

COAL INDIA LIMITED

4

MINISTRY OF COAL

**COMMITTEE ON PUBLIC UNDERTAKINGS
(2014-2015)**

FOURTH REPORT

(SIXTEENTH LOK SABHA)



सत्यमेव जयते

LOK SABHA SECRETARIAT

NEW DELHI

CPU NO. 984

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Presented to Lok Sabha on 28.04.2015

Laid on the Table of Rajya Sabha on 28.04.2015

LOK SABHA SECRETARIAT

NEW DELHI

APRIL 2015 / VAISAKHA 1937(S)

CONTENTS

	Page
Composition of the Committee (2014-15)	
Composition of the Committee (2013-14)	
Composition of the Committee (2012-13)	
Introduction	
REPORT PART - I	
Chapter - I INTRODUCTION	
i). CIL at a glance	1
ii). India's Energy Scenario & Importance of Coal	1
iii). Strategic Relevance of CIL	1
iv). Organisational Setup	2
v). Objectives	2
vi). Vision of CIL	3
Chapter - II PERFORMANCE	
A. PHYSICAL PERFORMANCE	
i). Raw Coal Production	5
ii). Productivity	9
iii). Demand Supply Gap	10
iv). Off-take of Coal	11
v). Fuel Supply Agreements (FSAs)	14
vi). Capacity Utilisation	15
vii). Exploration Activities	16
viii). Constraints faced by CIL in Exploration Activities	17
ix). Acquisition of Coal assets abroad	18
x). Joint Venture	19
B. FINANCIAL PERFORMANCE	
i). Profit-Loss	20
ii). Dividend Income	22
iii). Coal Sales Dues	23
iv). e-Auction	24
C. PERFORMANCE REVIEW OF CIL BY THE ADMINISTRATIVE MINISTRY	
i). Review by Ministry of Coal	25
ii). Review vis-à-vis MoU targets	27
Chapter-III PROJECTS IMPLEMENTATION	
i). Projects at a glance	29
ii). Environment and forest clearances (EC&FC) for Projects	29
iii). Impact of comprehensive environmental protection index (CEPI) on coal mining	31
iv). Other issues causing delay in project implementation	32

Chapter-IV	COAL CONNECTIVITY PROJECTS	34
Chapter-V	ALLIED ISSUES	
	i). Illegal Coal Mining	39
	ii). Research and Development	44
	iii). Environment Protection	45
	iv). Corporate Social Responsibility	46
	v). Green Initiative	51

PART - II

	OBSERVATIONS / RECOMMENDATIONS OF THE COMMITTEE	53
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APPENDICES

I	Minutes of the Sitting of the Committee held on 30 January 2013.
II	Minutes of the Sitting of the Committee held on 12 July 2013.
III	Minutes of the Sitting of the Committee held on 10 October 2014.
IV	Extracts of the Minutes of the Sitting of the Committee held on 7 April 2015.

COMPOSITION OF THE
COMMITTEE ON PUBLIC UNDERTAKINGS
(2012-2013)

Shri Jagdambika Pal - Chairperson

Members, Lok Sabha

2. Shri Hansaraj Gangaram Ahir
3. Vacant
4. Shri Bansa Gopal Chowdhury
5. Dr. Mahesh Joshi
6. Shri Shailendra Kumar
7. Dr. (Smt) Botcha Jhansi Lakshmi
8. Shri Vilasrao Baburaoji Muttemwar
9. Shri Adhalrao Shivaji Patil
10. Shri Ponnam Prabhakar
11. Shri Rajendrasinh Rana
12. Shri Nama Nageswara Rao
13. Shri Uday Singh
14. Dr. Prabha Kishor Taviad
15. Shri Bhisma Shankar alias Kushal Tiwari

Members, Rajya Sabha

16. Shri Anil Desai
17. Shri Janardan Dwivedi
18. Shri Naresh Gujral
19. Dr. V. Maitreyan
20. Shri Mukhtar Abbas Naqvi
21. Shri T.M. Selvaganapathi
22. Dr. Janardhan Waghmare

**COMPOSITION OF THE
COMMITTEE ON PUBLIC UNDERTAKINGS (2013-2014)**

Shri Jagdambika Pal - Chairperson

Members, Lok Sabha

2. Shri Hansraj Gangaram Ahir
3. Shri Praveen Singh Aron
4. Shri Sanjay Bhoi
5. Smt. Shruti Choudhary
6. Shri Bansa Gopal Chowdhury
7. Shri Raja Ram Pal
8. Shri Adhalrao Shivaji Patil
9. Shri Rajendrasinh Rana
10. Shri Nama Nageswara Rao
11. Shri Magunta Sreenivasulu Reddy
12. Prof. Saugata Roy
13. Smt. Sushila Saroj
14. Shri Uday Singh
15. Shri Bhisma Shankar alias Kushal Tiwari

Members, Rajya Sabha

16. Shri Naresh Agrawal
17. Shri Anil Desai
18. Shri Janardan Dwivedi
19. Shri Naresh Gujral
20. Shri Mukhtar Abbas Naqvi
21. Shri Tapan Kumar Sen
22. Dr. Janardhan Waghmare

**COMPOSITION OF
COMMITTEE ON PUBLIC UNDERTAKINGS (2014-15)**

Shri Shanta Kumar - Chairperson

Members, Lok Sabha

2. Sh. L.K. Advani
3. Sh. Ramesh Bais
4. Shri Pankaj Chaudhary
5. Shri Nand Kumar Singh Chauhan
6. Sh. Biren Singh Engti
7. Shri Dilipkumar Mansukhlal Gandhi
8. Dr. Kambhampati Haribabu
9. Shri Yogi Aditya Nath
10. Shri Baijayant Panda
11. Shri Prahlad Patel
12. Shri Ram Sinh Rathwa
13. Shri Rayapati Sambasiva Rao
14. Prof. Saugata Roy
15. Shri B. Senguttuvan

Members, Rajya Sabha

16. Shri Naresh Agrawal
17. Shri Narendra Budania
18. Shri Majeed Memon
19. Shri Muthukaruppan
20. Shri Rangasayee Ramakrishna
21. Shri C.M. Ramesh
22. Shri Tapan Kumar Sen

Secretariat

1. Shri M.C. Sharma – Joint Secretary
2. Shri M.K. Madhusudhan – Director
3. Shri Tirthankar Das – Deputy Secretary
4. Shri Yogendra Singh – Executive Officer

INTRODUCTION

I, the Chairperson, Committee on Public Undertakings (2014-15), having been authorized by the Committee to submit the Report on their behalf, present this Fourth Report on Coal India Limited.

2. The Committee on Public Undertakings (2012-13) had selected the above subject for detailed examination. Since the examination of the subject could not be completed during the term of that Committee, the Committee on Public Undertakings (2013-14) reselected the subject. As the examination of the subject remained inconclusive during for the term of the Committee on Public Undertakings (2013-14), the present Committee decided to carry forward the subject so as to complete the unfinished task.

3. The Committee on Public Undertakings (2012-13) had taken oral evidence of the representatives of Coal India Limited and Railway Board on 30 January 2013. Thereafter, the Committee (2013-14) took oral evidence of the representatives of the Ministry of Coal, Ministry of Environment and Forest on 12 July 2013. Further, the Committee on Public Undertakings (2014-15) took further evidence of representatives of Ministry of Coal and Coal India Limited on 10 October 2014.

4. The Committee considered and adopted the draft Report at their Sitting held on 7 April 2015.

5. The Committee wish to express their thanks to the representatives of Ministry of Coal, Ministry of Environment and Forest, Railway Board and Coal India Limited for tendering evidence before them and furnishing the requisite information to them in connection with the examination of the subject.

6. The Committee also wish to express their sincere thanks to the predecessor Committees for their endeavours in examination of the subject.

7. For facility of reference and convenience, the Observations / Recommendations of the Committee have been printed in bold letters in Part-II of the Report.

**New Delhi
24 April 2015
4 Vaisakha,1937 (S)**

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

CHAPTER - I

INTRODUCTION

I. CIL AT A GLANCE

Coal India Limited (CIL) a State owned coal mining corporate came into being in November 1975 with the Government taking over private coal mines. With a modest production of 79 Million Tonnes (MTs) at the year of its inception CIL today is the single largest coal producer in the world. Operating through 81 mining areas CIL is an apex body with 7 wholly owned coal producing subsidiaries and 1 mine planning and consultancy company spread over 8 provincial states of India. CIL also fully owns a mining company in Mozambique christened as 'Coal India Africana Limitada'. CIL also manages 200 other establishments like workshops, hospitals etc. Further, it also owns 26 technical & management training institutes and 102 Vocational Training Institutes Centres. Indian Institute of Coal Management (IICM) is a state-of-the-art Management Training 'Centre of Excellence'- the largest Corporate Training Institute in India – operates under CIL and conducts multi disciplinary management development programmes.

CIL having fulfilled the financial and other prerequisites was granted the Maharatna recognition in April 2011. It is a privileged status conferred by the Government of India to select state owned enterprises in order to empower them to expand their operations and emerge as global giants.

II. INDIA'S ENERGY SCENARIO & IMPORTANCE OF COAL

India is currently among the top three fastest growing economies of the world. As a natural corollary, India's energy needs too are fast expanding with its increased industrialization and capacity addition in Power generation. This is where 'Coal' steps in. In India coal is the critical input for major infrastructure industries like Power, Steel and Cement etc.

- Coal is the most dominant energy source in India's energy scenario.
- Coal meets around 52% of primary commercial energy needs in India against 29% the world over.
- Around 66% of India's power generation is coal based.
- India is the 3rd largest coal producing country in the world after China and USA.

III. STRATEGIC RELEVANCE OF CIL

The relevance of CIL can be judged for the following:

- CIL produces around 81.1% of India's overall coal production
- In India where approximately 52% of primary commercial energy is coal dependent, CIL alone meets to the tune of 40% of primary commercial energy requirement
- CIL commands nearly 74% of the Indian coal market
- CIL feeds 82 out of 86 coal based thermal power plants in India

- It accounts for 76% of total thermal power generating capacity of the Utility sector
- It supplies coal at prices discounted to international prices
- CIL also insulates Indian coal consumers against price volatility
- Lastly, CIL makes the end user industry globally competitive

IV. ORGANIZATIONAL SET-UP

Coal India is a holding company with seven wholly owned coal producing subsidiary companies and one mine planning & consultancy company. It encompasses the whole gamut of identification of coal reserves, detailed exploration followed by design and implementation and optimizing operations for coal extraction in its mines. The Indian subsidiaries of CIL are as under:

1. Eastern Coalfields Limited (ECL), Sanctoria, West Bengal
2. Bharat Coking Coal Limited (BCCL), Dhanbad, Jharkhand
3. Central Coalfields Limited (CCL), Ranchi, Jharkhand
4. South Eastern Coalfields Limited (SECL), Bilaspur, Chattisgarh
5. Western Coalfields Limited (WCL), Nagpur, Maharashtra
6. Northern Coalfields Limited (NCL), Singrauli, Madhya Pradesh
7. Mahanadi Coalfields Limited (MCL), Sambalpur, Orissa
8. Central Mine Planning and Design Institute Limited (CMPDIL), Ranchi, Jharkhand.

Coal India has registered a subsidiary company at Mozambique, Africa for exploration and extraction of coal namely Coal India Africana Limitada, Mozambique, North Eastern Coalfields (NEC) a small coal producing unit operating in Margherita, Assam is under direct operational control of CIL. Coal India's major consumers are Power and Steel sectors. Others include Cement, Fertiliser, Brick Kilns, and small scale industries.

V. OBJECTIVES

Major objectives of Coal India Ltd. (CIL) are as under:

- a) Ensure long-term energy security of the country through development of coalmines and foraying into alternative energy sources.
- b) To improve the quality of life of employees and to discharge the corporate obligations to society at large and the community around the coalfields in particular.
- c) Undertake continuous efforts to inculcate safe mining practices and promote safety management to reach Zero Accident Potential level in all mines.
- d) To inculcate proactive sustainable development with due emphasis on afforestation, protection of environment and control of pollution.
- e) To undertake detailed exploration and plan for new projects to meet the future coal demand.

- f) Enter into collaborations and partnerships, in India and abroad, to source and implement best technology and management practices across different functional areas.
- g) Enter into strategic alliances with organizations par excellence in diverse areas to bring together complimentary skills of the partners to increase CIL's long-term competitive edge.
- h) Improve customer relationship management and strengthen reach to customers through IT-enabled system for coal sourcing.
- i) Encourage and practice workers' participation in management in letter and spirit at all levels.
- j) Implement Human Capital Development Policy to provide supportive work environment through appropriate training inputs designed to make every employee face the challenges and reap the benefits of opportunities of changing business environment.
- k) To develop corporate image and brand equity commensurate to the size and complexity of operations as well as the strategic relevance of the Company.

VI. VISION OF CIL

The vision of the Company is to emerge as one of the global players in the primary energy sector committed to provide energy security to the country by attaining environmentally and socially sustainable growth through best practices from mine to market.

When asked to explain as to what extent, in the opinion of the Ministry, the performance, operations and achievements of CIL were in consonance with the vision of the Company, the Ministry of Coal in a written reply stated that the strategic vision of CIL is to place itself on a path of accelerated growth with enhancement in productivity, competitiveness and profitability, while meeting the growing demand of coal in the country in an environmentally and socially sustainable manner.

The Committee were informed that CIL was assigned a task of undertaking a study of formulation of its corporate plan by the Department of Public Enterprises and M/s. KPMG was entrusted to undertake the assignment of preparing a document "Coal Vision 2020". On being asked whether the corporate plan has since been finalized and if so, the salient features may be explained. In response, the Ministry of Coal have stated that KPMG has submitted the final report to CIL which has been accepted by CIL Board. KPMG has made a detailed report on the following topics:

- Review of existing vision / mission / objective of CIL
- Business environment analysis & forecasting
- New business opportunity analysis.
- Strategies for production de-bottlenecking, Cost reduction & quick wins

- Capital management strategy
- Marketing strategy
- Supply chain management
- Corporate branding strategy
- Human resource strategy
- Risk management strategy
- Mining technology & product development including meeting climate change issue
- Business modeling, change management & implementation plan

The Committee were also told that necessary actions have been initiated to implement the suggestions. KPMG is currently engaged in providing implementation-related assistance to CIL.

On being asked whether any improvements, mid-course corrections, changes in strategy, etc. needs to be suggested by the Ministry in the working of CIL so as to make it fully vision oriented, the Ministry stated that coal continues to be an important source of primary energy in the Indian economy and CIL accounts for very large share (80%) of the total production. Therefore, the actions taken by the CIL in meeting the challenges relating to investment, production and in overcoming the constraints arising from environmental considerations and maintaining the quality of coal are critical if the Company has to continue to remain the leading energy supplier in the country. In this regard, the Ministry expect CIL to take decisions befitting its status as a Maharatna Company and quickly respond to the challenges in the aforesaid areas and ensure that its projects are implemented in a time scale which meets the international bench marks.

To further energize CIL in the Contemporary firms to become a global player at the earliest, the Ministry of Coal have informed the Committee that the following challenges needed to be addressed:

- 1) Though there is improvement in progress of Forestry / Environment proposals which are waiting for clearances, however, timely clearances of pending proposals will enhance the output substantially;
- 2) Help from the State Governments is required to resolve the issues related to acquiring of land and Rehabilitation & Resettlement problems;
- 3) Improvement in Rail & Road infrastructure to enhance transportation/evacuation of coal; and
- 4) CIL/MoC has engaged an International Reputed Agency to study the mine operations for modernization & mechanization possibilities which will help in adoption of State of Art technology.

CHAPTER - II

PERFORMANCE

A. PHYSICAL PERFORMANCE

I. RAW COAL PRODUCTION

The targets and actuals in respect of coal production of CIL during last five years are stated to be as under:

(In Mt)

Year	Underground Mines			Opencast Mines			Total Production		
	Tgt.	Act.	% Ach-vmnt.	Tgt.	Act.	% Ach-vmnt.	Tgt.	Act.	% Ach-vmnt.
2010-11	46.35	40.02	86	414.15	391.30	94	460.55	431.32	94
2011-12	45.00	38.39	85	402.00	397.45	99	452.00	435.84	96
2012-13	43.90	37.78	86	420.10	414.43	89	464.10	452.21	96
2013-14	38.92	36.11	92	443.08	426.31	96	482	462.42	97
2014-15 (First Quarter)	9.07	8.49	94	103.94	99.83	96	113.01	108.33	96

It is seen from the information furnished to the Committee that during the past five years CIL has continuously registered shortfall in production against the envisaged targets. When asked about the reasons for the shortfall in production *vis-à-vis* targets fixed, the following information was furnished by the Company:

Reasons for Shortfall

The reasons for shortfall (year-wise) during the last 5 years were stated to be as follows:

2014-15 (Upto June 2014):

- (i) Law and order problem in MCL and CCL;
- (ii) Delay in getting Forest Clearance and Environment Clearance;
- (iii) Frequent Breakdown of Draglines at NCL and WCL causing less exposure of coal;
- (iv) Less transportation of coal by ESM Company in SECL;
- (v) Delay in physical possession of land; and
- (vi) Evacuation problem in MCL and CCL.

