Ministry of Coal had assigned 116 coal blocks to CIL. In addition, three de-allocated coal blocks viz. Brahmini, Chichro Pastimal and East of Damogoria were also assigned to CIL. The Ministry of Coal have informed the Committee that out of these 119 blocks, geological reports (GR) are now available for 25 blocks and detailed exploration is already in progress in 30 blocks. Out of the 25 blocks, for which GR is available, Project Reports (PR) have already been prepared for 2 blocks and the rest of the blocks will be taken up for PR preparation in a phased manner during the balance period of the XII Five Year Plan. The Ministry of Coal have apprehended that production realization from underground blocks would take considerably long time in comparison to the opencast blocks/projects. Further, a large number of 119 blocks contain forest areas, for which, forest permission to drill with adequate number of boreholes (15 to 20 boreholes per sq km) is required and applications for permission to carry out detailed drilling in forest areas of 22 nos. of blocks are pending with Ministry of Environment, Forest and Climate Change and State level officials since 3-4 years and the no. of applications presently pending has increased to 48. Apart from this, the prevailing law & order condition is stated to be adversely affecting the performance of drilling. According to Ministry of Coal, the estimated cumulative loss due to law and order problems & non-availability of forest clearance during XI plan period and 2012-13 was 2.42 lakh meter (approx.), whereas during 2012-13 itself it was about 1.08 lakh meter. As stated by the Ministry, efforts made by CMPDI to carry out the pace of drilling would not increase considerably until these constraints are removed. Moreover, limited number of domestic agencies are available for carrying out drilling and International Agencies are not showing interest in CMPDI's global tenders for drilling. To address the issue, the Committee have been apprised that the matter has been taken up by the Ministry of Coal with the Ministry of Environment Forest

and Climate Change for revision of existing drilling norms (permitting only upto 20 boreholes per 10 sq. km) against the requirement of 15 to 20 boreholes per sq.km for exploration in forest areas. The Committee have also been apprised that the Ministry of Environment, Forest and Climate Change has proposed to simplify the procedures for according forest clearance to exploration proposals. The Committee are of the considered view that there is an urgent need to ensure smooth drilling in various coal blocks so as to achieve the production targets by CIL. The Committee, therefore, urge the Ministry to address the various issues relating to drilling norms and simplification of procedures urgently and in a time-bound manner in consultation with the Environment Ministry as well as various State Governments. The Committee may be kept apprised about the actions taken by the Ministry and the outcome thereto in this regard.

Reply of the Government

Out of 119 blocks assigned to CIL, geological reports are available for 39 blocks and detailed exploration is in progress in 71 blocks. Out of 39 blocks, for which GR is available, PRs have already been prepared for 10 blocks and the rest of the blocks will be taken up for PR preparation in phased manner during the balance period of the XII Plan and XIII Plan.

Further, a large number of 119 blocks contain forest areas, for which permission from forest department is required to drill adequate number of boreholes (15 to 20 boreholes per Sq. km).

Applications for permission to carry out detailed drilling in forest areas of 70 no. of blocks are pending with MoEF and state level since 4-5 years. Apart from this, the prevailing law and order conditions is adversely affecting the performance of drilling. The estimated cumulative loss due to law and order problem and non availability of FC during XI Plan period was 1.35 lakh mtrs (aprox) and during XII plan period (2012-13 to 2014-15) is 5.67 lakh meter (approx). More ever, limited number of domestic agencies are available for carrying out drilling and international agencies are not showing any interest in CMPDIL's global tenders for drilling.

Clause of revision of existing drilling norms (permitting only up to 20 boreholes per 10 sq.km) against the requirement of 15 to 20 boreholes per sq.km for exploration in forest areas has been taken up by MoC with MoEF. MoEF has proposed to simplify the procedures for according forest clearance to exploration proposals.

An online system of submission of forest application was introduced by MoEF in April 2014. CMPDIL had submitted all pending application (presently 72 nos) on line, but till date forest permissions were granted for 2 blocks only.

