

**COAL INDIA LIMITED**

**(Ministry of Coal)**

**COMMITTEE ON  
PUBLIC UNDERTAKINGS  
1992-93**

**TENTH LOK SABHA**

**LOK SABHA SECRETARIAT  
NEW DELHI**

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**TWELFTH REPORT**  
**COMMITTEE ON PUBLIC UNDERTAKINGS**  
**(1992-93)**

**(TENTH LOK SABHA)**

**COAL INDIA LIMITED**  
**(Ministry of Coal)**

**[Action taken by the Government on the recommendations contained in the  
7th Report of Committee on Public Undertakings (Tenth Lok Sabha)]**



*Presented to Lok Sabha on 31.3.1993*  
*Laid in Rajya Sabha on 31.3.1993*

**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*March 1993/Phalguna 1914 (Saka)*

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COMMITTEE OF PUBLIC UNDERTAKINGS  
(1992-93)

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2. Smt. P. K. Sandhu — *Deputy Secretary*
3. Shri T. R. Sharma — *Under Secretary*

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\*Ceased to be a Member of the Committee consequent on appointment as Minister in the Council of Ministers w.e.f. 18th January, 1993.

## INTRODUCTION

1. the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this 12th Report on Action Taken by Government on the recommendations contained in the 7th Report of the Committee on Public Undertakings (Tenth Lok Sabha) on Coal India Limited.

2. The 7th Report of the Committee on Public Undertakings was presented to Lok Sabha on 28th April, 1992. Revised Replies of Government to all the recommendations contained in the Report were received on 12th January, 1993. The Committee considered and adopted this Report at their sitting held on 17th February, 1993.

3. An analysis of the action taken by Government on the recommendations contained in the 7th Report (1991-92) of the Committee is given in Appendix IV.

NEW DELHI;  
*March 17, 1993*

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*Phalguna 26, 1914 (Saka)*

A. R. ANTULAY,  
*Chairman,*

*Committee on Public Undertakings.*

## CHAPTER I

### REPORT

The Report of the Committee deals with the action taken by Government on the recommendations contained in the Seventh Report (Tenth Lok Sabha) of the Committee on Public Undertakings on Coal India Limited which was presented to Lok Sabha on 28th April, 1992.

2. Action taken Notes have been received from Government in respect of all the 58 recommendations contained in the Report. These have been categorised as follows:—

(i) Recommendations/observations that have been accepted by Government.

Sl. Nos. 1, 2, 4—6, 8—11, 13—28, 31, 35—37, 39—46, 48—58.

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

Sl. Nos. 3, 7, 29, 32 and 38.

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

Sl. Nos. 30, 33 and 34.

(iv) Recommendations/observations in respect of which final replies of Government are still awaited.

Sl. Nos. 12 and 47.

3. **The Committee desire that the final replies in respect of the recommendations for which only interim replies have been given by Government should be furnished to the Committee expeditiously.**

4. The Committee will now deal with the action taken by Government on some of their recommendations.

#### *A. Rehabilitation Programme for Land Evictees*

##### **(Recommendation Sl. No. 12, Paragraph 3.43)**

5. In the context of rehabilitation programme for the land evictees the Committee were informed that a package was signed with displaced persons in respect of Sonapur Bazari Project. The Committee were also informed that the Government was considering improvement over the Sonapur Bazari Project. In this regard the Committee had desired to be apprised of the details of new rehabilitation project after it was finalised and approved by the Government.

6. In their reply the Government have stated that a comprehensive and



liberal economic rehabilitation package for the effective rehabilitation of not only land losers but also those depending on land for their livelihood has been submitted to the Government and final decision of the Government thereon is still awaited.

7. The Committee regret to note that Government have not taken a final decision in the matter. Since it is over 2 years back when Secretary Coal informed the Committee that the matter was before Cabinet, the Government should take a final decision in the matter without any further delay. The Committee would await the details of the new rehabilitation package after it is approved by the Government.

*B. Technology for Coal exploration*

**(Recommendation Sr. No. 16, Paragraph 3.47)**

8. The Committee had noted that in case of certain projects the scope of projects was changed for enlarged at later stages. In certain other cases technology used in the projects was not found suitable and had to be changed subsequently. In this connection CIL had informed the Committee that this happened due to difficulty geo-mining conditions, change in demand and availability of advanced technology at later stages. In view of having a separate subsidiary company viz. CMPDIL, which is engaged mainly in research and planning work, the Committee felt that such things could be anticipated and accordingly recommended the need for putting utmost efforts to ascertain the actual geo-mining conditions at the time of preparation of feasibility project reports so that the projects did not suffer at later stages.

9. In their reply the Government have stated that they have issued detailed guidelines for project formulation on 20.9.1991 to the coal companies which covers various steps for regional exploration, detailed exploration, preparation of Feasibility Report etc. These guidelines will also enable the coal companies to ensure that geo-mining conditions are properly ascertained before preparation of feasibility reports.

10. The Committee regret to note that the Government have merely stated that they have issued guidelines to the coal companies in regard to exploration and preparation of Feasibility Report etc. The Committee would like the administrative Ministry to ensure the timely implementation of the guidelines issued to coal companies. The Committee also recommend that CMPDIL should constantly update the latest available technology for exploitation of coal reserves in the country.

*C. Inflation Accounting*

**(Recommendation Sr. No. 17, Paragraph 3.48)**

11. In the context of cost escalations in Coal projects, the Committee had recommended that Government should allow some provision for inflation at the time of finalisation/approval of the projects to make the cost estimates more realistic. The Committee also recommended that the

Government should examine the feasibility of introducing inflation accounting in public sector undertakings.

12. In their reply the Government have stated that they have issued revised guidelines for PIB/EFC procedures. As per revised guidelines cost increases due to: (a) increase in statutory levies; (b) exchange rate variation and (c) price escalation within the originally approved project time cycle will be approved by the administrative Ministry in consultation with Planning Commission.

13. The Committee are happy to note that Government have decided to make provision for price escalation in the projects. However, they regret to note that no mention has been made about the Committee's recommendation for introduction of inflation accounting in public sector undertakings. The Committee, therefore, reiterate their earlier recommendation and desire that their recommendation should be considered by the appropriate department of the Government. The Committee would await the decision of the Government in this regard.