2013-14:

- (i) Delay in getting Forestry Clearance (FC) and Environmental Clearance (EC);
- (ii) Evacuation problem in MCL and CCL;
- (iii) R & R Problems;
- (iv) Law and order problem at MCL & CCL;

- (v) Explosive supply was affected from 12th Jan. 2014 to 16th Feb. 2014. Ammonium Nitrate Rule 2012 made effective from 11th Jan. 2014;
- (vi) Coal production at Basundhara-Garjanbahal Area of MCL stopped from 10.08.2013 due to failure of OB dump at Kulda OCP resulting death of 13 villagers/ outsiders. Production at Basundhara OCP resumed from 22.08.2013 and on 14.09.13 from Kulda OCP; and
- (vii) Adverse Geo- mining Conditions in some of the mines of WCL.

2012-13:

- (i) Delay in acquiring land and R&R Problems;
- (ii) Delay in Forestry clearances;
- (iii) Difficulties in obtaining of Environmental Clearances;
- (iv) Constraints on coal evacuation due to slow development of Rail links;
- (v) Exhaustion of reserves, thinning of coal seam and large scale inundation;
- (vi) Intermittent law and order problems hampering coal movement particularly in States of Jharkhand and Orissa;
- (vii) Presence of underground coal fire, un-manageable surface subsidence in shallow workings;
- (viii) Water logging grooves in adjoining areas;
- (ix) Loss of production in underground mines is attributed to poor geo-mining condition/Safety related reasons;
- (x) Frequent failure of New HEMMs supplied by BEML;
- (xi) Mismatch between indents and wagon supply and unloading constraints hampering wagon supply to the desired extent; and
- (xii) Natural calamities like heavy rains, heat wave conditions and fog situations hampering optimal level of coal transportation and movement.

2011-12:

- (i) Excessive rainfall this year from June'11 onwards, production from all the Opencast Mines was adversely affected. In the month of Sept. also rainfall was almost double in most of the areas as compared to same month last year and almost double in yearly progressive in all the Areas;
- (ii) Imposition of Sec. 144 and curfew (23rd April 11 to 3rd May 2011) in few places of Jharkhand affecting production in BCCL and CCL; and
- (iii) Law and order disruptions in the forms of local bandhs by naxalites in CCL and by local people in MCL command area.

2010-11: There was overall shortfall in production amounting to 29.18 MT mainly due to:

- (i) Restriction emanated from the guideline issued by the Ministry of Environment, Forest and Climate Change (MoEFCC) wherein 9 coalfields of CIL out of 21 were required to conform to an index viz. Comprehensive Environmental Pollution Index (CEPI) which encompassed toxic materials in air due to industrial operations. The stricture restricted expansion operation of mines/projects at places where the CEPI index was above 70;

- (ii) Law and order disruptions in the form of local bandhs by naxalites in CCL and by local people in MCL command area; and
- (iii) The wagon availability was to the tune of around 161.5 rakes/day only. This resulted in further accumulation of coal stock in some places which ultimately hampered production due to difficulties in stock management.

In the context of production performance, the Company was asked to furnish quantified information *vis a vis* loss of production on account of various factors. The Company furnished the information based on the production performance during the year 2013-14 and stated that there was loss of 19.58 MT production, mainly due to following reasons:

- a) Non-availability of EC and FC clearance. Loss due to non-availability of enhanced EC is 4.5 MT. Due to abnormal delay in getting FC, Bharatpur OCP could only achieve 5.54 MT production against target of 9.65 MT;
- b) Loss due to evacuation problem is 5 MT. Evacuation problem exists mainly in N.K. area and Ib valley coalfield. Restriction imposed by State Govt. since 11.08.2013 on transportation of coal from Basundhara Area to Kanika siding during day hour from 9.00 AM to 5.00 PM affected offtake in MCL;
- c) Law and order problem is 1.674 MT;
- d) Land acquisition problem is 0.9 MT; and
- e) Due to geo-mining conditions, safety reasons is 3.396 MT.

When asked how many of the factors mentioned above could be anticipated and how many were unanticipated and how the Ministry / Company proposes to deal with these factors especially the anticipated, the Company submitted that All these factors mentioned above are unanticipated. However following steps are being taken to deal with challenges posed by factors impeding production:-

- a) Ministry and the company are holding regular meetings with the concerned State and Central Agencies for early clearance of EC & FC. At subsidiary and project level, regular and thorough follow up actions, along with timely submission of documents and replies, are taken with the concerned authorities for obtaining early clearances.
- b) Ministry and the company officials are holding regular meeting with the concerned railways and State authorities for early completion of these railway projects to ease the evacuation problem.
- c) For Law & order problems, regular meetings and discussions are organised by the officials of the company with the state authority and other stake holders.
- d) For Land acquisition problems, regular meetings and discussions are held with the state authority along with Project affected persons. MoC is also holding meetings at the appropriate level in the state Govt. for Law & order and Land acquisition related issues.
- e) For dealing with the geo-mining conditions, company is seeking experts' opinion to mitigate the issues related to geo-mining conditions. For safety, company has its own Internal Safety Organisation (ISO) at CIL level, Subsidiary level, area level and project level. ISO with the help of HRD (Human Resource Development) department is taking initiatives to train different group of employees to improve the safety of the work persons and the mines. Company is providing all required and necessary safety materials to the employees.

During the 11th Five Year Plan, production targets for the Company were revised several times due to various production constraints. At the beginning of the plan period production targets were estimated at 520.50 MT which were further revised to 447 MT for the year 2011-12. However, despite the reduction of targets the Company could produce only 435.84 MT during the year 2011-12. Also, the growth in annual production has only been 0.5% during the last two financial years. Further, in view of the increasing demand of coal, the Company is required to produce 615 MT of coal in the terminal year (2016-17) of 12th Five Year Plan.

Given this background when the Committee enquired whether the Company have formulated any strategies to meet the projected production target during the 12th Five Year Plan, the Company replied as under:

- **To increase exploration drilling capacity for enhancing resources under 'proved' category:** CIL has planned to enhance its departmental annual exploration drilling capacity to 0.4 million meters in TY XII Plan (2016-17) from a level of 0.273 million meters achieved in TY XI Plan (2011-12).
- **Opening of new projects for capacity build-up:** The major increase in production is envisaged from the ongoing & future projects. In view of above, CIL has identified 148 ongoing projects which are under various stages of implementation. The company has also identified 126 projects to be taken up during the XII Plan period with an ultimate capacity of 421.19 Mty.
- **Quick implementation of all activities related to starting of ongoing projects to enhance production potential:** Regular monitoring with the Central & State Govt. agencies to expedite statutory clearances & liaisons with railway authority for completion of pending railway projects as per schedule.

The Committee were also informed that a total of 148 ongoing projects, with an ultimate sanctioned capacity of about 446 Mt are at present under different stages of implementation. The contribution from these projects was to the tune of 210 Mt during the terminal year of XI Plan i.e. 2011-12. As per the present programme these projects are likely to contribute about 336 Mt during the terminal year of XII Plan i.e. a growth of about 126 Mt. Further, 126 projects, with an estimated capacity of 421.19 Mt & an estimated capital of Rs. 89883.41 Crores have been identified to be taken up during the XII Five Year plan. During the terminal year of XII Plan period (2016-17) these projects are expected to contribute to the tune of about 88 Mt.

During the year 2013-14 production from open cast mining was 426.31 MT as against 36.11 MT from underground mining. When asked whether it is possible for the Company to enhance production from under ground mines and, if so, what plan of action has been drawn by the Company to increase production from such mines, CIL in its reply stated that the trend of production from underground mines of CIL *vis-à-vis* projection in XII Plan as documented in the AP12-13 & XII Plan (2012-17) of MoC is as under:

Company	TY of X Plan	TY of XI Plan	XII Plan	
	(06-07)	(11-12)	2012-13	2016-17 (TY)
UG Coal Production (Mt)	43.32	38.39	43.90	55.89

CIL stated that constraints like closure of large number of underground mines either due to conversion to opencast mine, exhaustion of extractable reserves or for reasons of safety, failure of some of the new technologies, non-opening of number of underground mines due to viability constraint, non-availability of surface right for implementation of caving method of mining largely due to excessive growth of surface structures, human settlement and other infrastructure like rail, road, etc. have restricted de-pillaring operations in underground mines. As a result, underground production has not picked up as desired. However, some of the subsidiaries of CIL could finalize contracts for continuous miner technology / long-wall technology in some underground mines where geo-mining conditions are conducive for using the technologies. The other steps towards enhancing production from underground mines include planning of new mines with mass production technologies considering either continuous miner application or long-wall mechanization as the case may be as per techno-economic feasibility of the project; High-wall mining, encouraging the 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; high speed skips, conveyors etc.; Introduction of man riding systems in UG mines; Air conditioning systems for mine ventilation, particularly the deep mines of more than 400m depth etc.

(II). PRODUCTIVITY

As per the information furnished by the Company, output per man shift (OMS) target and actual of 2013-14 and 2014-15, are as follows:

Period	UG				OC				Overall			
	Target (te)	Actual (te)	Ach%	Gr%	Target (te)	Actual (te)	Ach%	Gr%	Target (te)	Actual (te)	Ach%	Gr%
2014-15	0.80				12.06				5.92			
2014-15 (upto June 2014)		0.76	95.00	1.33		12.43	103.07	2.14		5.62	94.93	5.84
2013-14 (upto June 2013)		0.75				12.17				5.31		
2013-14	0.79	0.76	96.20	-1.30	11.75	12.18	103.66	6.10	5.54	5.62	101.44	5.64

Reasons for negative growth rate of UG productivity in the financial year 2013-14 are given below:

1. Underground production suffered very adversely due to non-supply /delayed supply of spare parts by the OEM;
2. Delayed depillaring permission from DGMS;
3. Shortage of sand for stowing;
4. Adverse geo-mining conditions such as – poor roof, high water percolation, soft floor, geological disturbances (Dyke/ faults);and
5. Non-availability of surface right and Forestry Clearance.

(III) DEMAND SUPPLY GAP

The year-wise details of Coal Demand and supply plan for indigenous coal from 2007-08 to 2014-15 is given as under:

(In MT)								
Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 (Estimated)	2014-15 (Estimated)
All India Coal Demand	492.50	550.00	597.98	656.31	696.03	772.84	769.69	787.03
Supply Plan to meet Coal Demand								
CIL	385.90	405.00	437.40	460.50	452.00	470.00	492.00	520.00
SCCL	38.04	41.50	45.00	47.05	51.00	53.10	56.00	55.50
Other Indigenous Sources	37.95	50.79	52.83	65.87	56.00	57.20	66.55	68.25
Gap to be met through Import	30.61	52.71	62.75	82.89	137.03	192.54	155.14	143.28
Total	492.50	550.00	597.98	656.31	696.03	772.84	769.69	787.03

When asked about the projects which have been taken / being undertaken to increase the production to bridge the gap between demand and supply, the Ministry in their reply stated that

“The Coal demand for Annual Plan 2013-14 was estimated at 769.69 Mt which was revised down to 729.53 Mt later in the year. Indigenous coal availability during the year was 570.92 Mte and total imports 168.5 Mte. The total supply during 2013-14 has thus been placed at 739.42 Mt. The demand for coal for 2014-15 has been estimated at 787.03 Mt and total availability 643.75 Mt. As on date, 150 ongoing projects (costing Rs 2 corres and above), having an ultimate capacity of 547.16 Mty and a sanctioned capital of Rs 45281.78 Crs, are under various stages of approval. These projects have produced about 256 Mt during the year 2013-14 and are envisaged to further increase its production to a level of 333.68 Mt during the terminal year of XII plan i.e. 2016-17. Further, 129 projects, having an ultimate capacity of 454.48 Mty and estimated capital of Rs 77310.83 Crs have been identified to be taken up during the XII plan period. Out of these, 13 projects with an incremental capacity of 79.52 Mty and the sanctioned capital of Rs 12068.67 Crs have been approved. Out of the list of the 129 projects, 59 projects are envisaged to give an output of 87.28 Mt during the terminal year of XII plan”

Details of share of demand met by indigenous supply in the country during the last few years are stated to be as under

(Figures in Million Tonnes)							
Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
All India Coal Demand	492.50	550.00	597.98	656.31	696.03	772.84	729.53
Supply of Indigenous coal	454.49	490.02	514.56	524.09	535.88	567.40	571
Share of demand met by indigenous supply	92%	89%	86%	80%	77%	73.44%	78%

It may be observed from above that the share of demand met by indigenous supply has been drastically coming down over the years i.e. 92% in 2007-08 to 78% in 2013-14. When asked about the reasons for indigenous supply not matching the growing requirement of coal and any specific plan of action contemplated by the Ministry of Coal to reduce dependence on import of coal, the Ministry in their reply stated that the Coal imports in the country can be attributed to increasing gap between demand and indigenous availability of coal, limited availability of requisite quality of indigenous coking coal, environmental considerations requiring blending imported coal of low ash content with indigenous coal of high ash content and locations based cost economics in coastal locations of the country. In a supplementary note on the issue, the Ministry further stated the reasons in this regard which include Non-coking Coal being imported by power sector mainly on consideration of transport logistics, commercial prudence, export entitlements and inadequate availability of such superior coal from indigenous sources. Also, some of the power houses are designed to be operated on the imported coal only i.e. on high quality coal which shows that import of superior quality coal especially low ash coal will continue even if the demand of coal is fulfilled through indigenous resource. As far as coking coal is concerned, import will continue in future also due to limitation of indigenous coking coal reserve. CIL has engaged an International Reputed Agency to study the mine operations for modernization & mechanization possibilities, which are under examination and may further help in improving coal production.

The Committee were further informed by the Ministry that during the year 2013-14 the gap between overall consumption and domestic availability met through imports was 168.5 Mt i.e. 22.7% of the total supply of coal. The Ministry further stated that the demand for coal for 2014-15 has been estimated at 787.03 Mt and total availability 643.75 Mt. with the difference of 143.28 Mt estimated to be met through import of coal. While it is expected that imports will continue to be necessary to meet the demand-supply gap for coal during the 12th Plan period, at the same time, the focus of Government is on facilitating increase of coal production to the maximum extent possible.

(IV) OFF-TAKE/DISPATCH OF COAL

As per information furnished by CIL, the details regarding raw coal off take performance of the Company are stated to be as under:

Year	Target	Actual	Percentage achieved
2008-09	405	401.44	99
2009-10	437	415.88	95.2
2010-11	460.5	424.30	92
2011-12	452	433.08	95.8
2012-13	470	464.95	98.92
2013-14	492.00	471.50	95.83

As regards wagon loading, the performance of CIL is given as under:

Wagon Loading Performance of CIL (in Rakes/Day)						
Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Target	162.8	166.5	185.0	174.6	189.8	210.69
Actuals	155.2	156.8	161.9	167.7	186.4	190.16

As is evident from the above tables, performance of CIL with regard to the offtake of raw coal has improved in recent years. However, the company has not been able to achieve the annual targets of coal offtake during the last four years. In the year 2013-14, though the volume of coal offtake was higher than the previous financial year, the company could not meet the annual production target. As per the Annual Report 2013-14 of the Company, shortfall is mainly attributed to lower offtake particularly in CCL, WCL and NEC on account of reasons such as strike by contract workers, damaged roads / bridges, less lifting by the some power companies etc.

In view of the above the Company was asked to furnish the details indicating the remedial steps contemplated to address the shortfall in off take of coal and the existing mechanism available in the company to deal with shortfall which occur successively and can be anticipated. The replies furnished by the Ministry in this regards are as follows.

“In addition to the monitoring mechanism available at coal companies and CIL for monitoring raw coal offtake performance, coal supplies to Power Utility sector is monitored regularly by an inter-Ministerial Sub-Group comprising representatives of Ministry of Power, Ministry of Coal and Ministry of Railways constituted by the Infrastructure Review Committee of Cabinet Secretariat. This Sub-Group takes various operational decisions for meeting any contingent situations relating to Power sector including critical coal stock position. The constraints of railways logistics is coming in the way of achieving offtake as per target. In order to overcome the logistics constraints thereby improving the offtake performance and overall coal availability towards increased power generation, and also to liquidate huge stock lying at the collieries, offer was made to all Power Generating Companies drawing coal under FSA to lift the coal which is held in the stocks on “as is where is” basis with the stipulation that the Power Stations will make their own evacuation arrangement.