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

Comments of the Committee

See para 16 of Chapter I.

Recommendation (Sl. No.11)

In accordance with the National Coal Distribution Policy 2007, CIL introduced e-auction system whereby any needy person can procure coal by participating in e-auctions. The Committee are of the considered view that though e-auction is a welcome policy initiative as this enables availability of coal to eligible end-users who are unable to source the requirement through available institutional mechanism, however, the system is prone to manipulation by unscrupulous traders who may purchase coal through e-auction and sell it out in the black market unless stringent rules are put in place to ensure the genuineness of the applicants. The Committee were informed by the Ministry of Coal that CIL has taken a slew of measures to check the veracity and genuineness of end users to curb the malpractices in the e-auction system. While appreciating the measures taken by CIL to safeguard the interest of the actual end-users and prevent any likely misuse of e-action policy, the Committee caution CIL to exercise due diligence while implementing the system of coal sale through e-auction.

Reply of the Government

New Coal Distribution Policy (NCDP) -2007 states that coal distribution through e-auction was introduced with a view to provide access to coal for such consumers who are not able to source coal through the available institutional mechanism for reasons like the seasonality of coal requirement, limited requirement of coal not warranting long-term linkages etc. In the long run, it is expected that e-auction may help in creating spot as well as future market of coal in the country.

Accordingly two fresh e-auction schemes were introduced-

- i) In spot e-auction any Indian buyer is entitled to participate.
- ii) In forward e-auction scheme only actual users can participate for supply of assured quantity of coal for a long period (one year). CIL offers coal under forward e-auction, to safeguard the interest of actual users.

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

Comments of the Committee

See para 19 of Chapter I.

Recommendation (Sl. No.17)

The Committee express their deep anguish over the fact that although funds have been earmarked and allocated for CSR activities, CIL and its subsidiaries have not been able to utilize the funds. From the data made available to the Committee, it is noted that the funds could not be utilised fully in each of the years since 2008-09. Worst is the position during the years 2011-12 and 2012-13, when only ₹82 crore and ₹149.55 crore could be utilised against the allocation of ₹553 crore and ₹595.74 crore respectively. Although the position has improved during the year 2013-14, the under-spending to the tune of ₹64.99 crore is still there. The Committee are not convinced by the justification given by the Company that baseline survey for computing data was a time-consuming process which slowed the utilization of funds. The Committee have been informed that for monitoring of CSR activities, the Committee comprising of Board Level Directors has been formed at CIL (HQ) and its subsidiaries. They have also been informed that CIL has entered into MoU with Tata Institute of Social Sciences (TISS) for extending assistance in implementing CSR activities in view the statutory provisions under the Company Act 2013. The Committee expect the Company to expeditiously implement CSR activities so that funds allocated for CSR activities are spent within stipulated time frame.

Reply of the Government

As per DPEs guideline CSR project were to be implemented by specialised Agency and in order to quantify the impact made by CSR activities base line data was to be collected before start of any project. The observance of these formalities were time taking resulting into delay in finalisation and completion of projects. Further the works of infrastructure nature under CSR involving huge amount, needed selection of agency with reasonable rates of execution as per the tender process which also required considerable time.

However, the unspent amount of CSR for a particular year has been carried forward to the next financial year for utilization together with the budget allocation for the year. During 2013-14 the CSR expenditure was ₹ 409.37 crores against total budget of ₹ 474.36 crores which is more than 86% of the budget allocation. Further an amount of around ₹ 330.00 crores (provisional) has been spent during 2014-15 against budget of ₹471.65 crores which is 70% of the budget. Besides the above expenditure, each of CIL subsidiaries has kept provision for expenditure on "Swachh Vidyalaya Abhiyan" during 2014-15. CIL Board has also empowered CIL subsidiaries for keeping provision of additional budget towards expenditure on 'Swachh Vidyalaya Abhiyan'.