*D. Production of better quality of coal*

**(Recommendation Sr. No. 20, Paragraph 4.80)**

14. The Committee had noted that due to depletion of better coal reserves, production of superior grade coal had decreased from 42% of total production in 1980-81 to 14% of total production in 1989-90, whereas production of inferior grade coal had increased from 18% to 53% during the same period. In view of shortage of coking coal in the country as well as decrease in production of superior quality of coal the Committee recommended that concerted efforts should be made to identify reserves of better quality of coal. The Committee also recommended for chalking out time bound programmes for exploration/production of better quality of coal.

15. In their reply the Government have stated that in order to supplement regional exploration work being carried out by Geological Survey of India, some additional budgetary support under the head of 'Promotional Drilling' has been provided in the annual budget of Coal India Limited. This amount is for undertaking exploration in priority areas for locating additional reserves of coking coal as well as superior grades of coal. Efforts are also underway for expediting on-going coking coal projects and new coking coal projects which are being taken up. Examples being: Jharkhand OCP (CCL), Parej (East), OCP and Kedla in CCL. Behraband U/g in S.E.C.L., has also been started for adequate coking coal production.

16. The Committee regret to note that in their reply, the Government have merely given the details of some steps taken for improving the coking coal production. No mention has been made about the Committee's recommendation for chalking out time bound programmes for the purpose.

**The Committee wish that replies to their recommendations should be complete and expressed in unambiguous terms. The Committee will await necessary details of time bound programmes from the Ministry.**

*E. Construction of Stockyards near the Power Houses*

**(Recommendation Sr. No. 30, Paragraph 4.93)**

17. The Committee were informed that at present most of the power houses in the country were carrying coal stocks for 15 days consumption as against 90 days stock kept by power houses in U.S.A. In this connection, Chairman, CIL pleaded before the Committee that power houses in the country should keep more stocks to overcome any problem in regular supply of coal. He also suggested that some stockyards could be build up near the main end users. The Committee found merit in these suggestions and accordingly recommended that the Government should examine the matters in detail in consultation with concerned parties before taking a final view in the matter.

18. In their reply the Government have stated that Thermal Power Station authorities have been impressed upon the need to build up sufficient coal stock with them to avoid any critical stock situations which may arise due to temporary disruptions in movement of coal. As on 16th July, 1992 the total stock with various power stations in the country was of the order of 30.08 lakh tonnes. The Government have also stated: "there are lot of constraints in the matter of stock building by Power Station. The financial position of power station authorities may stand in the way of stock building. The power stations may not also have adequate storage space. There are also problems regarding movement and unloading capacity at power stations."

19. The Committee regret to note that Government have not taken the recommendation of the Committee seriously. As recommended by the Committee, the power houses and other concerned authorities have not been consulted and the Ministry has explained the possible constraints on their own. The Committee once again urge that to implement the recommendation of the Committee in letter and spirit, power houses and other concerned authorities may be consulted before taking a decision in regard to construction of stockyards near the power houses.

*F. Appointment of an Expert Group*

**(Recommendation Sr. No. 33, Paragraph No. 4.96)**

20. The Committee were informed by Department of Coal as far back as in March 1988 that CIL had appointed an Expert Group to go into the existing production despatch, stock reporting system with a view to remedy the deficiencies, in any, that exist. However, it came out during the examination of CIL that Indian Institute of Management, Calcutta, which was entrusted to go into the matter had not submitted any report so far. The Committee criticised the callous attitude both of CIL as well as

Department of Coal as both of them just slept over the matter after informing the Parliamentary Committee. The Committee recommended for expediting the Report of the Expert Group. The Committee also desired that necessary action should be taken on the expert's report expeditiously.

21. In their reply the Government have stated that Coal India Ltd. has reported that the Committee headed by the then Director Dr. R.P. Aiyer, Indian Institute of Management, Calcutta failed to finalise its recommendations with regard to Development of Management information system including reports on production, despatch, coal stock etc. besides other items of information. Coal India Ltd. are also not pursuing the matter since the Chairman of the Committee Dr. Aiyer, the then Director, IIM Calcutta has retired from the Institute and the then Secretary of the Committee is also not working with Coal India Ltd.

22. The Committee take a serious view of the fact that after informing a Parliamentary Committee about the constitution of an expert group to look into the existing production, despatch, stock reporting system in the Coal companies, the administrative Ministry as also the Coal India Ltd. did not do anything to get the Report expedited. Since the Chairman as also the Secretary of the Expert Group are no more in service, after five long years, the CIL is not pursuing the matter further. (In view of the reply of the Government to recommendation at Sr. No. 34 it may also not be necessary). The Committee at this stage can only express their anguish over the matter and desire that such things should not recur in future.

#### *G. Appointment of Sub-Committees*

##### **(Recommendation Sr. No. 34, Paragraph No. 4.97)**

23. The Committee were informed that two Sub-Committees had been appointed to go into the prevailing system of maintenance, control and verification of coal stocks at all mines. While one Sub-Committee had been constituted by CIL Board on 20th December, 1990 the other Committee was been appointed by the Consultative Committee for the Ministry of Energy on 20th September, 1990. The Committee had recommended that these Sub-Committees should be asked to submit their Report within a short specified period. The Committee also desired to know the recommendations of these Sub-Committees as also the action taken by the Department of Coal/CIL on the recommendations.

24. In their reply the Government have stated that CIL Board appointed a Committee on 20.12.1990 to examine the old Balaram Committee Report and recommended a uniform system of maintenance, control, verification of coal produced, overburden removed and coal stock held in all mines. The Board of Directors of Coal India Ltd. had approved the recommendations of this Committee in their meeting held on 22.8.1991. This code for uniform system of maintenance, control and verification of coal stock is intended to clearly identify the lapses on the part of Line Managers in area

related to reporting of removal of overburdan, production of coal and measurement of coal stock besides other related items of information. As such this code would improve the accountability and responsibility in respect of coal stock shortages. In regard to the Sub-Committee appointed by the Consultative Committee, Government have stated that Shri Naresh Puglia, one of the member of Sub-Committee visited Western Coalfields Ltd. and furnished a factual report indicating some stock shortages. The Sub-Committee however could not finalise its reprot. The Consultative Committee has since been reconstituted on 21.8.1991.