This scheme of supply under “as is where is” basis was implemented by the coal companies from June’2012 and has been extended for 2013-14 and also to 2014-15. All TPPs having FSA from CIL sources are informed to lift coal under this scheme by arranging their own logistics for movement from coal offered from various pithead locations. CIL has also offered 1 MT of coal from cost plus mines of WCL through short-term MOU as extension of “as is where is basis” scheme to power stations of NTPC and APGENCO located in Andhra Pradesh and presently facing critical coal stock issues arising out of less receipt of coal from MCL/SCCL. Moreover, to facilitate liquidation of pithead stocks for want of evacuation infrastructure, in respect of coal consuming sectors other than power utilities, provisions have also been made for increasing the level of supply under FSA

beyond the trigger level of penalty wherever own logistics have been arranged by consumers for movement of coal.”

When asked about the possibility of further increase in the wagon load capacity from the present 50% through Railways, the representative of the Railway Board during evidence held on 30 January 2013 submitted as under:

“If we want a short-term solution of getting more evacuation from the existing resources, till these new lines come in and all the projects get completed, the number of loading points are limited. Now, if I want to evacuate more, I have only two means. Either I load faster, which is what the Coal India is doing or I add some new points. So, we have had a dialogue with the Chairman, Coal India Limited and we have identified some additional points to be immediately created. Even if I get two kilometre line linking my network and I can transport the coal there, some additional coal can get lifted. As long as I do not have coal wagon problem, I can lift some additional coal. With the existing arrangement, I can lift at best, another five to seven rakes on a day-to-day basis depending upon zero failure both of the Coal India Limited and the Railways. Against 212, we can take it to 220.”

When asked whether any agreement has been reached between the Company and the Railways with regard to the creation of additional loading points on existing railway lines, the Ministry of Coal in their replies stated that Subsidiary coal companies of CIL have been regularly awarding developmental work to the concerned Zonal Railways for bringing improvement in the rail movement system on deposit work basis which includes creating additional loading points, augmenting track capacity through mechanized signaling system etc. The specific improvements that could be brought in the system by these initiatives of subsidiaries during last year are as under:

“NCL:

- a) Spur-1 siding has been taken over from East Central Railways; loading wharf has been prepared. This would enable NCL to improve dispatch by about 2 rakes/day. The siding is likely to be fully commissioned by November, 2014.
- b) A new silo has been commissioned in October, 2014 for loading of rakes from Dudhichua Wharf. This has enabled additional loading to the extent of 1 rake/day at the wharf.

MCL:

1. Ib-Valley:

- a) Spur-6 siding is added in 2013-14. This has improved the capacity of BOCM group of siding from the existing level of about 13 rakes/day to about 17 rakes/day.
- b) Construction of Spur-7 siding is complete and it would be commissioned shortly, bringing further improvement in BOCM group of mines.

2. Talcher

- a) Spur-3, Spur-4 and Spur-5, Spur-6 are connected by a loop bringing improvement in the system of wagon supply and draw. Loading at S-5 and

S-6 which was earlier averaging at about 10 rakes/day has now improved to about 14 rakes/day.

- b) About 45-50% of the coal dispatched from Talcher field is taking recourse to rail cum sea route through Paradeep Port. Initiatives of MCL for Auto signaling of Talcher to Paradeep railway track could establish seamless movement of rakes from Talcher field to Paradeep Port. This has already brought improvement in movement of rakes at Talcher to the extent of about 2 rakes/day.”

V. FUEL SUPPLY AGREEMENTS

When asked about the direction issued by the Government under FSA (Fuel Supply Agreement), supply targets for 2013-14 and during the first quarter of 2014-15, it has been informed by the Ministry that Coal is supplied from CIL sources under legally enforceable bilateral Fuel Supply Agreements (FSA) in accordance with the provisions of New Coal Distribution Policy (NCDP). Supply of coal is based on different FSA models with varying assured levels of supply to different consuming sectors considering the availability constraints. As regards Power Utility Sector, there are two broad models viz. pre-2009 plants and post-2009 power plants. In respect of pre-2009 power plants, which were commissioned prior to 31.03.2009, keeping in view the recommendations of Ministry of Power and CEA, the Government had decided to supply coal for a period of 20 years with supply mix comprising entirely of indigenous coal with a trigger level for penalty for short supply less than 90% of the FSA commitment. In respect of post-2009 plants, following the CCEA decision of 21.06.2013, Coal India Ltd (CIL) was directed to sign FSAs with TPSs identified by the Ministry of Power which were commissioned or to be commissioned during the period from 01.04.2009 to 31.03.2015 comprising of 78000 MW capacity, for domestic coal quantity of 65%, 65%, 67% and 75% for the remaining four years of 12th Plan. The cases of tapering linkage were to get coal supplies as per tapering linkage policy. Actual coal supplies would, however, be available when the long term PPAs were tied up. To meet the balance FSA obligations, CIL was to import coal and supply the same to the willing TPSs on cost plus basis. TPSs could also import coal themselves. The CCEA further directed that coal may also be supplied to specified power plants of 4660 MW capacity and other similarly placed power plants that did not have any fuel linkage subject to the availability of coal and on the condition that such supplies would not adversely impact the availability of coal for the identified plants of 78,000 MW capacity. Consequent upon the directions of CCEA, a Presidential Directive to this effect was issued to CIL on 17.07.2013. Coal is also supplied to Power Stations under best-effort (MOU) basis for taking care of contingent situations.

The details of dispatches of coal and coal products from CIL under FSA/MOU in respect of various sectors of consumers in 2013-14, and first quarter of current year along with FSA commitment for 2014-15 is tabled below:

(All figures in Million Tonnes)

Sector	2013-14		1st Quarter (April to June, 2014)	
	FSA/MOU Commitment	Despatch	FSA/MOU Commitment	Despatch
Power Utilities	415.14	353.83	111.14	89.02
CPP	36.97	32.16	8.86	7.77
Sponge Iron	13.82	8.17	3.26	2.12

Cement	6.71	5.44	1.60	1.25
Fertilizer	2.63	2.29	0.70	0.53
Other Industries	11.36	7.00	2.52	1.58
Total despatch under FSA/MOU	486.63	408.88	128.08	102.26

By and large, coal supply to different consuming sectors from CIL sources has been in line with the minimum assured level of supply under FSA.

(VI) CAPACITY UTILIZATION

As per the Annual Report 2012-13 and 2013-14, details regarding actual capacity utilization at the subsidiaries of CIL against the MOU targets are as follows;

YEAR	MOU Targets (%)	Actual Capacity Utilization(%)
2011-12	91.5	86.12
2012-13	86.24	82.99
2013-14	84.77	84.75

With regard to the projected targets for the year 2014-15 in respect of capacity utilization, the Ministry in their replies have furnished the following information:

CAPACITY UTILISATION (%) TARGET FOR THE YEAR 2014-15 OF CIL AND SUBSIDIARY COMPANY			
Company	Total Raw Coal		
	Assessed Capacity as on 01.04.2014 (Mill Te)	Targeted Production (Mill Te)	Capacity Utilization %
ECL	39.12	38.00	97.15
BCCL	44.77	34.00	75.94
CCL	61.99	55.00	88.73
NCL	75.34	77.00	102.20
WCL	39.59	44.00	111.13
SECL	135.94	131.00	96.36
MCL	174.61	127.00	72.74
NEC	1.00	1.00	100.00
CIL	572.35	507.00	88.58

According to the abovementioned information, against the assessed capacity of 572.35 MT, the targeted production is only 507 MT resulting in 88.58 % system capacity utilization. The shortfall is mainly on account of lower capacity utilization in three subsidiaries namely BCCL, CCL and MCL utilizing only 75.94, 88.73 and 72.74 respectively. When asked about the reasons for comparatively lower capacity utilization in the above- stated subsidiaries of CIL, the company in their replies submitted that the main reasons for comparatively lower capacity utilization in CCL, MCL & BCCL are as below:

- 1) Inordinate delay in environmental and forestry clearances of major projects.
- 2) The delay in land acquisition of the projects.

- 3) R & R Problems, demand beyond stipulated norms.
- 4) Law and order problem particularly in the state of Orissa & Jharkhand

When asked about the steps being taken by the company to meet the capacity utilization targets how soon the Company will be able to improve capacity utilization, the Ministry in their replies submitted that several steps are being taken in CIL to increase the system capacity utilization like removal of mismatch in Digging & Hauling capacities to improve equipment productivity, replacement with high capacity equipment against survey-off HEMM to improve productivity, benchmarking of operations, standardization of equipment, investment in modernization of mines, adoption of new technologies, cutting down of idle time and break down time etc. With the above strategies taken, company may be able to improve capacity utilization in near future.

(VII) EXPLORATION ACTIVITIES

Central Mine and Planning Design Institute (CMPDI) has been entrusted with the responsibility to undertake coal blocks exploration and development of designs/ plans in order to enhance the domestic coal production. The targets set by the Ministry/CIL *vis-à-vis* actual performance of CMPDI thereagainst during each of the last five years are as under:

Parameters/ Financial Year	MoU Target (Excellent)/ Actual	Drilling (lakh m)	Geological Report (nos.)	Project Report nos.)
2012-13	Target	5.82	14	26
	Actual	5.63*	15	29
2011-12	Target	4.50	14	26
	Actual	4.98	19	28
2010-11	Target	4.08	15	33
	Actual	4.92	19	37
2009-10	Target	3.70	14	30
	Actual	4.70	19	37
2008-09	Target	2.02 (Departmental)	13	28
	Actual	2.28 (Departmental) 2.72 (Dept. & Outsourcing)	20	36

According to CIL CMPDI has achieved the target of drilling and report preparation during the last five years except missing the drilling target by 0.19 lakh metre during 2012-13. It was stated that non-availability of permission to explore in forest areas & local problems (law & order) has affected the performance of outsourced drilling which has resulted in a loss of 1.08 lakh metre (approx) of drilling during the year 2012-13. However, CMPDI has carried out 2.76 lakh metre of drilling against the departmental target of 2.57 lakh metre during the year 2012-13 (MoU target of 5.82 lakh metre includes Departmental – 2.57 lakh metre & Outsourcing – 3.25 lakh metre).

When asked about the steps taken to improve the performance of CMPDI, CIL stated that non-availability of permission to explore in forest areas & local problems (law & order) has affected the performance of outsourced drilling which has resulted in a loss of 1.08 lakh metre (approx) of drilling during the year. The matter has been taken up by MoC with MoEFCC 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. Permissions for exploration in forest areas of 65 blocks, including one trial exploratory block, are also pending due to which exploration in forest areas of these blocks could not be taken up. Matter has also been taken up by MoC with MoEFCC for expeditious forestry clearance for permission to undertake exploration in forest covered areas of these blocks. Regular follow up with State Governments Administration is also being done for smooth drilling in identified areas with law / order problems. MoEFCC has proposed to simplify the procedures for according forestry clearance to exploration proposals.

On being asked whether stagnancy in the production of CIL can be attributed to the sub-optimal performance of CMPDI, the CIL stated that exploration by CMPDI has no immediate bearing on stagnation in the production of coal by CIL. There are adequate reserves already proven on the basis of which production plans are drawn.

(VIII) CONSTRAINTS FACED BY CIL IN EXPLORATION ACTIVITIES

Keeping in view the shortfall in achievements of envisaged production targets, the Committee asked CIL as to whether it had requested the Ministry of Coal for allotment of additional coal blocks for increasing production during Eleventh Plan period and, if so, with what results. It was also enquired as to whether similar demand has been made for additional coal blocks by CIL during the Twelfth Five Year Plan and, if so, status thereof.

In response, CIL in a written reply stated that the Ministry of Coal in May 2012 has assigned 116 coal blocks to Coal India Limited. In addition to the above, three de-allocated coal blocks viz. Brahmini, Chichro Pastimal and East of Damogoria from the list of de-allocated coal blocks have been assigned to CIL for undertaking mining on priority basis. CIL has submitted its tentative perspective plan for development of the above coal blocks. As reported by Coal India Limited (CIL), project report has been prepared in respect of two blocks, geological report is available in respect of 16 coal blocks, exploration activities have been completed in 11 coal blocks, exploration activities are in progress in 24 coal blocks and exploration activities are yet to be taken up in 66 coal blocks. Once exploration is completed, CIL would plan for starting the mining operation. This would enable CIL to meet the coal requirements in long term subject to obtaining various clearances and removal of evacuation constraints. Soon after the allocation of the 119 coal blocks to CIL in 2012-13, a schedule of activities including exploration, Project Report (PR) preparation, etc. was prepared for development of these blocks as desired by MoC. Most of these blocks were regionally explored requiring detailed exploration for formulation of Geological Report and Project Report. Detailed exploration of blocks, where some exploration was undertaken before the tentative allocation, has been concluded and GRs prepared in 2012-13 itself within a short period. Out of these 119 blocks, geological reports 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, PRs have already been prepared for 2 blocks and will be prepared for 7 more blocks during 2013-14 and the rest of the blocks will be taken up for PR preparation in a phased manner during the balance period of XII Plan. PR preparation for the blocks, for which GR is not yet available, will be taken up after completion of exploration in these blocks. Considering the urgency of development of

coal blocks at faster pace, CMPDI has considerably increased the outsourced amount of drilling by utilizing the capacity of MECL and other agencies. The actual drilling through outsourcing has increased from 0.07 lakh meter in 2007-08 to 2.86 lakh meter in 2012-13 and target for outsourced drilling in 2013-14 stands at 6.15 lakh m. However, international agencies have not been showing interests in CMPDI's global tenders for drilling and limited numbers of domestic agencies are available for carrying out drilling. Also, out of these 119 blocks, 27 nos. have been assessed to be worked with Opencast methodology and 55 nos. with underground methodology, whereas, the balance 37 blocks will have mixed (OC+UG) projects. Hence production realization from underground blocks would take considerably long time in comparison to the opencast blocks/projects. Also, a large number of these 119 blocks contains forest areas, for which, forest permission to drill with adequate number of boreholes (15 to 20 boreholes per sq km) is required. Application for permission to carry out detailed drilling in forest areas of 22 nos. of blocks are pending with MOEFCC and State level officials since 3-4 years and the no. of applications presently pending has increased to 48. Also, the prevailing law & order condition is adversely affecting the performance of drilling. Estimated cumulative loss due to law and order problems & non-availability of forest clearance during XI plan period and 2012-13 is 2.42 lakh meter (approx.), whereas, that during 2012-13 itself is about 1.08 lakh meter.

(IX) ACQUISITION OF COAL ASSETS ABROAD

Coal India Africana Limitada (CIAL), a 100% subsidiary of CIL has acquired area for exploration and development of coal assets. When enquired about the status of exploration and production activities undertaken by CIAL, the Company in a written reply submitted as follows: -

- (i). "The initiatives for acquisition, development and operation of coal assets abroad in Coal India Limited is undertaken through Coal Videsh Division operating at CIL HQ, Kolkata. As an outcome of foreign venture initiatives, CIL was allocated two coal concessions by Govt. of Mozambique in Tete Province, Mozambique covering a leasehold area of about 224 sq km. CIL registered a Wholly Owned Subsidiary, namely, Coal India Africana Limitada (CIAL) in Mozambique and the prospecting licenses of the two concessions were allocated in the name of CIAL. CIL Board also approved constitution of Board of Directors of CIAL wherein Director (Technical) CIL was nominated as the Chairman-cum-Managing Director, CIAL.
- (ii). CIAL has been operationalized through opening of its office at Rua 3 De Fevereiro in the city of Tete in Mozambique and posting of a multi-disciplinary team of senior executives of CIL from mining, geology, finance and personnel cadre in the city of Tete in Mozambique as per requirement.
- (iii). A scheme for exploration in license Nos. 3450L & 3451L, Maotize Coalfield, Tete Province, Mozambique was prepared in March 2012, where all the activities envisaged till the validity of license have been enlisted along with financial implications and the same has been approved by competent authority.
- (iv). A Global Tender was floated in May 2012 by CIAL for selecting an agency to undertake initial 10,000 metres of drilling and associated activities in allotted coal blocks of CIAL. After different levels of evaluation of the bids,

the successful bidder was selected for award of work and accordingly M/s Thriveni Mineral Mozambique Limitada (TMML) was engaged for the work in the last week of October 2012. After mobilization of equipments at site TMML commenced drilling on 9th November 2012 with deployment of two drilling rigs. Till 31st December, drilling in 4 (four) nos. of boreholes has been completed and drilling in 2 (two) nos. of boreholes is in progress resulting in achievement of progressive metrage of 1764 m.