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

CHAPTER V

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

Recommendation (Sl. No.10)

The Committee note the considerable hike in the outstanding coal sales dues of various subsidiaries of CIL. From ₹4857.53 crore as on 31 March 2011 gross coal sales dues of the Company have risen to ₹10830.04 crore as on 31 March 2014. While expressing concern over the huge outstanding coal sales dues, the Committee recommend that CIL and its subsidiaries should vigorously pursue the matter with debtors for expeditious clearance of outstanding sales dues. In case of institutional and large debtors viz. public undertakings or a Government entity, the Committee would like the Ministry of Coal to play a proactive role in facilitating CIL in realization of its outstanding sales dues. The Ministry of Coal may intervene and persuade the concerned nodal ministries of the debtor companies to expedite the clearance of outstanding dues from debtors to Coal India Limited (CIL). The Committee would like to be apprised of the outcome of the initiative taken by the Ministry of Coal/CIL for expeditious liquidation of all outstanding dues within three months presentation of this report.

Reply of the Government

The outstanding coal sales due of various subsidiaries of CIL was ₹ 10,830.14 cr as on 31.03.2014. The total outstanding coal sale due of CIL came down to ₹ 9070 cr (provisional) as on 31.03.2015 reduced by ₹ 1760.14 cr (provisional) compared to the total outstanding dues of 31.03.2014.

Continuous efforts are being made at the subsidiary level and CIL level to realize the coal sale dues from debtor/parties.

The following action has been taken for recovery of outstanding dues:

- The party-wise outstanding dues are being reviewed by the subsidiary companies on time to time basis. The General Manager, Sales and Marketing (S&M) of concerned subsidiaries follows-up regularly with concerned parties to realize the outstanding dues.
- Regional Sales Offices under S&M Division, CIL also pursue towards realization of outstanding dues.
- CMDs of the subsidiary companies also communicate with Chairman/ MDs of the defaulting powerhouses/ parties.
- At CIL level, GM(S&M) also communicates with the major defaulting powerhouses to clear the outstanding dues.

- Director (Marketing), CIL have also taken up the issue of non-payment with major defaulting powerhouses/ parties.
- Chairman, CIL has also communicated with Chief Secretaries of States so that dues of major defaulting parties are cleared.

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

Recommendation (Sl. No.14)

The Committee find that the main reason behind mismatch between production and evacuation of coal from the coal field is due to non-availability of adequate wagons. The bottlenecks identified in this regard include lack of expansion of Railway infrastructure network to the Coal fields. What is disturbing to the Committee even more is 'near-total dependence' on Railways for evacuation of Coal. The Committee have been given to understand that three major coal connectivity projects i.e. (i) Shivpur-Hazaribagh (Kathotia) new BG Line, (ii) Railway riding upto Baroud-Bijar Block in Chhattishgarh-Mand Rajgarh Coal fields, and (iii) Railway line from Jharuguda to Borpali in Gopalpur-Manoharpur Track (Odisha) are to be constructed by the Railways. However, the Committee are perturbed to note that there is hardly any progress in respect of these connectivity projects. Since construction of the Railway infrastructure is an imperative need for transportation of coal, which is all the more important from the view point of energy need of the nation, the Committee urge upon all the concerned Ministries/Departments to understand the urgency involved in these mega projects and make best efforts to translate these projects into reality.

Reply of the Government

Three major critical rail projects namely Tori-Shivpur-Kathotia in Jharkhand, Jharsuguda-Barpali in Odisha & East Rail Corridor (Bhupdeopur-Kharasia – Korichapar – Dharamjaigarh) in Chhattisgarh have already been taken up by CIL.

The status of these rail projects is given below:-

- Tori-Shivpur-Kathotia new BG Line for North Karanpura Coalfields of Central Coalfields Limited, Ranchi, Jharkhand. Construction is being implemented in two phases viz. Tori-Shivpur & Shivpur - Kathotia.