**25. The Committee regret to note that as recommended by the Committee, the Government have not spelt out the main recommendations of the Sub-Committee appointed by Board of CIL nor it has been indicated by Government that Coal companies have been asked to follow/implement the recommendations of the Sub-Committee. The Committee would like the Coal Companies to implement the recommendations of the Sub-Committee in letter and spirit.**

## CHAPTER II

### RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### (Recommendations No. 1 Paragraph No. 1.27 to 1.29)

After nationalisation of coal industry in two successive spells in 1971 and 1973, in 1975 the entire coal industry in the country excepting Singareni Collieries Company Ltd. (Which is in Joint Sector) came under the umbrella of a holding company *viz.* Coal India Ltd. Under this arrangement of Chairman of the holding company was made the Chairman of subsidiary companies also. Subsequently certain structural changes were made in 1977 whereby Managing Directors of subsidiary companies were made Chairman-cum-Managing Directors of their respective subsidiary companies with the increase in coal production more subsidiaries have been carved out from the earlier production units and presently CIL has 6 producing subsidiaries *viz.* ECL, BCCL, CCL, NCL, WCL and SECL. Another subsidiary *viz.* CMPDIL is solely responsible for coordinating the research/planning work for all the subsidiaries. Proposal for setting up yet another subsidiary company to be carved out from SECL areas is also under consideration of the Government.

The Committee regret to note that presently the role and functions of holding company *vis-a-vis* its subsidiary companies have been earmarked in a way where even subsidiary companies are required to report directly to the Government by passing the holding company. For instance while CIL is responsible for overall planning, target setting and monitoring of performance of subsidiaries have to report directly to the Department of Coal in the crucial operational matters like production performance, man management and execution of projects. The prevailing system not only erodes the authority of the holding company, but contradicts the very concept of the two tier system of holding company *vis-a-vis* subsidiaries. In this connection Coal Secretary admitted during evidence that there was lack of clear demarcation of responsibilities between the holding company and subsidiary companies. Secretary was also candid in his admission that there was duplication of efforts in regard to certain functions like planning and execution of coal projects.

It is incredible and yet true that though the Government has been considering the restructuring of CIL and its subsidiaries for over a decade yet no clear picture has emerged so far. The Committee on Public Undertakings (1981-82) were informed by the Government as back as in November, 1981 that the restructuring of CIL and its subsidiaries was

under active consideration of the Government. Since then a number of Committees appointed by the Government have examined the matter but the final decision is still eluding. Arising out of the various studies there are three options before the Government *viz.* (i) to continue with the holding company by the re-demarcation of role and functions of CIL *vis-a-vis* its subsidiaries; (ii) CIL should be made into a 'Unitary Company' with greater autonomy and subsidiaries converted into its divisions like Steel Plant *vis-a-vis* SAIL; and (iii) CIL should be abolished and subsidiaries be converted into independent companies. While CIL has pleaded to make it a unitary company by making subsidiaries into its divisions on the pattern of Steel Authority of India Ltd., Secretary Department of Coal deposed before the Committee that it will not be possible for any single company to manage more than 450 production units and instead a Government proposed to bring improvement in the present system. Since the matter has already been inordinately delayed the Committee desire that the Government should take a final decision in the matter without any further delay after taking all related matters into consideration particularly the increased production potential in next 10 years when the Coal Companies expect to produce about 400 million tonnes as compared to about 190 million tonne during the year 1990-91. The Committee also desire that while reorganising the coal companies the Government should also consider the recommendations made by Arjun Sengupta Committee which *inter-alia* recommended for holding company concept to minimise inter-face between the Ministry and the subsidiary company and to keep the operations of an enterprises at an arm's length from the Government. This recommendation was emphasised by Committee on Public Undertakings in their 32nd Report (1988-89) and was accepted by the Government. This implies that only the holding company would deal with the administrative Ministry and not the subsidiaries.

#### **Reply of the Government**

Mahanadi Coalfields Limited, a new subsidiary company of Coal India Limited, has been registered on 3.4.1992 under the Companies Act, 1956. Its headquarters have been located at Sambalpur in Orissa. The new company has been carved out of South Eastern Coalfields Limited and has jurisdiction over the coalfields in the State of Orissa.

The present system of Ministry of Coal obtaining information directly from subsidiaries of Coal India Limited has evolved out of necessity. The subsidiaries are by themselves very large companies implementing projects worth hundreds of crores of Rupees. As such in such matters where Government of India wants certain detailed information expeditiously it is obtained from the subsidiary companies. Even in these matters there is not by passing of the holding company in the sense that the holding company is kept informed. Routing all information from subsidiaries to Government *via* Coal India Limited would mean avoidable delays and duplication of efforts. There is a broad demarcation of functions between Coal India

Limited and subsidiary companies. It may be difficult to codify a very detailed demarcation of responsibilities and even if it is done there will be overlapping areas and a concurrent list would emerge in addition to holding company list and subsidiary list. The existing arrangement has evolved over a period of time and is working quite well. Close coordination exists between Ministry of Coal and CIL and all policy matters are decided only in consultation with Coal India Limited.

In August, 1980, an Expert Committee under the Chairmanship of Mohd. Fazal, Member, Planning Commission was constituted to look into the physical as well as financial performance of Public Sector undertakings and to suggest appropriate remedies for improving production and generation of internal resources. The Committee in November, 1980, *inter alia* recommended that Coal India Limited as holding company may be wound up and that the subsidiaries may operate as independent companies. The recommendation of the committee was not accepted by the Government.

In September, 1984, Ministry of Finance constituted a committee under the Chairmanship of Dr. Arjun Sengupta to examine among other things alternative Organisational structures and suggest other changes so as to impart greater autonomy and responsibility to the management of Public Enterprises. The Committee in its report submitted in December, 1984 recommended that the Holding Company structure provides a reasonable framework of organisational structure for public enterprises.

In December, 1986, the Administrative Staff College of India (ASCI), Hyderabad, was commissioned to undertake a study to review the existing role and responsibilities of Coal India Limited and its subsidiaries. The ASCI submitted its report in April, 1987. It recommended abolition of Coal Indian Limited (CIL) as a holding company. The Committee of Secretaries also considered the matter and recommended that the balance of convenience lay in continuing the holding company *i.e.* Coal India Limited.

The Government is of the view that the existing system of subsidiaries and the holding company has worked quite well and should be continued. Government should deal with CIL on the responsibilities entrusted to them exclusively as the holding company. Government was of the view that Boards of Directors of Coal Companies should be reconstituted by induction of management experts, and representatives of industry, electricity boards and railways etc. The boards have since been reconstituted accordingly.