- (v). As an outcome of the tendering process for selection of an agency to undertake geological mapping in the coal concessions, M/s Salva Resources Pvt. Ltd. has been selected and awarded work on 23rd November 2012. The agency has made camp and commenced field work in the concession area.
- (vi). A team of two surveyors from CMPDIL was deputed to Mozambique for a period of one month since 3rd week of November 2012 for carrying out survey work in the concession area. The survey team has completed survey of the southern boundary and majority of the eastern and western boundaries, besides ascertaining co-ordinates of the drilled and planned boreholes.”

In connection with the coal blocks acquired in Mozambique, the company was asked about the economics of this acquisition and expected date of commencement of production activities relating to this project. In their replies the Company submitted that the prospecting licenses no 3450L and 3451L pertaining to the two coal blocks were allotted by Govt. of Mozambique to Coal India Africana Limitada, CIL's wholly owned subsidiary registered in Mozambique, upon emerging successful in the bidding process run by Govt. of Mozambique. There was no capital expenditure made for acquisition of the blocks except for payment of signature bonus and submission of performance guarantee which were part of tender qualification criteria. Therefore there was no upfront capital exposure of the company for procuring the licenses, as costs involved were minimal. The Geological Report (GR) will be formulated after completion of the exploration activities which is presently under progress. Based on the GR the mine plan, production programme and feasibility report shall be prepared. The expected date of commencement of production activities can be worked out and indicated after finalization of the above stated documents.

On being asked about the survey of geo-mining conditions of such mines the Company stated that the geo-mining conditions of the acquired coal concession are still under survey. An exploration programme comprising of a combination of exploratory activities is in progress. Core drilling is being carried out in the leasehold area to explore the potential of coal resources. Coal core samples have been brought to India for analysis at different Government laboratories. After receiving the analysis results, Geological Report will be prepared and resource can be estimated.

When asked to what extent the company feels that production from acquired coalfield would supplement the Company in meeting its production targets in coming years, the Company submitted that the quantification of production tonnage can be assessed with reasonable certainty after finalization of mine plan which shall be taken up after completion of exploration activities and preparation of GR.

X. JOINT VENTURES

As per the information furnished by the Ministry of Coal, existing Joint Ventures in CIL & their status are as follows:

- 1) International Coal Ventures Pvt. Ltd.
- 2) CIL NTPC Urja Pvt. Ltd.
- 3) MAMC Industries Ltd.

Status:

1) International Coal Ventures Pvt. Ltd.(ICVL) :

CIL has entered into a MoU regarding formation of 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".The 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 clarification from ICVL has since been received and will be placed before next CIL Board meeting for a final decision.

2) CIL NTPC Urja Pvt. Ltd

CIL NTPC Urja Pvt. Ltd, a 50:50 joint venture Company, formed on 27th April 2010 between CIL & NTPC and CIL has invested Rs 0.02 crore as on 31.03.2014. The objective of the Joint Venture is to develop Brahmani & Chichro Patsimal Coal Block and setting up of an Integrated TPP. Both the coal blocks have been de-allocated by the Govt.

3) MAMC Industries Ltd

The JV was proposed between CIL, DVC and BEML. The purpose for Joint Venture was for manufacturing indigenous UG coal mining equipment and spares in the erstwhile sick PSU MAMC, Durgapur (then under liquidation).JV will be formed as soon as MoD approves the Draft Share Holders' Agreement (reqd by BEML as MoD is its parent Ministry). The Draft SHA is with Ministry since Nov 2012.Department of Defence production asked the JV partner i.e. BEML on 16.04.2014 to submit a "Business Plan and Financial viability Report" of the proposed JV Company. BEML Board desires the same to be made by IIM/ IIT and accordingly talks are going on with IIT, Kanpur.

B. FINANCIAL PERFORMANCE

I. PROFIT-LOSS

Table

Year	Actual PBT	Actual PAT
2009-10	13964.93	9622.45
2010-11	16463.24	10867.35
2011-12	21272.66	14788.20

2012-13	24979.04	17356.36
2013-14	22879.54	15111.67

As evident from the table since 2009-10 profits of CIL has been increasing every year. However, profit before tax of CIL has decreased by 8.41% from Rs 24979.04 Crore in 2012-13 to Rs 22879.54 Crore in 2013-14. Likewise, Profit after tax has decreased by 12.93% from Rs 17356 crore in 2012-13 to Rs 15111.67 crore in 2013-14

When asked about the reasons for decline in profits during the year 2013-14, the Company stated that the Profit Before Tax (PBT) in FY 2013-14 decreased by Rs 2099.50 crores i.e. 8.41%, from Rs.24979.04 crores in fiscal 2013 to Rs.22879.54 crores in fiscal 2014 and Profit After Tax (PAT) decreased by Rs 2244.69 crores i.e. 12.93 %, from Rs.17356.36 crores in fiscal 2013 to Rs.15111.67 crores in fiscal 2014.

The main reasons for the above decline as elaborated by CIL are summarized below:-

(i) Increase in cost

The average cost of production per tonne of coal (CPT) increased by 3.11% i.e. from Rs.1151 per tonne during FY 2012-13 to Rs.1187 per tonne during FY 2013-14. The overall impact of such increase in cost per tonne was about Rs1655 crore. The main components of increase in cost were as under:-

- There was a steep increase in diesel price year on year basis of about 14%. [For example the diesel price (retail) Ex-Raipur was Rs.53.79 per liter as on 23rd March, 2013 compared to Rs.61.38 per liter as on 31st March, 2014].

The diesel price increase had an effect of increase in the “Contractual Expenses” as well as “Cost of Material Consumed”.

- Increase in wages for contractor’s workers engaged in mining activities lead to increase in contractual expenses of CIL and its subsidiaries.
- The Employees Remuneration and Benefits expenses which constitute about 50% of total expenses also increased by about Rs.449 crore mainly due to the impact of Dearness Allowance which increases with commensurate increase in All India Consumer Price Index (AICPI).

The above components of cost are beyond the control of CIL.

- The CSR expenses during the year had a sharp increase by Rs.296.24 crore mainly due to contribution of Rs.120 crore to support natural calamities in Orissa and Uttaranchal.

(ii) Decrease in average sales realization per tonne.

The average sales realization per tonne decreased to Rs.1463 per tonne during FY 2013-14 from Rs.1472/- per tonne in 2012-13 i.e. a decline of about 0.61%. The overall impact of such decline in average sales per tonne had an impact of Rs.428 crore. The main reason for the decline was owing to steep decrease in prices of coal sold through e-auction, which was Rs.2182 per tonne in FY 2013-14 compared to Rs.2544 per tonne in FY 2012-13. The e-auction prices are determined by market forces and are beyond the control of CIL.

(iii) Decrease in “Interest Income” forming part of “Other Income”

During FY 2013-14 CIL had paid a one time special dividend of Rs.18317 crore. Further there was a dividend tax out go of Rs.2825.25 crore. The payment of this special dividend resulted in dilution of fixed deposit with banks. Further during this year the average rate of yield on Fixed Deposits etc. also declined to 9.25% from 10.27% in previous year. The overall impact of all the above resulted in a decline in interest income of about Rs.695 crore. The above increase in cost was to quite an extent neutralized by higher production and off-take than in previous year to have a net impact of reduction on PBT by Rs.2099.50 crore.

Further during the year 2013-14 the overall effective tax rates for CIL and its subsidiaries increased to 33.95% from 30.52% in 2012-13. This was because of higher incidence of corporate Income Tax in one of the subsidiaries viz. Eastern Coalfields Limited which till previous year had accumulated loss (as per provisions of Income Tax Act) for set off with the year's profit. However, in 2013-14 ECL having exhausted such accumulated loss had to pay corporate Income Tax at a much higher rate which resulted in further decline in overall profit after tax.

When the Committee enquired to know details of the economic measures (both macro and micro) being taken for improving the financial performance of the company, it was submitted that although many of the reasons for decrease in profit were beyond the control of Coal India Limited, nevertheless appropriate steps were being taken to maintain the profitability, some of which are enumerated below:-

- (i) The offtake and production target for the current year 2014-15 is **520** million tonne and **507** million tonne respectively. The increased volume is expected to boost the profitability.
- (ii) Coal India is taking the appropriate cost control measures to improve the financial position of the company.
- (iii) In FY 2013-14, Coal India Limited prepaid the balance outstanding amount of the foreign currency loans drawn from JBIC bank (denominated in Japanese Yen) and IBRD bank (denominated in US Dollar) for implementation of coal sector rehabilitation project in various subsidiaries. This used to form a major part of our debt. With prepayment of these loans the risk of foreign exchange fluctuations was, therefore, substantially eliminated.

The Committee also sought to know as to how the Company managed to achieve such exceptional growth in profits despite no significant improvement in growth in production i.e 431.26 MT, 431.32 MT, 435.84MT and 452.21 MT respectively for the years 2009-10, 2010-11, 2011-12 and 2012-13. In response, CMD, CIL during evidence deposited as under:

“..... In that particular year, with effect from 1st January, 2011, the price increase was there in the range of about 15 per cent in most of the grades. That was one of the reasons for increase in the profitability, despite only two per cent growth in production.”

With regard to profitability, financial details submitted by the Company/Ministry are as under:

Year	2009-10	2010-11	2011-12	2012-13	2013-14
Sale per Ton (Rs)	1011.74	1124.43	1382.99	1472	1463
Cost per ton (Rs)	761.47	846.05	1037.02	1151	1187
Profit per ton (Rs)	250.27	278.38	345.97	321	276

(II) DIVIDEND INCOME

While the financial statements of both CIL standalone and CIL consolidated are presented separately, it is only the CIL (standalone) which is listed and is relevant for dividend payment to its shareholders. The dividend to its shareholders are paid out of CIL's standalone income, the major part of which constitutes the dividend income received by it (CIL-standalone) from its five profit making subsidiaries i.e. CCL, NCL, WCL, SECL and MCL.

The breakup of such dividend (interim-final) received and accounted for during the year from different subsidiaries are given below:

(Rs. in crores)		
Company (paying subsidiaries)	Dividend Income of CIL (standalone)	
	2013-14	2012-13
CCL	1009.37	1486.74
NCL	2746.12	1662.05
WCL	194.60	184.04
SECL	3444.63	2984.73
MCL	7012.10	2720.52
Total	14406.82	9038.08

During the year, Coal India Limited (standalone) has paid a total dividend (by way of interim dividend) of Rs. 18317.46 crores @ Rs. 29 per share on 6316364400

number of Equity Shares of Rs. 10 each fully paid up. Out of the above total dividend, the share of Government of India was Rs. 16485.71 crores and for other shareholders, Rs. 1831.75 crores. (Earlier year-Government of India)-Rs. 7958.62 crore and other shareholders-Rs. 884.29 crore)

(III) COAL SALES DUES

As per the information given in Annual Report (2013-14) of CIL, subsidiary-wise break-up of coal sale dues outstanding as on 31.03.2014 against 31.03.2012, 31.03.2012 and 31.03.2011 are shown below:

Company	Coal Sales Dues As on 31.03.2014		Coal Sales Dues As on 31.03.2013		Coal Sales Dues As on 31.03.2012		Coal Sales Dues As on 31.03.2011	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
ECL	2143.71	1720.01	3981.52	3582.13	2665.04	2459.37	1044.61	959.20
BCCL	2091.42	1570.15	1934.31	1372.05	1619.40	951.72	1131.47	618.14
CCL	2498.31	1875.72	2080.45	1533.87	1471.75	1078.66	1461.94	941.64
NCL	1609.62	955.94	1741.28	1738.21	526.14	425.70	497.84	492.58
WCL	548.64	468.93	551.66	471.27	133.05	60.51	147.37	25.20
SECL	1579.35	1336.78	1582.46	1350.29	710.09	464.28	461.23	255.33
MCL	333.11	298.39	451.93	430.91	251.19	222.59	102.30	80.92
NEC / CIL	25.88	15.11	12.25	1.48	10.78	0.01	10.77	--
Total	10830.04	8241.03	12335.86	10480.21	7387.44	5662.84	4857.53	3373.01

(IV) e-AUCTION

CIL has informed the Committee that sale of coal through e-auction has been introduced as per the provisions of New Coal Distribution Policy (NCDP) notified by Ministry of Coal *vide* office memorandum no. 23011/4/2007-CPD dated 18.10.2007. At present two e-auction schemes e.g. Spot e-auction and Forward e-auction are operating. In spot e-auction, any buyer can participate whereas in Forward e-auction, only consumer can participate. As such, any consumer who is in need of coal, can procure coal by participating in both e-auction. E-auction has been introduced with a view to provide access to coal for such buyers who are not able to source coal through the available institutional mechanism and to facilitate across the country wide ranging access to book coal on-line for all sections of coal buyers enabling them to buy coal through a simple, transparent and consumer friendly system of marketing and distribution of coal.

The Committee were given to understand that system of e-auction, which was primarily meant for eligible end users, is being manipulated by unscrupulous traders who purchase coal through e-auction and sell it in black market. In this regard, the Committee enquired about the possibility of misuse of e-auction system by unscrupulous traders. In response, the CMD, CIL during evidence held on 12 July 2013 deposed as under:

“This is the policy of the Government of India, which was enunciated in October 2007. It is for the Government and the hon. Committee to recommend it to the Government. For example, if any genuine consumer needs coal, unfortunately, it is not available in the market unless they have a linkage. They may be a power

plant, cement, sponge iron, etc. Keeping that background in mind, the Government of India has come up with this revised coal sale policy or the coal distribution policy in October 2007 authorising coal companies up to 10 per cent of the production to be given to the needy people. Now, there is no method by which one can identify as to who is a needy person.”

When asked about the systemic checks and controls that have been put in place by CIL to curb such malpractices so as to ensure that only genuine end users can participate in e-auction process, CIL in its post evidence reply stated as under:

“The CIL takes following measures to curb malpractices to ensure that only genuine end users participate in e-auction process. The following documents are to be provided by the consumers for registration of their name and participation in e-auction:-

- i) Income-tax return(for immediately completed preceding financial year)
- ii) PAN No.
- iii) Valid Sales Tax/VAT registration certificate
- iv) Valid SSI/Industrial Registration Certificate
- v) Linkage letter issued by Ministry or valid letter of recommendations issued by any Central/State Ministry from the office of Secretary/Director of Industries etc. certifying existence, end use of coal in the unit.
- vi) Duly certified accounts by practicing Chartered Accountant.
- vii) Valid NOC from State Pollution Control Board
- viii) Proof of ownership of land/lease hold for the unit from the concerned authority. (In case of private land purchased from the owner directly, copy of registered sale deed and in case of other, copy of transfer deed/lease deed agreement). In case of rented land requisite document about the rental or leased deed to be submitted.
- ix) Actual Sales Tax/Vat and /or Excise Duty paid during the last two years, not required for newly established units, in case of non submission of the certificate on Sales Tax/VAT/excise duties by Existing old units, the units required to submit copy of return filed duly certified by Practicing Chartered Accountant or a self statement of the payment already made during last two years which would necessarily contain few sample copies.
- x) Copies of electricity bills for the last six months, wherever applicable.
- xi) A Sworn-in-Affidavit on stamp paper of minimum of Rs.10/- value before any Magistrate certifying coal purchased will be for own consumption and would not be resold, transferred or exported etc
- xii) Proof of existence of business entity like registered partnership deed/ certificate of incorporation issued by the registrar of companies of the concerned state, wherever applicable.
- xiii) A pass post size photograph of the consumers.”

C. PERFORMANCE REVIEW OF CIL BY THE ADMINISTRATIVE MINISTRY

(I) REVIEW BY MINISTRY OF COAL

The Committee have been informed by the Ministry of Coal that CIL is a Maha Ratna Company and accordingly exercises the delegated powers. Government of India is represented on the Board of CIL through two nominee Directors. The administrative supervision/control of the Ministry is done within the guidelines laid down by the Department of Public Enterprises as also the various provisions of the Company Law and other relevant statutes.

When asked to explain as to what mechanism the Ministry of Coal have in place to periodically monitor the performance of CIL, the Ministry in their reply stated that it reviews the performance of CIL on a regular basis through a system of daily, monthly and quarterly and annual returns and reports sent by the CIL and its subsidiaries which covers various performance parameters such as production, off take, overburden removal and shortfall vis-à-vis targets and constraints faced, if any. Further, quarterly review meetings are held where the performance of each company is discussed with the concerned heads of the respective PSUs and other functional directors where required in respect of production, off take and other parameters. Review of Implementation of Projects is also done through quarterly meetings where the projects under implementation are discussed as along with constraints faced and the status of clearance from other Ministries and agencies.