- **Status of line in Tori-Shivpur section (Evacuation capacity 80 MTPA, Length – 44 Km) :**

- The work is under execution in Tori-Shivpur Section by East Central Railway, Patna on Deposit basis;

- 68.90% of the total 1122.065 Acres of land required for the project has been possessed. Acquisition and possession of balance land under Railway Act is under process;
- The anticipated date of completion of the work is Dec 2017;
- **Status of line in Shivpur-Kathotia section (Evacuation capacity 20 MTPA, Length – 48 Km) :**
 - MoU signed on _04.05.2015 between MoC, MoR and State Govt for formation of Joint Venture to undertake project development, financing and implementation of identified projects;
 - Another MoU was signed on 19.5.2015 among CCL (representing MoC), IRCON (representing MoR) and Govt. of Jharkhand for formation of JP Company to form a JV company .The JV was formed under the name Jharkhand Central Railway Limited on 31.8.2015;
 - This project is being proposed to be taken up under JV company;
 - 1365.409 Acres is required for the project. Land required for project is being acquired;
- Jharsuguda-Barpalli, Railway Infrastructure Project for evacuation of coal from IB Coalfields of Mahanadi Coalfields Limited, Sambalpur, Odisha (Coal Evacuation Capacity – 35 MTPA in Phase – I and 60 MTPA in Phase – II, Length – 52.412 Km (including 8.00 km length for construction of bulb for loading)):
 - The work is under execution South Eastern Railway, Kolkata on deposit basis;
 - Single track in phase – I and Doubling in phase – II
 - 95.39 % of the total 709.678 Acres of land required for the construction of railway line has been possessed. Acquisition and possession of balance land under Railway Act is under process;
 - Additional 148.90 Acres of land required for construction of loading bulb is under acquisition;
 - earth work for laying of track over 90% of the track length completed, track laying under process;
 - The anticipated date of completion of the work under phase – I is June 2016;
- To cater to evacuation of coal from Mand-Raigarh and Korba-Gevra Coalfields of SECL, following 2 SPVs for two Railway Corridors have been formulated:
 - **East Rail Corridor (Capacity 80 MTPA, Length – 104.16 Km) :**
 - East Rail corridor between Bhupdeopur- Kharasia – Korichapar –Dharamjaigarh up to Korba with a spur from Gharghoda to Donga Mahua to connect mines of Gare-Pelma

Block, is under implementation through SPV formed between SECL, Railways and Govt of Chattisgarh;

- 63.36% of the total 1289.373 Acres of land required for the project has been possessed. Tree enumeration of forest land is under process. Possession of balance tenancy land under Railway Act under process:

- Likely date of completion of the project is Sep 2017;

- **East West Rail Corridor (Capacity 70 MTPA, Length – 168.40 Km) :**

- East West Rail corridor between Gevra Road to Pendra Road via Dipka, Kathghora, Sindurgarh, Pasan is under implementation through SPV formed between SECL, Railways and Govt of Chattisgarh;

- Acquisition and possession of 2325.204 Acres of land under process;

- Likely date of completion of the project is Dec 2017

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

Recommendation (Sl. No.18)

One of the major objectives of CIL among others is foraying into alternative energy sources. With a view to achieving this objective, CIL is stated to be in the process of working out an arrangement with Solar Energy Corporation Ltd. (SECL) to install a 1000 Mw solar power unit in a phased manner. The Committee have been given to understand that the detailed project report is yet to be finalized. Since solar power can be a viable substitute for conventional power used by the coal companies and is also environmental-friendly, the Committee urge upon the Company to vigorously pursue with SECL to finalize the Detailed Project Report (DPR) on Solar Energy so that the Green Initiative undertaken by the Company are translated into a successful venture.

Reply of the Government

During the 1st Renewable Energy Global Investors Meet (RE-INVEST), 2015 Coal India Limited has committed to develop 1000 MW Solar Energy during the five year period of 2015-19 for which MoU was signed between Coal India Limited and Solar Energy Corporation of India (SECI) on 1st October, 2014 for installation of Solar Power Plants (SPP).