[Ministry of Coal O.M. No. 55019/1/92-CA dated 8.1.1993]

**Recommendation Sl. No.2 (Paragraph 1.30)**

"Closely connected with the issue of restructuring of Coal Companies is the question of reconstitution of Board of CIL and its subsidiaries. The Committee find that there are certain imbalances and lacunae in the



present set up. For instance CIL has no nominees on the Board of its own subsidiaries, whereas all the CMDs of subsidiaries are on the Board of CIL. Secretary, Coal admitted before the Committee that this was not a very desirable situation. The Committee are appraised that recently Government has decided to associate experts in the related fields in the Board of various Coal Companies. The Committee are not at all happy with the present arrangement and desire that Government should reconstitute Board of Coal Companies urgently taking all related matters into consideration to make the Board of Coal Companies, more conducive to the efficient functioning of coal sector. The Committee strongly feel that apart from appointing technical experts on the Board of Coal companies, workers' representative should also be appointed on the Board of these companies with equal powers."

### **Reply of the Government**

The Board of Directors of Coal India Limited and its subsidiaries have been recently re-constituted. While re-constituting these Boards, care has been taken to give due representation to the important consumer sectors like railways, power, steel and concerned State Governments, management experts, representative of associations of business and industry and labour representatives. In each subsidiary of CIL, a representative of the Holding Company *i.e.* CIL has also been appointed. Simultaneously two CMDs of CIL subsidiaries are also appointed on the Board of CIL, on rotational basis. Thus, the instant recommendations of the COPU stands implemented.

[Ministry of Coal, O.M. No. 23/5/92-ASO Dated 8.1.1993]

### **Recommendation Sl. No. 4 (Paragraph No. 2.14)**

The Committee find that besides MoU and Annual Action Plan, annual targets are also given in micro-objectives which are also being framed on annual basis for the last two years. In this regard the Committee have been informed by the Department of Coal that micro-objectives could be framed for a longer period alongwith MoU after gaining experience with the operation of annual MoU. The Committee find that guidelines issued by BPE in 1979 and 1983 under which micro-objectives of the undertakings are being framed, do not provide for framing of micro-objectives on annual basis. The committee accordingly recommend that micro-objectives of CIL and its subsidiaries should be framed for a longer period instead of annual basis.

### Reply of the Government

The Committee's recommendation has been accepted by the Government. CIL has been asked to frame draft micro-objectives for the Eighth Plan period (1992-93 to 1996-97) keeping in view the targets set by the Planning commission for the Eighth Plan. The draft micro-objectives will there-after be discussed and finalised by the Government.

[Ministry of Coal O.M. No. 54011/2/92-CPFC dated 8.1.1993]

#### Recommendation Sl. No. 5 (Paragraph No. 2.15)

The Committee regret to note that the MoU between the Government and the CIL is not being signed well before the beginning of the financial year. For instance MOU for the year 1989-90 was signed on 19th May, 1989 *i.e.* after the financial year had begun. Again the MoU for the year 1990-91 was signed as late as on 28th July, 1990. *i.e.* about four months after the financial year had begun. The Committee deprecate such laxity on the part of the Government as well as CIL in not signing the MoU in time. This situation becomes more anomalous in the context of importance currently being given to the MoU where even the Annual Action Plan and the micro-objectives reportedly flow from the objectives defined and accepted in MoU. The Committee wonder as to how in the absence of clear objectives/targets coal companies start their production programmes in the initial months till the finalisation of MoU which also provides basis for Annual Action Plan and micro-objectives. They, therefore, recommend that MoU should be signed well before the start of the financial year(s) so that there is a clear direction ahead and performance of the coal companies do not suffer on account of un-specified objectives targets in the initial months of year.

### Reply of the Government

MoU can be signed only after finalisation of Annual Plan outlays and targets. The MoU with CIL for the year 1992-93 was signed on 12th May, 1992. This could not be signed earlier as the approval of the High Power Committee under the Chairmanship of the Cabinet Secretary was received only on the 1st May, 1992. The recommendation of the Committee has been noted for compliance in future.

[Ministry of Coal O.M. No. 54011/2/92-CPFC dated 8.1.1993]

#### Recommendation. Sl. No. 6 (Paragraph No. 2.16)

The Committee are unhappy to note that as per performance indicators given in MOU, the performance of CIL has not been very good. While the overall rating of CIL was good for the year 1989-90, it was between average and poor for the first six-months of the year 1990-91. The performance has been very poor particularly in production of coal from underground mines in 1989-90. The position did not improve during the year 1990-91 (April 1990 - December, 1990). Since under MOU, undertak-

ings get more powers and autonomy, it becomes all the more essential to achieve the various targets set out in the MOU. The Committee, therefore desire that all out efforts should be made to achieve the targets so that the overall performance rating of CIL becomes very good or excellent as against the present trend of good or between average and poor.

#### **Reply of the Government**

The Government is making all efforts to ensure that the MOU targets are achieved by CIL so that the overall performance rating of CIL improves to 'very good' or 'excellant'. To ensure this, the performance of CIL against the MOU targets is reviewed on a quarterly basis.

[Ministry of Coal O.M. No. 54011/2/92-CPFC dated 8.1.1993]

#### **Recommendation Sl. No. 8 (Paragraph No. 3.39)**

The Committee note that there has been massive investment in the Coal industry since its nationalisation in 1973 and upto March, 1990. CIL and its subsidiaries have invested Rs. 9621 crores in coal/non-coal projects. As against the capital expenditure of Rs. 5531 crores during 7th Five Year Plan (1985-90), the Plan outlay for capital expenditure during the 8th Plan period has been proposed at Rs. 10499 crores. For this investment the Department of Coal has indicated certain priorities. In view of the shortage of coking coal in the country, highest priority has been accorded to coking coal projects. The Committee also find that at present the ratio of coal produced from the underground mines and open cast mines is one-third and two-third respectively. Admittedly better quality of coal lies in underground mines. In view of this situation the Committee feel that there is urgent need to increase the coal production from underground mines. For this besides, coking coal projects, priority has to be accorded to underground projects also.

#### **Reply of the Government**

High priority has been accorded by the Government to both coking coal and underground coal projects. Some of the steps taken to increase coal production from underground mines are:-

- (i) Improvement of transport systems, ventilation and related work environment in underground mines.
- (ii) Introduction of mechanised loading through equipment Like Loading Haul Dumpers (LHDs) and Side Discharge Loaders (SDLs).
- (iii) Introduction of mechanised cutting of coal through longwall machines, continuous miners etc.
- (iv) Introduction of mechanised drilling and loading operations through Jumbo drills and Auger-cum-Jumbo drills.
- (v) To provide better roof control; steel supports, hydraulic roof supports and roof bolts are being introduced extensively in underground mines.

- (vi) New Mining technologies like longwall, blasting gallery, shiellmining etc. are also being introduced.
- (vii) Man-riding systems are being installed to assist workers to reach the work place faster and without getting tired.