On being asked about the number of performance appraisal meetings held by the Ministry of Coal in respect of CIL during each of the last three years and what specific steps were taken or directions given to the Company arising out of such meetings to improve the working of the Company. In response, the Ministry of Coal furnished details of review meetings in respect of CIL undertaken by Hon'ble Minister of Coal during the last three years as under:

Year	Review meeting with date
2009-10	08.06.2009; 24.06.2009; 12-13.10.2009 and 11-12.01.2010
2010-11	12.05.2010; 03.06.2010; 26-27.07.2010; 19.11.2010 and 18-19.02.2011
2011-12	10-11.05.2011; 20.07.2011; 12.10.2011; and 23.12.2011
2012-13	04.4.2012, 13.06.2012, 4.07.2012, 13.07.2012, 12.09.2012 and 21.1.2012
2013-14	18.04.2013; 04.06.2013; 07.08.2013; 27.11.2013

The Ministry of Coal further stated that in addition to the above performance review meetings, occasional field visits to various Subsidiary Cos /Projects are also undertaken to take stock of the situation and to work out measures for improvement. As an outcome of the above review meetings, various policy decisions have been taken which are being implemented in CIL and its subsidiaries covering the following major issues:

- (i) Measures for enhancing Production and off-take;
- (ii) Statutory clearances for running Expansion/New projects;
- (iii) Adoption of new and advanced technologies in mines;
- (iv) Interactions with Railway authorities for coal movement;

- (v) UHV to GCV conversion;
- (vi) Fuel Supply Agreements with Power plants;
- (vii) Resettlement & Rehabilitation (R&R) and CSR policy, etc.

It was also stated by the Ministry of Coal that the CIL management is actively monitoring the implementation of the decisions in liaison with respective Ministries in Central and State Govt, local and respective statutory bodies and Subsidiary companies."As per the further information submitted by the Company, in the review meetings held during the year, 2012-13 it was decided to begin installation of GPS based Truck Monitoring System, Installation of Bomb Calorimeter, Installation of Crushing & Auto Loading Machines and Weighbridges.

As regards the formal directions / directives issued by the Ministry of Coal to CIL, the Ministry stated that Ministry of Coal has issued following presidential directives under Article 37 of Memorandum and Articles of Association of CIL during the last two years:

- (i). For initiating a study for technology development and modernization.
- (ii). Enhancing production of underground mines
- (iii). Crushing of coal and Washing of Coal
- (iv). 3rd Party monitoring of EC conditions and Mine Closure Plan
- (v). Following Presidential Directive were issued on 17.07.2013 as per CCEA Decision(21.06.2013):-
 - a) Coal Supplies to be made to 78,000 MW projects (67000 MW normal and 11000 MW tapering linkage) to be commissioned by 31.03.2015 with domestic coal at 65%, 65%, 67% & 75% of ACQ during the last 4 years of 12th plan.
 - b) To meet balance FSA obligations CIL to import and supply on cost plus basis if the consumers ask for it.
 - c) Coal also to be supplied through MoU's to 4660 MW and similarly placed plants without linkage subject to availability and without impacting supplies to the 78,000 MW plants.

(ii) REVIEW vis-à-vis MOU TARGETS

As per the information furnished by the Ministry, every year the Company is signing MoU with its Administrative Ministry (MOC) as per extant guideline of DPE. In the MOU document targets for the ensuing year, both for financial and non-financial, are set based on the objectives / micro objectives of the company. The financial targets are on gross sales, gross margin, net profit and net worth. The non-financial targets include parameters on Coal Production, Coal Off take, Safety, Productivity, Capacity Utilization, Customer Satisfaction, Human Resource Development, R&D/ New initiative, Project Implementation, CSR, Sustainable Development, Corporate Governance etc. At the end of the year, performance evaluation based on the audited performance of the

company is assessed by the DPE. The assessment of DPE in respect of CIL for the last five years is stated to be as under:

Year	MoU Rating
2007-08	Excellent
2008-09	Excellent
2009-10	Excellent
2010-11	Very Good
2011-12	Excellent
2012-13	Excellent
2013-14	Excellent

When asked about the areas wherein Ministry of Coal would like CIL to improve its performance, the Ministry in a written reply stated that keeping in view the large energy requirements total production of coal in the country falls short of the total demand. Since CIL is the largest producer of coal accounting for about 80 per cent of domestic production, the responsibility for stepping up production lies largely on the CIL. Therefore the CIL and its subsidiaries still need to step up the pace of growth in production and also focus on improving the quality of coal by speeding up the setting up of washeries and taking up other technological improvements. Despite some of the positive achievements of CIL there is a need for further efforts. Keeping in view the needs of the economy the Ministry has set out the following priorities which are reflected in the MOU for 2013-14

- Meeting production targets
- Meeting off take targets
- Improving the pace of capital investment
- Ensuring CIL improves quality of coal supplied
- Award of work for washeries
- Increasing the pace of exploration
- CIL should strive to be a good corporate citizen through its CSR activities.

As regards the contribution of the Ministry of Coal in facilitating CIL to achieve its mission, through policy initiatives, guidance, financial assistance, interface with other Government bodies, etc., the Ministry in a written reply stated that the Ministry of Coal is the Administrative Ministry for the Coal India Limited and for implementation of the Statutes and Policies relevant to the Coal sector within which CIL has to operate. CIL and its subsidiaries are governed by their respective Boards and enjoy considerable autonomy. While the responsibility of compliance with the relevant laws rests on the CIL and its subsidiaries, the Ministry, where required plays the role of 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 Companies.

CHAPTER-III

PROJECTS IMPLEMENTATION

(I) PROJECTS AT A GLANCE

According to the Ministry of Coal and CIL, during the year 2012-13, there are 117 projects each costing Rs. 20 crore and above. Out of these 59 projects are stated to be delayed mainly on account of delay in land acquisition and forest clearances. It was also submitted by CIL that in respect of 59 projects which were delayed, there are time overruns but no cost overrun. It is observed that out of 59 pending projects, in as many as 19 projects the time overrun is five years and more. In this connection, the Committee asked CIL as to how it can justify its claim that there will be no cost overrun and also explain the reasons for such huge time overruns and whether such inordinate delays in take off of the projects would jeopardize the very viability of these projects. The Ministry of Coal in their written reply stated that land acquisition & statutory clearances are the initial activities for implementation of coal projects. Further activities can only be taken up after obtaining physical possession of land & statutory clearances. Land acquisition / possession & statutory clearances have been the major causes of time overrun for the coal projects of CIL. During implementation of projects, whenever cumulative expenditure exceeds 50% of the sanctioned capital, a mandatory review of the project is taken up. In specific cases, revised cost estimates are prepared & taken up for approval whenever cost overrun is envisaged. The viability of the project is also examined during the preparation/approval of the revised cost estimates for the project.

(II) ENVIRONMENT AND FOREST CLEARANCES FOR PROJECTS

During the evidence held on 30 January 2013, the Committee were informed by the CMD, CIL that the Company is not able to timely develop most of its new coal projects due to the prolonged process of obtaining environment / forest clearances. It was also informed that the Ministry of Coal have been constantly pursuing the matter with the Ministry of Environment and Forests so as to speed up the process of obtaining environment / forest clearances. Elaborating on the matter, CMD, CIL deposed as under:

“When we submit an application, for example, for a forest clearance, we submit it to the DFO. I may say, one reason is that in our federal kind of structure Coal India is a Government of India company. Many State Governments do not see this as their own responsibility to wait. It is not our case that we should violate any law, we should not comply with the environmental standards or the pollution limits or the forestry. But we are always requesting them that the process be expedited. The DFO sometimes takes six months or one year – I am not referring to any particular DFO – for even first inspection of the site itself. Then again there is a prolonged process. After that the Conservator of Forests also has to inspect. Then they will recommend to the State Government. Then it comes to the Principal CCF to the State Government. Then it comes to the Ministry of Environment and Forests. They have, what is called, zonal offices; they have zonal set up. That gentleman also takes long time to go and inspect and submit the report. At zonal level, certainly they have lot of workload. I

cannot agree that at the district level and at the Conservator level there is so much of workload that it should take months together, sometimes even six months to one year. But certainly at the zonal level, for two to three States there is one office. May be they have two-three offices; the demand is quite high. Then the process is initiated here only after all these two-three stages of reports are received here. I do not think it is intentional but there is no direct incentive or stake for the State Government to insist that it should be done in a time-bound manner. There are some broad guidelines from the Government of India; in 180 days it should be done. I do not think there is even a single case where the processing has been completed in 180 days.”

In the light of aforesaid constraints / problems being faced by CIL, the MoEFCC was asked to specify the basic issues which cause delay in environment / forest clearances to coal projects and the steps taken by them to balance environmental conservation and protection on one hand and developmental projects on the other hand. The MoEFCC in their written reply submitted that the basic issues causing delay in forestry clearances are as under:

- Delay in registration of FC applications due to demand of NOC from the collector for diversion of revenue forest land for non-forestry purpose.
- Improper maintenance of land records due to which there is overlapping of land records being maintained by the revenue department and the forest department. This reconciliation is very time taking which delays the whole process of grant of FC in absence of proper Records
- Proposals for diversion of forest land for non-forest purpose involves a lengthy approval process that includes 26 steps to completion with same government agency getting involved at multiple points during the process. Delay in obtaining NoC from Gram Sabha & from Collector under Forest Rights Act.

Basic issues causing delay in Environmental clearances.

- Inordinate delay occurs in processes involved e.g. receipt of TOR.
- The main issue in securing EFC is “Timely completion of the public consultation process” by respective State Pollution Control Board’s.
- Earlier EC and FC were being processed simultaneously but as per Circular No. J- 11013/41/2006 – IA-II(I) dated 09.09.2011, it is now required to be processed in sequence i.e. for obtaining EC, the project proponent has to obtain Stage-I FC wherever diversion of forest land is involved even when the forest land is required at some point of time in future say, 10 years from the date commencement of operation.
- Imposition of CEPI moratorium at some of the coalfields of CIL.

However, the MoEFCC have stated that CIL, on its part, strictly adheres to the guidelines / conditions incorporated in the approvals of statutory clearances.

When asked whether any guidelines have been issued by the Government to ensure time bound disposal of requests pertaining to environment and forest clearances

to coal projects, the MoEFCC in their written reply stated that there is a guideline issued as per EIA notification, 14th September, 2006 to ensure time bound disposal of requests pertaining to environment and forest clearances to coal projects.

In this context, the MOEFCC was asked to furnish their comments and suggestions to improve the system of environmental / forest clearances and also whether they had taken up the matter with concerned State Governments to facilitate for expeditious disposal of their proposals for environmental / forest clearances. In response, the Ministry of Environment and Forests in their written reply stated as follows:

"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..".

(III) IMPACT OF COMPREHENSIVE ENVIRONMENTAL PROTECTION INDEX (CEPI) ON COAL MINING

According to Ministry of Coal, one of major reasons for slippage in CIL production in Eleventh Plan was stated to be embargo imposed in view of Comprehensive Environmental Protection Index (CEPI). The salient features of CEPI are stated to be as under:

- (a) Temporary restrictions on consideration of development / expansion of projects on the basis of location of the projects in Critically Polluted Cluster / Area as identified by CPCB based on Comprehensive Environmental Pollution Index (CEPI).
- (b) The CEPI index has been worked out using an algorithm of the relationship between the Pollutants, Pathways, receptors and Additional High Risk Elements.
- (c) The CEPI has been developed mainly considering the pollution emanating from the pollutant with systematic toxicity including Volatile Organic Compounds (VOCs), Polycyclic AeromaticHydercarbons (PAHs), Polychlorinated Biphenyl's (PCBs), Vinyl Chloride, Benzene, Lead, radionuclide, Hexa-chromium, cadmium, Organophosphates.
- (d) Areas having aggregated CEPI scores of 70 and above should be considered as critically polluted industrial clusters / areas, whereas the areas having CEPI between 60-70 should be considered as severely polluted areas and shall be kept under surveillance and pollution control measures should be efficiently implemented, whereas, the critically polluted industrial clusters / areas need further detailed investigations in terms of the extent of damage and an formulation of appropriate remedial action plan.

According to Ministry of Coal, one of major reasons for slippage in CIL production in Eleventh Plan was stated to be embargo imposed in view of Comprehensive Environmental Protection Index (CEPI). In this regard the MoEFCC was asked to explain In what way the CEPI has affected the coal mining, coal evacuation / movement by CIL and whether the Ministry propose to review the CEPI in view of its adverse

impact on coal production. In response, the Ministry in their written reply submitted as under:

“In view of the increasing target of coal production and the national demand for power generation, the CEPI embargo imposed by MoEFCC on issuing clearance of coal projects (expansion/new) has adversely affected the coal production target of CIL as a whole. The moratorium on CEPI restriction is still continuing in Chandrapur Cluster of WCL and Korba Cluster of Chhattisgarh Cluster. Ministry of Environment and Forest periodically reviews the CEPI restriction. As a result of its endeavor, it has lifted its moratorium from six clusters out of the eight industrial clusters for which embargo was initially put. Only two nos. of clusters are still are under embargo, namely, Korba of SECL and Chandrapur of WCL. Recently MoEFCC has reimposed CEPI in Singrauli Field as also Jharsugudha.”

(IV) OTHER ISSUES CAUSING DELAY IN PROJECTS IMPLEMENTATION

The Committee were given to understand that in some cases reasons of delay are stated to be delay in finalization of global tender, delay in shaft sinking & delay due to construction of MGR by NTPC etc. When asked whether these problems were within the control of management and could well be avoided by proper planning & coordination, CIL in its reply stated that failure in finalization of Global Tenders including the tender for shaft sinking, were mainly due to nonparticipation or inability on the part of bidders to meet the NIT criteria. In some occasions, delay occurred due to restriction imposed by Govt. However, all possible steps to avoid such difficulties are being initiated at company level. For issues related to construction of MGR by NTPC, Rail evacuation facility etc. are being taken up at appropriate levels for expediting their construction with active help from MoC.

While explaining the steps being taken by the Ministry to review the implementation of projects in order to meet the projected production targets, the Secretary during the evidence held on 10 October, 2014 stated as follows;

“As far as the projections made for the 12th Plan are concerned, the overall demand is expected to be the order of 980 million tonnes in 2016-17. This will be the overall demand. The production has been projected to increase to 795 million tonnes leaving a gap of about 185 million tonnes. Now we are reviewing the production capabilities of Coal India Limited. We are also simultaneously reviewing the external constraints. This is very important because it is not only the internal factors but also the external constraints which are affecting or impacting on the production rate of Coal India Limited and as such we have, for the present moment, set up a revised target to Coal India Limited to 1 billion tonnes by 2019. For this purpose, we are reviewing various new projects taken up by Coal India Limited, to what extent the existing projects can expand the production rate and also reviewing with regard to clearances which are required to initiate higher production, clearances from the Ministry of Environment and Forests, from the State Governments, and, above all, the most important factors are the implementation of three new railway lines in Chhattisgarh, Jharkhand and Odisha. They have to be fast tracked. The implementation has to be done very

fast because the coal is available in those areas. The basic problem is evacuation of coal from those areas.

The second thing which we have to fast track for which we require the assistance of State Governments is with regard to land acquisition and clearances. There also we are in constant touch with State Governments. We hope not only to achieve the optimistic target of 785 million tonnes which has been kept for Coal India Limited for the end of the 12th Plan but also to further increase it to 1 billion tonnes by 2019”.

CHAPTER - IV

COAL CONNECTIVITY PROJECTS

According to CIL, the major reasons for slippage in the Company's production in XI plan mismatch between production and transportation capacities on account of non-availability of adequate wagons and owing to the bottlenecks of Railway infrastructure in expanding Coal field. It is also observed from Annual Report of CIL 2012-13 that near total dependence on Indian Railways for evacuation of Coal is considered to be a threat. On being asked whether the matter of development of Railway infrastructure in the Coal fields having huge potential for future growth in production has been taken up with the Ministry of Railways and whether any understanding has been reached between the Railways in CIL on the issue, CIL in its reply stated that railway line is to be constructed by the Railways in respect of following three major Coal connectivity projects:

- A. Shivpur- Hazaribagh (Kathotia) New BG Line
- B. Railway siding upto Baroud-Bijari Block in Chhattisgarh-Mand Raigarh Coalfields.
- C. Railway Line from Jharsuguda to Barpali in Gopalpur- Manoharpur Track (Orissa)

Highlighting the importance of aforesaid coalfields for future growth of coal production, CMD, CIL during evidence deposited as under:-

"The future growth can only come from these three coal fields. It holds so much of potential that today whatever we are facing, 130 or 140 million tonnes of coal shortage, it can be fully addressed once we have the rail connectivity established in those three places., we are trying to do it. In the existing thing, only we can increase 5 million, 2 million, 3 million and like that. Hundreds of million that has to come, it only has to come from these three areas. About 10 years ago, we had initiated, for example, in the North Karanpura, in the year 1999 we requested the Railways. The Railways have a policy that they do not have budgetary provision; therefore we should fund it. We have agreed to fund it because ultimately the coal is required to be transported."