CIL has agreed for installation of 600 MW Solar Power Plant(SPP) at a stretch in Madhya Pradesh, status of which is as under:

- Feasibility study for installation of SPP has already been done.
- Ownership of land in use for SPP will be with Coal India for 30 years.

- No additional cost for land is to be paid by CIL.
- The project to be completed within 30th June, 2016 and operated from 1st July, 2016.
- A detailed project report (DPR) will be prepared by SECI shortly.

The balance solar power will be installed in some other places to be identified.

(Ministry of Coal O.M. No. 25011/1/2015IFD, dated 29 October, 2015)

**New Delhi,
23 February, 2016
04 Phalgun 1937(S)**

**SHRI SHANTA KUMAR
Chairperson,
Committee on Public Undertakings.**

APPENDIX - I
COMMITTEE ON PUBLIC UNDERTAKINGS
(2015-2016)

MINUTES OF THE FIFTEENTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 06th January 2016 from 1500 hrs to 1645 hrs in Committee Room No. 074, Ground Floor, Parliament Library Building, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Prahlad Patel
4. Shri Ram Sinh Rathwa
5. Shri Raypati Sambasiva Rao
6. Prof. Saugata Roy
7. Shri Sushil Kumar Singh

Rajya Sabha

8. Shri Praful Patel
9. Shri Rangasayee Ramakrishna
10. Shri Tapan Kumar Sen

SECRETARIAT

- | | | |
|----|---------------------|------------------|
| 1. | Smt. Sudesh Luthra | Joint Secretary |
| 2. | Smt. Anita B. Panda | Director |
| 3. | Shri G.C. Prasad | Deputy Secretary |

OFFICE OF C&AG OF INDIA

- | | | |
|----|-----------------------|---------------------------|
| 1. | Shri P.K. Mishra | Director General (Comm-I) |
| 2. | Smt. Tanuja S. Mittal | Principal Director |
| 3. | Shri Manish Kumar | Principal Director |

**MINISTRY OF HOUSING AND URBAN POVERTY ALLEVIATION
(HUPA)**

1.	Dr. Nandita Chatterjee	Secretary
2.	Shri Rajiv Ranjan Mishra	Joint Secretary
3.	Smt. Jhanja Tripathy	JS & FA
4.	Dr. Ravi Kanth Medithi	CMD, HUDCO

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

3. The Committee first took up for consideration the draft Report on the 'Action Taken by the Government on the Observations / Recommendations contained in the Fourth Report (Sixteenth Lok Sabha) of the Committee on Public Undertakings (2014-15) on 'Coal India Limited' and adopted the same without any changes / modifications.

4. XXX XXX XXX.

5. The Committee thereafter authorized the Chairperson to finalise the aforesaid draft Reports on the basis of factual verification by Ministries/ Departments concerned and present the same to Parliament in due course.

(The representatives of C&AG then withdrew)

(The representatives of Ministry of HUPA were ushered in)

6. XXX XXX XXX.

7. XXX XXX XXX.

8. XXX XXX XXX.

(The witnesses then withdrew).

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

APPENDIX - II*(Vide para 3 of the Introduction)***Analysis of the Action Taken by Government on the Observations / Recommendations contained in the Fourth Report of the Committee on Public Undertakings on “Coal India Limited”.**

I	Total number of Recommendations	18
II	Recommendations that have been accepted by the Government [Paras No. 1, 2, 3, 4, 5, 9, 12 and 13]	Total - 8 Percentage - 38.89
III	Recommendation which the Committee do not desire to pursue in view of Government's replies [Paras No. 8, 15 and 16]	Total - 3 Percentage-27.77
IV	Recommendations in respect of which replies of the Government have not been accepted by the Committee [Paras No. 6, 7, 11 and 17]	Total - 4 Percentage - 16.67
V	Recommendations in respect of which final replies of Government are still awaited. [Paras No. 10, 14 and 18]	Total - 3 Percentage - 16.67