Selective and need based imports of technologies to deal with specific geo-mining conditions from countries having long experience in such technologies are also made.

[Ministry of Coal O.M. No. 54011/2/92-CPFC dated 8.1.1993]

#### **Recommendation Sl. No. 9 (Paragraph No. 3.40)**

Examination of the major coal projects of CIL and its subsidiaries by the Committee which were sanctioned/completed or were under construction during the last 5 years (1985-90) has revealed that there has been huge cost escalations as well as time over-runs. The project cost and time schedules were revised in most the cases. In some cases even scope of projects/ technology to be used were changed subsequently. Out of the 63 projects which were completed/under-completion during this period as many as 38 projects were delayed or expected to be delayed beyond their scheduled date of completion and the delay ranged upto as many as 11 years. Besides, one project was uncertain and another project was deferred due to fire. Similarly out of the total 63 projects cost escalations took place in case of 40 projects. Since the details of all the projects have been given in the report (pp. 34-36), the Committee would not like to refer to each and every project. Some of the glaring instances of cost escalation are Rajmahal, Jhanjra, Moonidih, Jayant, Amlohri projects where the cost escalations were of the order of Rs. 475 crores, Rs. 299 crores, Rs. 165 crores, Rs. 260 crores, Rs. 205 crores respectively. Similarly there has been delay in completion of the projects to the extent of 9 years to 11 years in case of Rajmahal, Moonidih, Sudamadih, North Amlabad and Bina projects. These facts present a dismal picture. The enormous cost escalation in the coal projects has made the exercise of framing cost estimates a futile exercise as revised estimates/actual expenditure have increased several times to the original estimates. At this stage the Committee cannot but deplore the huge cost and time over-runs of such magnitude in coal projects.

#### **Reply of the Government**

The Government is making all efforts to check cost and time over-run through monitoring, review and trying to solve the problems of land acquisition, rehabilitation through discussions with State Governments etc. Presently Advance Action Schemes are beign sanctioned by the Government for major projects which are programmed for contribution to coal production. This is expected to check delays in implementation of projects

and cost overrun. Necessary guidelines in this behalf have been issued to the coal companies.

[Ministry of Coal. O.M. No. 43011/22/92-CPA dated 8.1.93]

**Recommendation Sl. No. 10 (Paragraph No. 3.41)**

Due to delay in completion of projects, besides the enormous increase in capital expenditure, desired production capacity could not be built up in time and on this account alone during the last 5 years there has been shortfall in production of coal to the extent of 77.48 million tonnes. The cost and time over-runs have been attributed mainly to delay in forestry clearance/land acquisition, delay in equipment supply and some-times project reports prepared earlier requiring modifications in terms of latest knowledge of geology or mining method. However the Committee have not been impressed by the explanation of CIL as well as Department of Coal that cost and time over-runs were beyond the control of the management. The very fact that only recently some officers have been transferred from certain projects on account of their non-performance makes the Committee feel that time and cost over-runs are mainly on account of inert attitude of the management. The Committee desire that in order to make the monitoring system more effective, senior officers should be made responsible for completion of the projects within the stipulated time which in turn will ensure their active involvement in project implementation. Needless to emphasise that adequate disciplinary action should be taken against the officers found neglecting their duties.

**Reply of the Government**

Recommendations of the Committee have been noted for compliance. Guidelines of monitoring of projects drawn up in the Ministry and circulated to all the coal companies for follow-up action. Directions have also been issued to all the Govt. Directors on the Board of Coal Companies to ascertain the status of implementation of projects sanctioned by the Govt. in every Board meeting. Whenever a project becomes cost overrun due to time overrun, it is obligatory on the part of Ministry of Coal/Coal Companies to enquire into the reasons for time and cost overrun and also to fix responsibility for the same on individual/agencies. Approval of any revised cost estimate by the PIB/CCEA is dependent on incorporation of the reasons of time and cost overrun and fixing responsibility for the same.

[Ministry of Coal O.M. No. 54012(1)/91-CPM, dated 8.1.1993.]

**Recommendation No. 11 (Paragraph No. 3.42)**

The main reason for cost and time over-run in coal project has been attributed to the problems in land acquisition. The gravity of the problem has been so much that so far as many as 56 projects involving a capital outlay of Rs. 3358 crores have suffered on this account. During the last 5 years alone as many as 17 projects were delayed on account of delay in

land acquisition. The land for coal projects is acquired under 3 Acts viz. Coal bearing Areas Act, 1957, Land Acquisition Act, 1894 and forest Conservation Act, 1980. Coal Companies have been facing various problems due to procedural delays in land acquisition under these Acts. At the instance of CIL a proposal for certain amendments in Coal Bearing Areas Act was under consideration of the Government. The Committee are of the opinion that all the three Acts should be reviewed and amendments as deemed necessary to simplify the procedure for land acquisition for coal projects should be carried out expeditiously. In regard to land acquisition for coal projects, the Committee would also urge for a better and close coordination between the Central Government, the concerned State Governments and the Coal Companies so that coal projects do not suffer due to delay in land acquisition.

### **Reply to the Government**

The Land Acquisition Act was amended in 1984 liberalising some of its provisions. The question of liberalising the corresponding provisions in the CBA Act is under consideration in consultation with the Ministry of Law, with a view to propose suitable amendments to it. Pending such consideration, orders have already been issued authorising payment of compensation alongwith higher rate of solatium and higher rate of interest on par with the corresponding provisions of Land Acquisition Act. In order to have better close coordination between Central Government, concerned State Governments and the Coal Companies, periodic meetings at the level of Secretary (Coal), Chief Secretary of the State Governments concerned alongwith Chairman, Coal India Limited are being held. Special Cells have also been set up for more intensive co-ordination with land authorities.

Delays in execution of Coal Projects also occur on account of non-handing over of possession of acquired land by the erstwhile land owners. To overcome such resistance of land losers in the case of World Bank aided Project namely Sonepur Bazari Coal Project of Eastern Coalfields Limited, a package of rehabilitation was evolved in May, 1990 in consultation with the State Government of West Bengal to enable possession being taken of the acquired land peacefully. A similar package of rehabilitation of land losers was brought into force in respect of the Coal Projects of other Coal Companies also in October, 1990.

[Ministry of Coal O.M. No. 54016/16/92-LSW Dated: 8.1.1993.]