The witness further added:

".....my submission to the Committee is that the potential to further increase year after year to add 40 million tonnes to 50 million tonnes per annum is not much there in the existing areas. We need only to go to the new coalfield areas. That is the constraint."

Further explaining the details of Railway infrastructure projects connecting north karanpura, CMD, CIL elaborated as under:

"Now, there is hardly any progress in the last seven or eight years. What I am submitting is this that North Karanpura was to be completed in the year 2005 itself. Even as on today this is only going in small bits and pieces. They are facing some forestry diversions."

Since the development of these Coal fields is directly linked with the development of transport facilities by Railways, the Committee asked the Ministry of Railways (Railway Board) to clarify their position vis-a-vis these projects. In response, the Chairman, Railway Board while deposing before the Committee stated as under:

“There are three projects which are mainly involved in this. One is the Tori-Shivpur and Shivpur-Kathoria project, which is about 70 kilometer length project. We have started work between Tori-Shivpur. Actually this project was embroiled to a very large extent in environmental clearances because it runs through a forest area and an area which is also the subject of wild life approvals. We have over the last two years got stage one clearance for this section as far as back as 29.4.2011 but this clearance came with lot of riders and did not make the operation of the line viable or even the construction of the line viable. There were conditions which were imposed by the Ministry of Environment and Forests that there would be no intermediate stations on this line and there would be no night operation on that line. Sir, because these projects are being discussed in the high level meeting. There is a Committee which has been constituted, as I submitted, and this Committee which is at my level and at the level of the Secretary Coal, this is regularly going on. In this, the representative of Ministry of Environment and Forests, are also are invited to collaborate in this meeting so that issues can be resolved. Sir, as on 1st of August, 2012, the Ministry of Environment and Forests has relaxed partially the conditions regarding non-availability of stations on a line of this length unless you are built certain intermediate stations, the line will not work efficiently. So, as a result, they have relaxed this condition after a lot of efforts from our side and from the side of Coal India also. We are now going ahead. We are looking for stage two forestry clearances for taking up the work. The stage two forestry clearances have not come as yet. It is no available but despite that we have called for five tenders and all five tenders in the first 11 kilometers out of the 42 kilometers stretch and these tenders are expected to be finalised for actual physical start of the work in the next 15 to 20 days. Two have already been finalized and the remaining three are likely to be finalized in the next 15 to 20 days. Actually there will be some collieries in the intermediate and we are coordinating with the Coal India and also with the Ministry of Coal in that regard. But as far as the other portion is concerned, we are not supposed to call for tenders unless we have the stage II forestry clearance in hand. Sir, they have relaxed that condition now. The only condition that they have legislated is that no passenger train should be allowed to run on this section. The night-running stipulation between 12 and five has still not been relaxed. They have reduced the time now. Earlier it was for much longer period. Now they have reduced the time in which train running will be restricted to five hours. So, as soon as we get the stage II clearance, we will go in for the remaining tendering process also because once this stretch of 42 kilometres is constructed, then evacuation of coal can start because it is connected to the main line.”

The witness added:

“As far as the second portion is concerned, that is initially it was from Shivpur to Hazaribagh. Now that alignment was rejected by the Ministry of Environment

and Forests. They said that it runs through a thick forest and it cannot be approved. So, we have to do realignment and we are now going to a station which is adjacent to Hazaribagh called Kathautia. That alignment has been finalized, and the final location survey of this line has been completed in December, 2012 after the new alignment has come in. Sir, the stage I forestry clearance has been initiated at the level of the State Government. As soon as the State Government's approval is available, then we would start the acquisition of the land. This is one of the major lines which have been identified for the purpose of coal evacuation. We are reviewing this in quarterly meetings, as I have submitted, with the Secretary, Coal, with the Chairman, Coal India, who is also present, and also with the representatives of the Ministry of Environment. We would be taking this project forward. We are working closely with the Ministry of Environment to try and get these clearances. We have requested the Coal India and the Secretary, Coal also since this is their line and it is a deposit work, for which they are going to pay for this. It is private siding virtually. So, we have requested them that they should also participate and collaborate in getting these environmental clearances and the land acquisition processes. Sir, there is another area which has been identified by the Coal India Limited which has a huge coal deposits and that is in Chhattisgarh State, which is the Bhupdeopur-Korichhapar-Baroud in Mand Raigarh district. We are taking this up as a Special Purpose Vehicle. In fact, we have held meetings at the level of the Chief Minister of Chhattisgarh. MoU has been signed between the Ministry of Railways and the Chhattisgarh Government. We have formed a SPV with one of our PSUs, Indian Railway Construction Company (IRCON). We have finalized the Note for the Cabinet approval for placing these projects in the current Budget. Most of the funding will through the Coal India, of course, through their subsidiary coal company SCCL. And 26 per cent equity will be held by our PSU, IRCON. This SPV will take this project forward. But this is a very recent project which has come up. For the last six to eight months or about a year, we have been able to make some headway by forming a SPV which we feel will be able to fast track this project..... The third project is Jharsuguda-Sadega. This is a 52 kilometre line, which is again being constructed at the behest of the Coal India Limited by the Mahanadi Coalfields. The project is held up. In fact, we are working very strongly for this. But the project is held up due to land acquisition issues in the two districts of Orissa, which is, Jharsuguda and Sundergarh.

In the light of the Ministry of Railways (Railway Board) aforesaid observations, the Committee enquired whether a Chattisgarh like SPV model would be workable with the Jharkhand Government to ensure faster forestry clearances for the railway projects. Replying to the query, CMD, CIL stated that Jharkhand Government may not be interested because that is only for about 93 kilometres stretch, and that is not much a populated area. Whereas in this case, the Chhattisgarh Government is very keen on this because this is a longer route – 180 kilometres route – and eventually it is about 300 kilometres stretch, which is covering a lot of other inhabitation. So, they also wanted a passenger train to be run. It is because of the Chhattisgarh Government's initiative.

Endorsing the views of CMD, CIL on the above issue, the Chairman, Railway Board submitted as under:

“Actually, the interest of the Chhattisgarh Government has come because they perceive this – as the Chairman, Coal India has rightly said – as a future passenger line also. We are going to construct this line which will facilitate the movement of passenger trains also. It is not going to be a freight only line like the other lines. The Chhattisgarh Government has taken equity in this project. We feel that forestry clearances and other clearances which are required from the State Government would be forthcoming with a lot of alacrity”.

The Ministry of Coal in their post evidence reply furnished the details regarding the status of environmental clearance and the measures taken / proposed to be taken by them for expeditious clearance of coal connectivity projects by MoEFCC in consultation with respective State Governments. The details are as under:

“In the 2nd meeting of IMC constituted by PMO to monitor the Implementation of Railway’s projects for Coal Connectivity held on 15.05.2013 in Railway Board, discussions were held on 31 major & minor projects, which include sidings & rail links. Out of these, three major infrastructure railway projects are envisaged in three major coalfields namely NorthKaranpura – Auranga of CCL, MandRaigarh – Korba of SECL & Ib Valley-Talcher of MCL. The North Karanpura coalfield involves the Tori-Shivpur-Kathotia rail track. Stage-II forestry clearance for 209.814 Ha of the Tori- Shivpur section has been accorded by MoEFCC on 19.06.2013. Railways are also to expedite submission of application for obtaining stage-I forestry clearance for Shivpur-Kathotia section. In the MandRaigarh – Korba coalfields of SECL, the survey work by Railways for the two corridors, namely East & East-West corridor, of Mand-Raigarh-Korba coalfield (Chattisgarh), is under progress. Survey work for Phase I of the East corridor is complete. The Ib valley coalfields of Odisha requires about 180.04 Acres of forest land for the railway line from Jharsuguda to Barpali in Gopalpur – Manoharpur Track, out of which 27.87 Acres has been acquired till date.

The Inter-Ministerial Committee has been constituted under the Chairmanship of Chairman, Railway Board, to review the critical coal connectivity projects. The projects are being reviewed on quarterly basis. So far three meetings have been held for solving the issues. The progress of the projects is also being reviewed by the Project Monitoring Group of the Cabinet Secretariat under the chairmanship of Additional Secretary, Cabinet Secretariat with the concerned organizations. Cabinet Committee on Investment (CCI) also reviews the status from time to time.”

In so far as the status of progress regarding environment / forests clearances to the Tori-Shivpur Kathotia project, the Committee were informed by the Ministry of Coal in their subsequent reply that as informed by Railways vide their letter dtd 30.06.2013, Stage-II forestry clearance for 209.814 Ha of the Tori- Shivpur section has been accorded by MoEFCC on 19.06.2013, paving the way for possession of forest land. Railways should also expedite submission of application for obtaining stage-I forestry clearance for Shivpur-Kathotia section. MoEFCC has put restrictions as regard to night

time traffic movement between 10:00 hrs to 05:00 hrs and establishment of railway stations for passenger movement while according FC on Tori-Shivpur Section. The Committee were also informed that MoEFCC has not agreed to the request of Ministry of Railways for relaxing the restriction of movement of timing between 0:00 hrs to 5:00 hrs in Tori-Shivpur Section.

CHAPTER - V

ALLIED ISSUES

(I) ILLEGAL COAL MINING

The Committee have come to learn 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. Such activities have also contributed to the environmental degradation. In this regard, the Committee desired to know about the constraints being faced by CIL in curbing the illegal mining and influence of local coal mafias and whether instances of illegal mining have been reported to the local administration and law enforcement agencies. In response, CIL in a written reply cited the following constraints in checking illegal mining:

- (a) Difficulty faced by the State administration in providing proper administrative support to mining companies to curb illegal mining within leasehold areas, as well as in controlling illegal mining outside leasehold areas due to lack of adequate infrastructure;
- (b) Boundary walls and barbed wire fencing put around the illegal mining sites are often removed or breached by the miscreants;
- (c) Due to poverty, unemployed villagers living in the coalfield areas go for illegal mining of coal as an easy option of livelihood. With the existing strength of security personnel, it is difficult for coal companies alone to prevent such activities; and
- (d) Illegal mining is generally organized by mafia and also taken up by individuals.

It was also stated that illegal mining is reported to the local administration and law enforcement agencies by CIL, as and when any incident of illegal mining of coal is detected / noticed. FIR by concerned Colliery Management / Area Management / CISF is lodged with local police station immediately. State administration take necessary action on the FIRs lodged. Most of the cases are pending in various courts. State administration faces difficulties in controlling illegal mining due to lack of adequate infrastructure.

The following measures were reported to have been taken by coal companies to prevent illegal mining:

- (a) Rat holes created by illegal mining are being dozed off and filled up with stone and debris wherever possible.
- (b) Concrete walls have been erected on the mouth of the abandoned mines to prevent access and illegal activities in these areas.
- (c) 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.
- (d) Surprise raids / checks being conducted jointly by security personnel and law and order authorities of the concerned State Government.
- (e) Fencing is being constructed at the various illegal mining sites along with displaying of signboards mentioning "Dangerous and Prohibited Place."

- (f) Dumping of the overburden is being done on the outcrop zones which are not required to be mined.
- (g) Collection of intelligence reports about illegal coal depots and illegal movement of coal and informing district authorities of the same for taking preventive action.
- (h) Installation of check-posts at vulnerable points to check transport documents;
- (i) Training of existing security personnel, refresher training of CISF personnel and basic training of new recruits in security discipline for strengthening the security setup;
- (j) The coal companies maintain close liaison with the State authorities.
- (k) 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.

On being asked whether the Company has deployed its security personnel to check illegal mining activities and whether the option of deploying Central Para Military Forces have been explored to address the problem, CIL in a written reply stated that adequate security arrangements have been made to ensure undisturbed production and to prevent illegal mining within leasehold Area of the Company & to prevent theft and pilferage of Company property. Details of security arrangements in different subsidiaries of CIL are given below:

(Provisional)						
Sl. No.	Name of Company	Departmental Security	DGR Sponsored Security	CISF	Home guards	Total
1	ECL	1801	2109	940	0	4850
2	BCCL	963	0	2993	0	3956
3	CCL	1943	1049	1421	653	5066
4	NCL	232	1619	70	0	1921
5	WCL	949	243	294	1068	2554
6	SECL	1316	2754	301	0	4371
7	MCL	164	3334	0	0	3498
8	NEC	0	223	0	70	293

It is learnt from various news items that due to alleged connivance of some CIL officials /influential people/police, illegal mining by coal mafias is rampant in certain coal producing areas, particularly in the areas which come under the jurisdiction of ECL, BCCL and CCL. In view of this, the Committee desired to know about the magnitude of the problem and the action being taken by CIL management / Ministry against these elements and sought a detailed note specifying the factual position on the matter from CIL. In a reply CIL stated that illegal mining takes place clandestinely both within and outside the leasehold areas of CIL subsidiaries. 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. CIL has no role to play in case of illegal mining taking place outside the leasehold areas of CIL subsidiaries. FIR is being lodged when any case of illegal mining come into notice inside the leasehold area of CIL subsidiaries. However, CIL stated that it is not aware of connivance of some CIL officials /influential people/police in case of illegal mining. In a written note furnished to the Committee, the Ministry of Coal has enumerated the various measures taken by the

subsidiaries of CIL viz., CCL, BCCL and ECL to curb the menace of illegal mining. These are given as under:

CCL:

- 1) Check post have been erected at vulnerable points.
- 2) Frequent surprise check/Raids is conducted by Security team periodically with district Police Force to prevent coal theft.
- 3) System of weighment with challan has been introduced while transporting coal from one point to another.
- 4) Liaison with District authority is maintained and monthly review meeting is held with concerned DCs/Commissioners which are attended by the authorities of Police and Admin as well as the CGM/GMs of the concerned areas of CCL to prevent coal pilferage.
- 5) Effective liaison is also maintained with state administration and Police Force maintaining Law and Order in the respective coal belt area.

BCCL: There is no such information of alleged connivance of some CIL officials/influential people/police, illegal mining by coal mafias is rampant in certain coal producing areas which come under the jurisdiction of BCCL.

- 1) With regard to illegal mining in BCCL, illegal mining of coal is being carried out stealthily and clandestinely by the miscreants from abandoned/disused mines, along bank of river, exposed coal seam etc. situated at remote/isolated patches mostly outside leasehold of BCCL Area.
- 2) CISF has been deployed in all the mines for security of company property. Illegal mining of coal is a state subject matter; CISF in coordination with state police takes necessary measure to stop illegal mining.
- 3) BCCL is making stringent preventive measures against illegal Mining in the lease hold area of BCCL by taking following steps:
 - i) Conducting raids / patrolling at sensitive areas jointly with CISF/ Internal Security and State Administration.
 - ii) CISF &The management of the collieries are lodging FIRs on regular basis against theft of coal with the local Thana, wherever such activities come to notice, with the request to take necessary action against the miscreants.
 - iii) The units under BCCL take all possible steps to curb the menace.
 - iv) FIRs are lodged by the Coal Companies and CISF. Correspondences are being made to State Govt. particularly to DSP, DMO, DC and SP of concerned districts.
 - v) Filling by dozing or by drilling and blasting the strata overlying the coal deposit at the possible sites which are prone to illegal mining.
 - vi) Large numbers of isolated patches are available in BCCL which are potential source for illegal mining activities. The company has

- embarked upon a programme to take out the coal from such isolated patches by deploying hired equipments.
- vii) Meetings with local administration, District Law & Order authorities are held at regular intervals to draw their attention towards illegal mining being carried out either within or outside leasehold area of BCCL and requesting them to take necessary action to stop this menace. A task force has already been constituted by DC, Dhanbad in June, 2007. The task force consisting of ADM (Supply), DMO, a representative from police district HQ and BCCL is working for the purpose.
 - viii) Challans with hologram are used for coal transportation by trucks outside the district duly authenticated by authorized officials of CISF to check pilferage of coal.
 - ix) Regular sharing of information with local intelligence Agency/Officials & local police are being made by CISF.
 - x) As a outcome of this, identified sites of illegal Mining in the leasehold of BCCL has reduced from 40 (Year 10-11) to Nil at the end 2012-13. However at the remote places the closed sites are reopened or the new sites are opened by miscreants involved in illegal mining. Immediate actions are taken and these sites are closed/dozed and sealed by over burden as soon as it is come to knowledge.

ECL:

The Committee have been informed that from 1 September, 2011, the State Government has established Police Commissionerate, Asansol-Durgapur to deal with the law and order and other issues especially to curb illegal coal mining & coal theft of this industrial belt. As per reports received the Police have been taking effective steps to control the illegal coal mining, apart from other law and order matters. As per Newspaper reports, in their operation to improve the law and order situation and illegal mining, the Police has apprehended certain persons, considered to be mafia. From the below statistic, it is noticed that at present the illegal coal mining is decreasing. Details regarding the seizure from illegal mining sites are as under.

Year	State	No. of Raids	Coal seized	Vehicle seized	Person apprehended	FIRs lodged
2010-11	WB	687	5650mt	09	14	08
	JHR	261	1401mt	01	03	03
2011-12	WB	32	644 mt	05	44	09
	JHR	08	23mt	-	03	02
2012-13	WB	70	-	-	-	-
	JHR	16	-	-	-	-
2013-14 (UPTO JULY'2013)	WB	41	04MT	-	-	-
	JHR	14	-	-	-	-

Seizure of illegal trafficking of coal.

Year	State	No. of Raids	Coal seized	Vehicle Seized	Person Apprehended	FIRs Lodged
2010-11	WB	120	1863mt	55	06	53
	JHR	69	437mt	07	11	10
2011-12	WB	289	4634mt	18	02	26
	JHR	262	1014mt	-	05	02
2012-13	WB	295	1944mt	11	19	19
2013-14 (UPTO JULY'2013)	JHR	324	2104mt	-	07	02
	WB	112	646mt	02	01	02
	JHR	80	607mt	-	-	-

Action taken by ECL Management is as under :

- i) Intelligence collection
- ii) Dozing off/filling up/sealing the illegal coal mining sites and subside area by departmental Pay Loaders/Dozers and some times contractually.
- iii) Surprise checks /raids by CISF, ECL Security along with Police and seizure of illegal coal /illegal trafficking of coal along with involved vehicles and apprehension of miscreants and subsequently handed over to the same to the local Police station.
- iv) Regular meeting of Central level on illegal mining, State level meeting with State Authorities of WB and Jharkhand State and District level meeting (Burdwan, Bankura, Purulia and Birbhum of West Bengal and combined District level meeting of Jharkhand) with District Authorities.
- v) The concerned Police Stations are advised by District Authority and Sub-Divisional Authority to increase their vigil check to stop re-opening of the dozed illegal mining spots.
- vi) Frequent inspection by Area Team consisting of CGM, Area Survey Officer, Area Security Officer along with CISF officials to the affected sites and accordingly meetings are held in the Commandant, CISF Office regularly.
- vii) The resolution has been taken for constitution of Security Co-ordination committee for Asansol Sub-division for reviewing the status of illegal mining.
- viii) For logical conclusion of the cases which are pending in Court, ECL has engaged lawyer to follow up these cases.
- ix) Discussion has also been made with Public Prosecutor in lower Court and Session Court of Asansol to take necessary steps for speedy trial of the case pending in the Court.

No evidence/ indulgement of Officials of ECL in illegal coal mining activities has come to the notice. If involvement of any officers in the illegal act is found, suitable action will be taken.”

Elaborating on the steps being taken by the Ministry/CIL to prevent theft of coal, the Secretary, Ministry of Coal while deposing before the Committee submitted as under:

“...with regard to theft in coal mining, I would just like to mention that the best solution is technology intervention and we have asked the Vigilance Officers of Coal India and they are working on it very seriously of doing a combination of GPRS, RFID and CCTV along with electronic way bridges so that the entire movement of coal is monitored electronically. Human interventions have to be kept at minimum level”.

The Committee were informed that CIL has engaged ISMU, Dhanbad to study illegal mining of coal in the lease-hold area of ECL, BCCL & CCL in the State of West Bengal and Jharkhand and suggest corrective measures. ISMU, Dhanbad has submitted the draft report and it is under scrutiny of CIL. Previously, XLRI, Jamshedpur and ISM, Dhanbad was engaged by Government of Jharkhand to study illegal mining of coal in Jharkhand. XLRI, Jamshedpur made an estimate of loss of royalty to the Govt. of Jharkhand in the year 2006 during study of illegal mining in Jharkhand amounting Rs.34 Crores.

(II) RESEARCH AND DEVELOPMENT

As per the Annual Report(2013-14) of CIL, total expenditure incurred from 2009-10 to 2013-14 for research project is as follows;

						(In Crores)
Year	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Expenditure	37.42	40.08	26.29	22.72	22.73	149.24

The Committee desired to know whether R&D activities have been accorded priority in the perspective plan of coal production which has been formulated by the Ministry in consultation with Planning Commission and plan of action that has been envisaged for the expansion of R&D activities under the perspective plan of coal production. In response, the Ministry of Coal in a written reply stated that the R&D activities have been given due weightage and priority in the perspective plan of coal production which has been formulated by the Ministry. The following plan of action has been envisaged for the expansion of R&D activities under the perspective plan of coal production:

- (i). Coal Company should invest at least 1% of their PBT in R&D every year.
- (ii). Coal Company should plan for improvement and strengthening of S&T Department.
- (iii). R&D needs to be mainly based on subsidiary wise analysis of operations.
- (iv). Invitation of expression of interest by open advertisement in National and International News Papers and related journals for seeking appropriate proposals.
- (v). To encourage private sector participation in R&D work.
- (vi). To involve reputed overseas institutions for R&D.

- (vii). Encourage research scholars/ academicians/coal sector employees pursuing Ph.D. in the emerging/ innovative areas of mining and other related activities by granting financial assistance.

(III) ENVIRONMENT PROTECTION

According to the Ministry of Coal, the various types of pollution generated in coal mines are:

- (i). Air Pollution
- (ii). Water Pollution
- (iii). Noise Pollution
- (iv). Land degradation

When asked to elaborate on the measures taken by CIL for mitigating the adverse effects of coal excavation / movement on the environment especially in open cast mines, the Ministry of Coal in a written reply stated that the Coal Excavation and the movement especially in Open cast mines have some effect on environment. This aspect is considered from the planning stage itself. Before commencement / enhancement of production from coal mines, the impact on existing environment due to coal mining project is assessed by an Environment Impact Assessment (EIA) study and Demographic profile study in the nearby villages are undertaken for each project and based on the same Environmental Management Plans (EMP) are prepared. EMP deals with the various pollution mitigation measures to be undertaken to mitigate the impact of pollution as per requirement of the project, which thereby improves the environment in & around mine also. The EMPs are submitted to Ministry of Environment Forest and Climate Change (MoEFCC) for obtaining Environmental clearance (EC). These mitigation measures for better Environmental management as per EMP of the concerned coal project as approved by MoEFCC as well as the EC Conditions stipulated by MoEFCC are taken up.

As regards, measures taken to control air and water pollution, the Ministry of Coal has enumerated the same as under:

Air Pollution Control:

- All drills are provided with dust extractors. Wet drilling mechanism is also adopted.
- Blasting is done in congenial environment with proper design of blast geometry & charge weight with delay detonators.
- Water sprinkling is done at regular interval to suppress dust generation.
- Overloading of dumpers is avoided to stop spillage during transportation.
- Coal transportation is carried out by means of covered trucks.
- All service roads are black topped.
- Multiple row of strip plantation is done along haul roads.
- All coal crushing units are enclosed and mist spray system are installed at receiving pits, transfer points, Ground bunkers, and loading points.
- In diesel operated HEMMs monitoring of exhaust emission are done.

Water Pollution Control:

- Garland drains are provided around the mine to collect run off water and siltation ponds are made for collection of silt.
- Oil & grease traps/ Effluent Treatment Plants (ETP) are installed & operated in workshop to separate & collect oil & grease from workshop effluent.
- Effluent treatment plants (ETP) / Sedimentation tanks are installed and operated efficiently for treatment of mine water.
- Sewage treatment plant (STP) is installed and operated efficiently for treatment of domestic sewage in major Colonies and Septic tanks serve the purpose in small colonies.
- The quality of the final effluent is monitored in terms of the relevant Indian Standards, before it is discharged to natural drainage or in open land.

As regards the details of budgetary provision made for environment protection / pollution control during the last three years, the Company stated that no specific provision has been made for environment protection/ pollution control but resources were made available as per the demand/ requirement. The details of Environmental expenditure for the last three years are as under:-

(Figure in Rs. Lakhs)

Subsidiary	Expenditure		
	2010-11	2011-12	2012-13
ECL	141.00	220.00	272.00
BCCL	632.00	787.26	1305.52
CCL	651.10	658.41	1096.32
MCL	1631.89	2911.67	1624.59
WCL	1928.49	2187.38	1666.00
SECL	5517.39	5298.61	9044.34
NCL	824.32	854.00	984.00
NEC	81.18	208.36	113.62

(IV) CORPORATE SOCIAL RESPONSIBILITY

In a detailed note submitted to the Committee, CIL elaborated its CSR policy and major achievements in respect of various CSR scheme / projects as under:

“Mining of coal has profound impact on the communities living in and around the areas where the mines are established. Many mine leaseholds are located in forested areas with tribal’s and indigenous communities forming the bulk of the inhabitants in the region. Coal India Limited lays great stress on carrying out environmental and social mitigation work to minimize the adverse impacts of mining and also strongly believes that the people living in mining areas should be given share of the benefits of development of the mining projects. CIL and its subsidiary companies are undertaking many welfare activities, in and around the coalfield areas, under its CSR policy. Coal India Limited has a well-defined CSR policy introduced w.e.f. June, 2010 based on the guidelines issued by Department of Public Enterprise for Central PSUs on CSR, which is also applicable in respect of subsidiary companies of CIL. The poor and needy

people of the society living in & around coalfields/mining areas in different parts of India are the major areas covered under CSR activities. The CSR policy is operational within the radius of 15 KM of the project site and areas including Head Qtrs. Further Board of Directors of subsidiary companies can also approve specific projects beyond mining areas within the respective state. CIL being a holding company use to execute CSR activities which are beyond jurisdiction of subsidiary companies and also undertakes such activities on behalf of subsidiary companies which are loss making .Besides CIL Board may extend to initiate specific projects abroad, under special circumstances.

Major Activities / Achievements under CSR

- (i) Education-financial assistance to schools, scholarship, adult literacy, cycle to needy girl students etc.
- (ii) Water supply including drinking water - Installation and repair of hand pumps, digging wells boreholes, laying pipelines.
- (iii) Health care -organizing health awareness camps on AIDS, TB, Leprosy, diet, nutrition, family planning, facilities of mobile medical vans etc.
- (iv) Social empowerment- Training and Development in different fields such as welding, fabrication, tailoring, farming etc. for weaker section of the community for self- employment.
- (v) Sports and culture -promotion of sports of different events in coalfields including nearby villages.
- (vi) Infrastructure support –construction of community buildings, roads, culverts, repairing and supply of furniture for educational institutions.
- (vii) Generation of Employment – By setting up cooperative societies, construction of shopping complex etc.
- (viii) Relief of victim against Natural Calamities –
- (ix) Adoption of village –For carrying out activities like Infrastructure development such as providing Solar light, pavan chakki, construction of road etc.
- (x) Financial assistance to NGOs – For under taking different activities towards uplift ment of the under privileged back word, physically and mentally challenged children.
- (xi) Financial support- for organizing Medical Camps, Free consultation, distribution of medicines and Medical Awareness for under privileged and slum dwellers in association with local community .for education, health & nutrition by creating needy children and women friendly communities. Financial support for repair & maintenance of Holy Child Home and provision for water filtering systems for the welfare home for children of Life Term Prisoners and sex workers.
- (xii) Assistance for creating employment opportunities to the visually impaired in IT Sector.
- (xiii) Various activities towards protection of Environment.
The impact on the environment due to extraction of coal is being monitored constantly by the CIL Subsidiaries and adequate measures for control of Air, Water & Noise Pollution, Land degradation, Deforestation etc are being undertaken in accordance with the Provisions of all statutory norms, Acts

and Rules on a regular basis by way of the following Environment Protection Activities:

Plantation

Massive plantation is being carried out in Command Areas by State Forest Department every year to mitigate all sorts of pollution. Further the following measures are undertaking to mitigate environmental pollutions:

- (a) Air pollution Control Measures
- (b) Water Pollution Control Measures
- (c) Land Reclamation/Restoration and General Cleanness
- (d) Noise Pollution Control Measures
- (e) Environment Management Plan Monitoring
- (f) Executing Statutory Requirements of State Pollution Control Boards.”

As per the information received by the Committee, the annual budget for CSR is allocated based on 5% of the retain earnings of previous year subject to minimum of Rs.5 per tone of coal production of previous year. In respect of CIL as a Holding Company 2.5% of retain profit of last year is allocated for execution of CSR activities. CIL and its subsidiary companies are having separate CSR Cells headed by CGM/GM for executing CSR activities as per the policy. Every Coal Company is having separate Committees for monitoring the progress of the CSR activities.

Subsidiary-wise details of funds allocated and expenditure there against under various CSR activities for the year 2007-08 & 2008-09 and 2009-10.

(Rs. in Crores)

Company	2007-2008		2008-2009		2009-2010	
	Allocated	Actual	Allocated	Actual	Allocated	Actual
ECL	2.00	0.87	2.40	2.39	2.25	2.49
BCCL	2.40	1.86	2.52	2.16	2.75	1.70
CCL	4.92	3.46	7.17	4.50	8.00	7.86
WCL	4.32	3.51	4.35	3.47	4.47	2.88
SECL	8.85	7.35	9.38	11.64	10.01	7.43
MCL	9.47	9.80	8.80	10.84	9.60	14.92
NCL	4.92	3.18	4.16	2.01	6.23	2.35
NEC	0.12	0.12	0.12	0.12	0.50	0.51
TOTAL	37.00	30.15	38.90	37.13	43.81	40.14

Subsidiary wise budget and amount spent on account of CSR for the year 2010-11 & 2011-12 and 2012-13 is given as under:

(Rs. in Crores)

Company	2010-2011		2011-2012		2012-13	
	Amount allocated	Actual	Amount allocated	Actual	Amount allocated	Actual
ECL	05.00	04.75	16.50	13.14	23.89	09.42
BCCL	13.75	03.15	14.50	05.53	23.63	07.43
CCL	25.69	10.98	53.88	11.00	47.72	13.66
WCL	23.00	07.12	55.82	07.86	40.67	20.96

SECL	54.00	15.70	146.44	17.66	181.79	46.63
MCL	52.04	53.45	82.00	14.47	73.36	25.56
NCL	36.00	04.35	93.42	09.25	95.73	17.64
CMPDIL	00.20	00.19	0.77	00.49	1.63	01.06
CIL/NEC	52.60	08.71	90.00	02.54 (CIL,H.Q) 00.05(NEC)	107.32	07.19
TOTAL	262.28	108.42	553.33	82.00	595.74	149.55

Subsidiary wise budget allocation and amount spent on account of CSR for the years 2013-14 and 2014-15 is given below.
(Rs. in Crores)

Year	2013-14		2014-15
Company	Budget	Expenditure.	Budget
ECL	29.35	21.97*	37.90
BCCL	30.50	20.00	30.00
CCL	26.42	26.94	48.00
WCL	29.46	23.80	7.95
SECL	63.94	43.91	129.00
MCL	101.72	111.48	112.48
NCL	48.99	39.72	80.28
CMPDIL	01.82	01.82	2.00
CIL/NEC	142.16	141.70*	24.04
Total	474.36	409.37	471.65

*The amount of expenditure of CIL(HQ) i.e. Rs. 141.70 crores includes (CIL(HQ))-Rs. 111.93 crores, ECL-Rs.21.97 crores and BCCL-Rs.7.80

As per the above information, during the year 2010-11 only Rs. 108.42 Crore was spent on CSR against the allocated amount of Rs. 262.28 crores. Likewise for the year, 2011-12, only Rs. 82 crore was spent on account of CSR activities against the allocated amount of Rs. 553.33 crore. In fact during the year, 2007-08, 2008-09 and 2009-10 the Company spent Rs. 30.15 crore, Rs. 37.13 crore and Rs. 40.14 respectively against the allocations of Rs. 37.00 crore, Rs. 38.90 crore and 43.81 crore. When asked to furnish the reasons for such huge gap between the allocation and expenditure, the Company replied as under:

“The Department of Public Enterprises (DPE) framed the CSR guidelines in 2010, based on which, Coal India Ltd formulated a CSR policy in June,2010. As per the CSR policy, the budget allocation for CSR increased tremendously. However, the CIL and its subsidiaries were not able to utilize the enhanced funds within the financial year. Besides, the CSR projects are to be implemented by specialized agencies, In order to quantify the impact made by CSR activities, baseline data had to be compiled by conducting baseline survey before starting a project. The above formalities took time resulting in slow utilization of funds in

initial stage. However, the unutilized funds for a particular year is being carried over to the next financial year for utilization.

About the steps which have been taken to ensure that the funds allocated for CSR are fully spent, the Company in a written reply stated as under:

“CIL has taken measures to step up utilization of CSR funds and a separate Cell in CIL, HQ as well as its subsidiaries has been established under senior level executives of the Company. For monitoring of CSR activities the Committee comprising of Board Level Directors have been formed at CIL (H.Q) and its subsidiaries. CIL has entered into a Memorandum of Understanding (MOU) with Tata Institute of Social Science (TISS), a National CSR Hub for extending assistance in implementing CSR activities for CIL and its subsidiaries. It is expected that there will be substantial progress in utilization of funds in 2013-14.”