### **Recommendation Sl. No. 13 (Paragraph No. 3.44)**

Even though CIL has informed that Coal Companies have done much for rehabilitation/community development schemes for land evictees, The Committee feel that a lot of work is yet to be done by the Coal Companies in this regard. The recent steps taken by CIL for imparting training to the tribals and giving trucks to tribals to carry out the transportation work in Coal Companies are some steps in the right direction. The Committee desire that in view of mangitude of the proplem of human settlement all

necessary steps be taken by the Coal Companies to rehabilitate the land evictees as most of the persons in rural areas do not have any other source of income except the agriculture. Further efforts should also be made to improve the community facilities like houses, schools, electricity, drinking water so that fruits of the development also reach the deprived citizens particularly the tribals. The Department of Coal should also fully involve itself in the rehabilitation programmes and provide necessary help to the Coal Companies.

### Reply of the Government

A comprehensive and liberal rehabilitation package for the effective rehabilitation of not only land losers but also those depending on land for their livelihood has been submitted to the Government and final decision of the Government thereon is still awaited. Coal Companies contribute to development in and around coal companies through Five year Plans, 20 points Programme, Special Component Plan for the benefit of Scheduled Casts, Tribal Sub-Plan for the benefit of Scheduled Tribes and Community Development Plan for the benefit of General population. The funds awarded for the years from 1988-89, 1989-90, 1990-91 and 1991-92 for this purpose are as under:—

1988-89	..	Rs. 271.12 Lakhs
1989-90	..	Rs. 495.00 Lakhs
1990-91	..	Rs. 500.00 Lakhs
1991-92	..	Rs. 400.00 Lakhs

[Ministry of Coal O.M. No. 54016/16/92-LSW Dated: 8.1.1993]

### Recommendation Sl. No. 14 (Paragraph No. 3.45)

Another factor which has caused delays in respect of certain projects is delay in environment clearance. Clearance of environment management Plan (EMP) is pre-requisite for sanction of a coal project and the same is now being processed alongwith the project report. To cut down the time in getting environment clearance Department of Coal had asked the Coal Companies in June 1990 to get the projects (costing over Rs. 50 crores) approved in two stages. The first stage would be the approval of an Advance Action Plan proposal upto Rs. 10 crores which will be utilised for surveys of land, acquisition of land including forest land, rehabilitation of land evictees, collection of environmental data and preparation of EMP's. Coal companies are required to implement the 'Advance Action Plan' within 30 months from the date of its approval. Within this period Coal Companies are also required to prepare and seek approval of feasibility reports alongwith environment clearance. About 40 Advance Action Schemes were reportedly under implementation by the coal companies. The Committee would like the coal companies to implement all the Advance Action Plans within stipulated time so that the concerned projects are taken up for implementation in time.

### **Reply of the Government**

Regular monitoring of advance action plan are being done by the Government to ensure that the projects are implemented in time. It has also been decided that progress of implementation of advance action plan would also be reviewed periodically by Board of Directors of Coal India Limited to accord the highest priority.

[Ministry of Coal O.M. No. 43011/22/92-CPA, dated 8.1.1993.]

#### **Recommendation Sl. No. 15 (Paragraph No. 3.46)**

Yet another factor which has delayed the implementation of coal projects is stated to be due to delay in equipment supply by indigenous manufacturers and that too by the public sector undertakings like Jessop Co. and Heavy Engineering Corporation. These companies delayed the supply of required equipments to the extent of 16 to 57 months particularly in Churcha, Jayant and Bina Coal Projects. It appears to the Committee that CIL as well as Department of Coal did not have better coordination with the concerned authorities at the appropriate level. Chairman CIL informed the Committee that in the past the suppliers were having faulty foreign collaborations and now the coal companies were being consulted at the time of foreign collaboration agreements and regular meeting were conducted to ensure timely supply of equipment etc. The Committee were also informed by the Coal Secretary that to ensure better coordination with the supplier undertakings senior officers of the Department of Coal had been appointed on the Board of these companies. Secretary was also candid in his admission that in the past there had been delays in payments to the supplier undertakings. To obviate this, the Coal Companies have been asked to pay advance payment so that supplier undertakings do not suffer on account of financial constraints. Besides, within the available funds, priority of payment has been accorded to these companies. The coal companies have also been asked to place orders of machinery equipments in advance so that suppliers also make their production plans accordingly. These steps are stated to have been resorted to from 1991 onwards only. The Committee trust that with these steps the position of equipment supply will improve. In case of any difficulty coal companies should not hesitate in seeking help from the administrative Ministry in this regard. The Committee also desire that as far as possible coal companies should place orders for procuring various equipments/machines from the public sector undertakings like Mining & Allied Machinery Corporation; Jessop & Co. and Heavy Engineering Corporation which have large infrastructure and capabilities to manufacture the mining equipments/machines.

### **Reply of the Government**

The observations of the Committee have been noted for implementation in letter and spirit. However, increased placement of orders on equipment suppliers in the public sector viz. MAMC & HEC will be dependent inter-



alia on their responsiveness for improved performance. At present HEC & MAMC are facing serious problems and have not been able to execute, within the stipulated time, the orders already placed on them. Furthermore, in the context of the changing economic climate in the country, CIL's relations with its equipment suppliers shall now have to be based on purely commercial considerations. With the decrease in Government's budgetary support and the increased cost of market borrowings, CIL's procurement policies shall have to take into account competitiveness in prices, quality aspects, reliability of delivery schedules. In an environment where CIL has to compete for funds and a market, it can not give any preference to public sector manufacturers if the latter are unable to be competitive. Even otherwise existing Government policy no longer permits any price preference to PSUs, but only a purchase preference, and even this shall be phased out shortly.

In the Ministry of Coal, the position regarding supply of equipments by indigenous equipment manufacturers like HEC, MAMC, BEML and Jessop & Co. is periodically discussed in meetings taken by Secretary(C). In this meeting, senior officers of coal companies dealing with Material Managements, and representatives of the equipment manufacturers are invited to participate. Thus, in this forum, both the suppliers of equipment and the users are brought to interact with each other face to face. The position of supply of equipment and constraints faced in this regard are discussed and deliberated in a free and frank atmosphere. Based on the outcome of the deliberations, follow up action is taken both by the companies as well as equipment manufacturers to fulfil the commitments on their part. The help of this Ministry as and when called for either by the coal companies or by the equipment manufacturers is readily extended to help them overcome their difficulties. Besides, Ministry of Coal also monitors supply of equipment to projects from PSUs. In order to enable the equipment manufacturing PSUs to plan their production schedules., CIL has been placing bulk orders for equipment in advance from 1990-91 onwards.