When asked to explain the reasons of lesser spending vis-à-vis CSR activities, the Secretary during evidence on 10 October, 2014 replied as follows:

“We have stepped up our CSR activities. I will be frank enough to indicate that in the initial years the CSR expenditure was not to the required level. But there was a reason to it. We did not want to have too much ad-hoc expenditure. We wanted to do it in a scientific way. Therefore, our first emphasis was on need-based study to see as to what is the need of the area for which we have engaged Tata Institute of Social Science. They have completed this study. With this step, we will be able to step up our CSR activities”.

When asked whether any study has been conducted by the Company to assess the impact of various CSR activities undertaken by the Company, the Ministry in their reply stated as under:

“Impact of CSR activities is being done as per CSR policy of the company. Previously the impact was within 15 kms radius of the project site and the primary beneficiaries are Land Oustees, Project affected people (PAP). Poor and needy section of the society living in different parts of India is the second beneficiaries. However, as per the modified CSR policy, the impact of CSR activities is within 25km radius of the project and the beneficiaries are the same. Moreover, out of the various CSR activities which have been undertaken are still ongoing and are having sustainable future and as such Impact study will be done accordingly. Recently CIL has entered into MOU with Tata Institute of Social Sciences (TISS), Mumbai, a National CSR Hub for guidance and assistance with regard to Need Assessment, Base line survey, Impact evaluation etc. for undertaking CSR activities. Northern Coalfields Ltd. (NCL), a subsidiary of CIL has done the need based survey. SECL, WCL and other Subsidiaries have tied up with TISS for taking up such studies.

When asked about the amount allocated for 2014-15 and what steps have been taken to ensure that the funds allocated for CSR for the year 2014-15 are fully spent in accordance with the provisions of the new Company Law, the Company in their replies stated that the CSR Budget for 2014-15 is Rs. 471.65 crores out of which 50% has

been earmarked for Sanitation Project having regard to the Hon'ble Prime Ministers announcement for Swachh Bharat – Swachh Vidyalaya Campaign. Besides other sanctioned/committed CSR Projects of 2013-14 in respect of which fund has not been released or part payment has been released are also being taken up during 2014-15. Till September, 2014 an expenditure amounting to Rs. 111.22 crores approximately has been spent on CSR Projects. A separate Cell in CIL, HQ as well as its subsidiaries has been established under senior level executives of the Company. For monitoring of CSR activities a committee comprising of Board Level Directors has been formulated at CIL (Hq.) and its subsidiaries separately.

(V) GREEN INITIATIVES

As per information furnished by the Ministry, Coal India Ltd with the concern for the Global warming and to reduce the Green House gases is taking up steps to use of Renewable Energy. Due to its geographical location, the coal projects have left with the option of use of solar Energy only. Use of Solar Photovoltaic cells on roof tops of the Office Buildings, Hospitals, Canteens and other non-residential buildings are being taken up. Besides, use of Solar heaters for Hospitals and Canteens have been installed. Coal India Head quarters under Construction at Rajarhat, Kolkata is designed as Green Building with Griha norm having provisions for generation of Solar Electricity. 2 MW capacity Grid interactive Solar Photo Voltaic Power Plant with associated power evacuation system has been commissioned at MCL. CMPDI with Gujrat Energy Research Management (GERM) has set up R&D project for 0.25 KW Solar Power for providing power to its colony at CMPDI HQ, Ranchi. CIL is in the process of working out arrangements with Solar Energy Corporation of India to install a total of 1000 MW solar power units in a phased manner.

Plantation during last 5 years is as under:

SUBSIDIARY	UP TO 2009-10	2010-11	2011-12	2012-13	2013-14
ECL	6574800	62500	195000	51000	45000.00
BCCL	3565395	13215	343500	46916	42009.00
CCL	6586300	100000	405800	302000	144000.00
WCL	17361175	302000	226000	169125	163500.00
SECL	20712343	417600	386100	483000	512850.00
NCL	14012522	482000	441000	452247	420100.00
MCL	4181178	98550	75500	31000	0.00
NEC	1427749	100500	100000	60000	8660.00
TOTAL	74421462	1576365	2172900	1595288	1336119.00

The Committee were informed that CIL is in process of working out arrangements with Solar Energy Corporation of India to install a total of 1000MW solar power units in a phased manner. In this connection when asked about the present status of the project and its cost benefit analysis, the Company submitted that CIL has signed MOU with Solar Energy Corporation of India (SECI) on 1st October, 2014 for installing 1000 MW solar power (PV) in a phased manner. In the 1st phase, 250 MW plant will be installed and subsequently it will increase to 100 MW within 3 to 5 years.

As regard to cost economics of the projects, the Company informed that the Detailed Project report is under preparation.

When asked would this project be a real substitute to the conventional energy being utilized by CIL, the Company submitted that the amount of power, solar plant will be generating can satisfy a part of power requirement of CIL. With more generation, level of satisfaction will improve. However, a majority of conventional power used by CIL can be substituted.

PART-II

OBSERVATIONS/ RECOMMENDATIONS OF THE COMMITTEE

1. STATUS OF COAL INDIA LIMITED (CIL)

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.

2. PRODUCTION PERFORMANCE

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.

3. SKEWED COAL PRODUCTION

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.

4. DEMAND-SUPPLY GAP: IMPERATIVE NEED FOR IMPORT

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 alongwith 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.

5. OFFTAKE/DISPATCH OF COAL

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.

6. CAPACITY UTILISATION

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.

7. CONSTRAINTS FACED BY CIL IN EXPLORATION ACTIVITIES

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.

8. ACQUISITION OF COAL ASSETS ABROAD

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.

9. FINANCIAL PERFORMANCE

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.

10. COAL SALES DUES

The Committee note the considerable hike in the outstanding coal sales dues of various subsidiaries of CIL. From Rs. 4857.53 crore as on 31 March 2011 gross coal sales dues of the Company have risen to Rs. 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.

11. e-AUCTION

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.

12. PROJECT IMPLEMENTATION & PERFORMANCE REVIEW OF CIL BY THE ADMINISTRATIVE MINISTRY

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.

13. CEPI EMBRAGO

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.

14. COAL CONNECTIVITY PROJECTS

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 Chhattisgarh-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.

15. ILLEGAL MINING

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.

16. RESEARCH AND DEVELOPMENT

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.

17. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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 Rs.82 crore and Rs.149.55 crore could be utilised against the allocation of Rs.553 crore and Rs.595.74 crore respectively. Although the position has improved during the year 2013-14, the under-spending to the tune of Rs.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. **GREEN INITIATIVE**

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.

New Delhi
24 April 2015
4 Vaisakha,1937 (S)

SHRI SHANTA KUMAR
Chairperson,
Committee on Public Undertakings

**MINUTES OF THE 19th SITTING OF THE COMMITTEE ON
PUBLIC UNDERTAKINGS (2012-13)**

The Committee sat on Wednesday, the 30th January, 2013 from 1130 hrs to 1315 hrs in Committee Room '53', Parliament House, New Delhi.

PRESENT

Chairperson

Shri Jagdambika Pal

Members, Lok Sabha

- 2 Shri Hansraj Gangaram Ahir
- 3 Dr. Mahesh Joshi
- 4 Dr. (Smt.) Botcha Jhansi Lakshmi
- 5 Shri Ponnambal Prabhakar
- 6 Shri Rajendrasinh Rana
- 7 Shri Uday Singh (In the Chair)

Members, Rajya Sabha

- 8 Shri Anil Desai
- 9 Shri Janardan Dwivedi
- 10 Shri Mukhtar Abbas Naqvi

Secretariat

- | | |
|--------------------------|---------------------|
| 1. Shri A. Louis Martin | Joint Secretary |
| 2. Shri Rajeev Sharma | Director |
| 3. Shri M.K. Madhusudhan | Additional Director |

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(The representatives of Coal India Limited (CIL) were called in.)

The following representatives of Coal India Limited were present.

- 1 Shri S. Narsing Rao Chairman, CIL
- 2 Shri R. Mohan Das Director (P&IR)
- 3 Shri N. Kumar Director (Technical)

2. Attention of the representatives was drawn to Direction 58 of the Directions by the Speaker regarding evidence before the Parliamentary Committees.

3. The CMD of Coal India Limited (CIL) made a brief power point presentation explaining Company's profile, performance, future action plans and problems being faced by the Company on account of delay in land acquisition, environmental / forests

clearances, lack of proper rail connectivity to coal mines areas and non-availability of wagons etc.

(At this stage representatives of Ministry of Railways were called in)

The following representatives of Ministry of Railways (Railway Board) were present.

1	Shri Vinay Mittal	Chairman, Railway Board & Ex-officio Principal Secretary to the Government of India
2	Shri A.P. Mishra	Member Engineering & Ex-officio Secretary to the Government of India
3	Shri D.P. Pande	Additional Member, Traffic
4	Shri D.K. Saraf	Additional Member, Planning
5	Shri H.V. Sharma	OSD / P.R.I

4. The representatives of Ministry of Railways (Railway Board) apprised the Committee of the progress made / steps being taken for construction / expediting coal connectivity projects of Railways and availability of rakes/wagons .Thereafter, Members sought clarifications on certain issues to which the representatives of Ministry of Railways responded to. In respect of points for which information was not readily available with the representatives of Ministry of Railways, they were asked to furnish the same to the Committee Secretariat at the earliest.

(The representatives of Ministry of Railways then withdrew.)

5. Thereafter, the Committee continued with the evidence of representatives of CIL. The Members raised queries on various issues to which the CMD, CIL responded to. In respect of points on which information was not readily available, the Committee desired CMD to furnish the same at the earliest.

A copy of the verbatim proceedings has been kept on record separately.

The Committee then adjourned.

XXXX Matter not related to this Report.

COMMITTEE ON PUBLIC UNDERTAKINGS
(2013-14)

MINUTES OF THE FOURTH SITTING OF THE COMMITTEE

The Committee sat on Friday, the 12th July, 2013 from 1130 hrs to 1330 hrs in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

Shri Jagdambika Pal - Chairperson

MEMBERS

Lok Sabha

2. Shri Bansa Gopal Chowdhury
3. Shri Raja Ram Pal
4. Shri Nama Nageswara Rao
5. Smt. Sushila Saroj
6. Shri Uday Singh

Rajya Sabha

7. Shri Naresh Agrawal
8. Shri Anil Desai
9. Shri Mukhtar Abbas Naqvi
10. Dr. Janardhan Waghmare

SECRETARIAT

- | | |
|---------------------------|---------------------|
| 1. Shri A. Louis Martin | Joint Secretary |
| 2. Shri P.C. Koul | Director |
| 3. Shri M. K. Madhusudhan | Additional Director |

WITNESSES

MINISTRY OF COAL

- | | | |
|---|---------------------------|----------------------|
| 1 | Shri S.K. Srivastava | Secretary |
| 2 | Dr. A.K. Dubey | Additional Secretary |
| 3 | Shri A.K. Bhalla | Joint Secretary |
| 4 | Smt. Sujata Prasad | Joint Secretary & FA |
| 5 | Shri Shailesh Kumar Singh | Joint Secretary |

COAL INDIA LIMITED

- | | | |
|---|---------------------|-------------|
| 1 | Shri S. Narsing Rao | CMD |
| 2 | Shri A.K. Debnath | CMD, CMPDIL |

MINISTRY OF ENVIRONMENT AND FOREST

Shri Ajay Tyagi

Joint Secretary

2. At the outset, the Chairman welcomed the representatives of the Ministries of Coal and Environment and Forests and Coal India Limited to the Sitting. He also drew their attention to Direction 58 of the Direction by the Speaker regarding evidence before the Parliamentary Committees.

3. The Committee, thereafter, resumed the oral evidence in connection with the examination of Coal India Limited. The representative of Ministry of Coal explained in brief the efforts made by the Ministry to address the supply side / production constraints faced by CIL in consultation and coordination with Ministries of Environment and Forests and Railways. Thereafter, CMD, CIL made an audio-visual presentation explaining Company's profile, financial outlook, production targets / actual achievements, steps being taken by Ministry / CIL to enhance production and optimize capacity, issues pertaining to environmental clearances to coal projects, etc. The representative of Ministry of Environment and Forests also apprised the Committee about the guidelines regarding environment and forests clearances, current status of environment and forests clearances to coal connectivity projects of Railways and proposed coal mining projects of CIL, etc. Thereafter, Chairman and members raised various queries pertaining to the functioning of Ministry of Coal / CIL viz rising imports of coal and measures taken to reduce dependence on imported coal, measures taken to increase domestic coal production, pilferage of coal, fall in capacity utilization of CIL and decline in R&D expenditure by CIL, etc. In respect of points for which information was not readily available, witnesses directed to furnish the same to the Committee Secretariat at the earliest.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

COMMITTEE ON PUBLIC UNDERTAKINGS
(2014-15)

MINUTES OF THE FOURTH SITTING OF THE COMMITTEE

The Committee sat on Friday, the 10th October 2014 from 1100 hrs to 1250 hrs in Room No. '53', Parliament House, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Ramesh Bais
4. Shri Biren Singh Engti
5. Dr. Kambhampati Haribabu
6. Shri Prahlad Patel
7. Shri Ram Sinh Rathwa
8. Shri Rayapati Sambasiva Rao
9. Prof. Saugata Roy

Rajya Sabha

10. Shri Narendra Budania
11. Shri Rangasayee Ramakrishna
12. Shri C.M. Ramesh
13. Shri Tapan Kumar Sen

SECRETARIAT

1. Shri P.C. Koul Director
2. Shri Tirthankar Das Deputy Secretary

WITNESSES

Ministry of Coal

- 1 Shri S.K. Srivastava Secretary
- 2 Dr. A.K. Dubey Additional Secretary & CMD, CIL

2. At the outset, the Chairperson welcomed the representatives of Ministry of Coal and Coal India Limited to the Sitting. He then drew their attention to Direction 58 of the Directions by the Speaker regarding confidentiality of evidence before the Parliamentary Committees and asked them to introduce themselves and to brief the Committee about the functioning of CIL.

3. Thereafter, the Secretary briefly outlined the activities and achievements of CIL. With the permission of the Chairperson, the Company also made a slide presentation highlighting various aspects of the functioning of the Company, the organizational structure of CIL and subsidiaries, various indicators vis-à-vis physical and financial performance initiatives being taken by the Company to ensure supply of required coal, initiatives being taken by the Company with respect to modernisation and technological upgradation, acquisition of coal assets abroad, CSR expenditure etc.

4. After the presentation, the members raised queries on a wide range of issues pertaining to the functioning of the Company and the Ministry in connection with their respective roles vis-à-vis the development of India's coal sector. Among the queries raised were CIL's consistent failure to achieve production targets, prospects of increasing production in future, lower percentage of coal offtake, disinvestment plans, growing dependence on imported coal, lower expenditure on CSR, Ministry's plans to deal with emergent situations in the aftermath of cancellation of 214 captive coal blocks by the Supreme Court and succession planning in CIL and its subsidiaries, etc. The representatives of the Ministry of Coal and CIL responded to most of the queries. In respect of points for which information was not readily available with them, the witnesses assured the Committee that written replies in respect of those points will be furnished at the earliest.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

COMMITTEE ON PUBLIC UNDERTAKINGS
(2014-2015)

MINUTES OF THE THIRTEENTH SITTING OF THE COMMITTEE

The Committee sat on Tuesday, the 7th April 2015 from 1100 hrs to 1145 hrs in Committee Room No. '139', First Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Ramesh Bais
4. Shri Dilipkumar Mansukhlal Gandhi
5. Shri Prahlad Patel
6. Shri Ram Sinh Rathwa

Rajya Sabha

7. Shri Naresh Agrawal
8. Shri Narendra Budania
9. Shri Majeed Memon
10. Shri Muthukaruppan
11. Shri Rangasayee Ramakrishna
12. Shri Tapan Kumar Sen

SECRETARIAT

- | | |
|--------------------------|------------------|
| 1. Smt. Sudesh Luthra | Joint Secretary |
| 2. Shri M.K. Madhusudhan | Director |
| 3. Shri Tirthankar Das | Deputy Secretary |
| 4. Shri G.C. Prasad | Deputy Secretary |

2. At the outset, the Chairperson welcomed the members to the Sitting of the Committee. The Committee, then, considered the draft Report on Coal India Limited and adopted the same without any change. The Committee also authorized the Chairperson to present the Report to Parliament on their behalf, after obtaining factual verification.

(XXXX XXXX XXXX)

3. XXXX XXXX XXXX

4. XXXX XXXX XXXX

The witnesses then withdrew.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

XXXX Matter not related to this Report.