Senior Officers of CIL as well as of the Ministry of Coal are also appointed on the Board of PSUs like HEC, MAMC, BEML etc. which are supplying equipment to the coal sector. These Government Directors on the Board of these PSUs play a very fruitful and crucial role in establishing a mutually working relationship between them and the coal companies and in getting their grievances, if any, redressed quickly.

[Ministry of Coal O.M. No. 54012/1/91-CML Dt. 8.1.1992]

**Recommendation Sl. No. 16 (Paragraph No. 3.47)**

The Committee also find that in case of certain projects the scope of projects was changed or enlarged at later stages. In certain other cases technology used in the projects was not found suitable and had to be changed subsequently. In this connection CIL informed the Committee

that this happen due to difficult geo-mining conditions, change in demand and availability of advanced technology at later stages. In view of having separate subsidiary company viz. CMPDIL, which is engaged mainly in research and planning work, the Committee feel that such things could be anticipated. The Committee once again emphasise the need for putting utmost efforts to ascertain the actual geo-mining conditions at the time of preparation of feasibility project reports so that the projects do not suffer at later stages.

#### **Reply of the Government**

The Government have issued detailed guidelines for project formulation on 20.9.1991 to the coal companies which covers various steps for regional exploration, details exploration, preparation of Feasibility Report etc. These guidelines will also enable the coal companies to ensure that geo-mining conditions are properly ascertained before preparation of feasibility reports.

[Ministry of Coal O.M. No. 43011/22/92-CPA dated. 8.1.1993]  
(Please see paragraphs 10 of Chapter I of the Report)

#### **Recommendation Sl. No. 17 (Paragraph No. 3.48)**

While explaining the reasons for cost over-run in coal project Chairman, CIL informed the Committee that at present there was no provision for inflation at the time of preparation/approval of project. Since the Coal projects take around 6-8 years in case of open cast mines and 10-12 years for an underground mines for completion, the capital cost becomes even if the coal project is completed as per schedule and the scope of project remains the same. Agreeing to the view expressed by Chairman, CIL, Coal Secretary stated that project were being formulated on fixed cost and cost escalation was not built in. The Committee feel that by not providing any escalation in the project cost, the same are to be revised frequently and require approval from various agencies of the Government which in turn requires duplication of efforts for revising/updating/modification of project reports and may further delay the completion of the project. The Committee accordingly recommend that Government should allow some provision for inflation at the time of finalisation/approval of the projects to make the cost estimates more realistic. They further recommend that the Government should examine the feasibility of introducing inflation accounting in public sector undertakings.

#### **Reply of the Government**

Government have issued revised guidelines for PIB/EFC procedures. As per revised guidelines cost increases due to: (a) increase in statutory levies; (b) exchange rate variation; and (c) price escalation within the originally approved project time cycle will be approved by the administrative Ministry in consultation with Planning Commission. A copy of the revised guidelines is enclosed (Appendix I).

[Ministry of Coal O.M. No. 43011/22/92-CPA dated 8.1.1993]

### Comments of the Committee

(Please see paragraphs 13 of Chapter I of the Report)

#### Recommendation Sl. No. 18 (Paragraph No. 3.49)

The Committee on Public Undertakings in their earlier Reports on Coal India Limited (1980-81) and Eastern Coalfields Limited (1986-87) had pointed out several deficiencies in project formulation and monitoring system in coal companies as well as in Department of Coal. The Committee now find that the Coal Companies have brought out significant improvement in project planning, appraisal, monitoring and implementation. Similarly Department of Coal is now reviewing projects regularly and it took as many as 21 and 18 review meetings for on-going projects during the years 1988-89 and 1989-90 respectively. With the close monitoring of projects out of 63 on going projects, 13 projects have since been completed. The Committee once again emphasise the need to monitor the projects on regular basis for their timely completion so that cost and time over-runs could be avoided in the implementation of the coal projects.

#### Reply of the Government

Monitoring of the on-going projects is being done on a regular basis for their timely completion and all efforts are being made so that cost and time overruns could be avoided.

[Ministry of Coal O.M. No. 54012 (1)/91 CPM dated 8.1.1993]

#### Recommendation Sl. No. 19 (Paragraph No. 3.50)

The Committee are distressed to note that Government take undue long period in according approval to the coal projects. As against the norm of 6 months period in according approval, Government took 6-12 months in 14 projects, 12-24 months in 36 projects and more than 24 months in case of 22 projects. According to the Department of Coal the main reason for delay in according Government approval has been due to delay in environment clearance by the Ministry of Environment. Department of Coal has now informed that to overcome this problem the Government is sanctioning project in two stages. In first stage approval is given for advance action plan which covers the environment clearance, land aquisition, rehabilitation programmes etc. The second stage covers the feasibility/project reports. In this connection Coal Secretary also informed the Committee that by giving powers to CIL to sanction projects costing upto Rs. 50 crores, certain project proposals have since been returned to CIL. The Government had also decided to sanction only those projects for which necessary funds are available. Besides, recently Government has introduced a system to process the project proposals on regular basis. With these steps, the Committee hope that projects will now be cleared by the Government in reasonable time so that the cost of the projects do not increase on account of delay in Government approval.

### **Reply of the Government**

Approval of coal projects is being expedited within the overall constraint of financial resources allocated for the 8th Five Year Plan period. In many cases, Advance Action Plans are also being approved to enable the coal companies to undertake preliminary activities like land acquisition, survey etc. at the project site

[Ministry of Coal O.M. No. 43011/22/92-CPA dated 8.1.1993]

#### **Recommendation Sl. No. 20 (Paragraph No. 4.80)**

The Committee note that as per latest estimates coal reserves are placed at 192 billion tonnes in the country and at a production level of 400 MT expected to be achieved by the year 1999-2000, these are considered to be adequate for 130 years. Deptt. of Coal is coordinating with the concerned agencies engaged in coal exploration programmes. Most of the blocks identified for coal production during the Eighth and Ninth Five Year Plans have already been covered under detailed exploration. However, the Committee find that less than one-third of the total reserves are under the proved category and the rest are either indicated or inferred. The Committee are also perturbed to note that due to depletion of better quality coal reserves production of superior grade has decreased from 42% of total production in 1980-81 to 14% of total production in 1989-90, whereas production of inferior grade coal has increased from 18% to 53% during the same period. In view of shortage of coking coal in the country as well as decrease in production of superior quality of coal. The Committee recommend that concerted efforts be made to identify reserves of better quality of coal. They also desire that time bound programmes should be chalked out for exploration/production of coal in these areas.

### **Reply of the Government**

In order to supplement to regional exploration work being carried out by Geological Survey of India, some additional budgetary support under the head of 'Promotional Drilling' has been provided in the annual budget of Coal India Limited. This amount is for undertaking exploration in priority areas for locating additional reserves of coking coal as well as superior grades of coal. Efforts are also underway for expediting on-going coking coal projects and new coking coal project which are being taken up. Examples being: Jharkhand OCP (CCL), Parej (East) OCP and Kadla in CCL. Behraband U/g in S.E.C.L., has also been started for adequate coking coal production.

[Ministry of Coal O.M. No. 54012/1/92-CRC dated 8.1.1993]

### Comments of the Committee

(Please see paragraph 16 of Chapter I of the Report)

#### Recommendation SI No. 21 (Paragraph Nos. 4.81 & 4.82)

The Committee note that CIL is mainly responsible for meeting the coal demand in the country. During the year 1990-91, out of total production of coal of about 212 million tonnes, CIL's share is expected to be around 189 million tonnes. Besides CIL, Singareni Collieries Co. Ltd. is producing about 15 to 20 million tonnes. Another 4 to 5 million tonnes of coal is produced by captive mines of TISCO, IISCO and DVC. A redeeming feature of the coal and supply of coal in the country is that while quantitatively coal is sufficient to meet the indigenous requirement of total coal, 4 to 5 million tonnes of coking coal with low ash content is being imported by the Steel Plants. Presently the annual import bill of coal is over Rs. 600 crores. Working Group Report on Coal & Lignite for the 8th Five Year Plan has also estimated that about 24.40 million tonnes of coking coal will have to be imported during the 8th Five Year Plan.

The Committee have now been informed that to reduce the coal imports modernisation programmes have been taken up to enhance the capacity of the coal washeries. With the completion of the modernisation programmes these washeries will be able to reduce the ash content level from 20% to  $17 \pm 0.5\%$ , which is the requirement of the steel plants. The estimated investment in washeries is about 168 crores in Seventh Plan and Rs. 484 crores in Eighth Plan. While all the short term plans have been implemented, long term plans are expected to be implemented upto 1992-93. However, the Committee are distressed to note that there have been certain slippages in the implementation of modernisation programmes particularly in Bhojudih, Dugda I & II and Monidih washeries. These delays are reportedly due to finalisation of tenders. The Committee feel that this factor was within the control of the management and as such could have been easily avoided. The Committee, therefore, desire that all efforts, should now be made to complete the modernisation programmes as per time schedule. Apart from modernisation of washeries, coal companies have given highest priority to coking coal projects. Chairman CIL was hopeful that imports will be reduced to zero level within the next 7 to 10 yrs. The Committee desire that necessary steps should be taken to stop the coal imports to check the outgo of much required foreign exchange.

#### Reply of Government

Efforts are being made to improve indigenous availability of coking coal to Steel Plants so that the quantum of imports of coking coal is contained.

Coking coal supplies to steel plants have shown an increase of 6.2 lakh tonnes during the year 1991-92. Coal India Ltd. have supplied 9.75 million tonnes of direct feed and washed coal as against 9.13 million tonnes during the year 1990-91, thus registering a growth of over 7%. For the year 1992-93, Coal India Ltd. have planned to supply 11.04 million tonnes of washed and direct feed coking coal to Steel Plants. During 1992-93 (April-August)

CIL have supplied 4.16 million tonnes of direct feed and washed coal to steel plants against 3.89 million tonnes during the corresponding period of 1991-92. The supply of coking coal to steel plants is expected to rise to 13.97 million tonnes by 1996-97.

Besides the implementation of modernisation programme for all existing coking coal washeries, steps have been initiated to set up additional washing capacity for washing of low volatile medium coking coals which hitherto were not being fed to the washeries. The Central Fuel Research Institute, Dhanbad has carried out tests on the basis of which it has been established that coals from the lower seam of Jharia coalfield can be improved in their coking properties if ash content is brought down to around 17-18% after washing. This will also provide additional availability of coking coal from domestic sources and help in reducing imports of coking coal. In addition, efforts are also being made to increase the production of coking coal from ongoing projects of BCCL & CCL. Steps are also being taken to increase the production of coking coal in Assam area where low ash (but high sulphur) content coal having good coking properties is available. All these steps will help in reducing the imports progressively.

[Ministry of Coal, O.M. No. 54012/2/92-CPD and 54012/1/92-CRC, dated 8.1.1993]

**Recommendation Sl. No. 22 (Paragraph No. 4.83)**

Incidentally, it came out during the examination of CIL that the capacity utilisation of coal washeries was very low. Out of about 15 coal washeries the capacity utilisation in only two washeries was above 70 per cent. In one washery the capacity utilisation was as low as 14 per cent. As the capacity utilisation of these washeries is linked to the coal imports, the Committee would like the Department of Coal as well as CIL to have close monitoring of these washeries. The hope that after implementation of modernisation programmes, capacity utilisation of these washeries would be enhanced to a reasonable level.

**Reply of the Government**

The Ministry of Coal is closely monitoring the capacity utilisation of washeries. For further details the reply given in para 4.82 may also be referred to.

[Ministry of Coal, O.M. No. 54012(1)/91-CPM, dated 8.1.1993]

**Recommendation Sl. No. 23 (Paragraph No. 4.84)**

Based on the demand of various sectors, coal production targets are decided by the Department of Coal in consultation with Planning Commission. The Committee find that during the last 3 years, the actual capacity utilisation has been over 90 percent of the total installed capacity which according to Chairman, CIL was reasonably well. CIL exceeded production targets in 1987-88 and 1988-89, whereas in 1989-90 the production was

short by about 5 million tonnes. During the year 1990-91 as against the production targets of 194 millions, CIL expected to achieve around 190 million tonnes. The Committee, however, are sorry to note that production from the underground mines has been stagnating. As against the underground production of 59.08 million tonnes in 1987-88 production in 1989-90 was 58.79 million tonnes only. The Report of Working Group on Coal & Lignite for 8th Five Year Plan has also brought out that one of the factors for less production from underground mines had been due to lack of willingness for underground mining as targets could easily be achieved by easier opencast mining. The Committee deplore lackadaisical approach of the management of coal companies in producing coal from underground mines. Several steps are stated to have been initiated for increasing the production from underground mines. The Committee desire that the production targets which are fixed separately both for underground and opencast mines should be achieved as fixed separately.

#### Reply of the Government

Separate targets are fixed for both Underground and Opencast mines. The production targets and actuals during the last two years is as follows:—

Year	Target	Total	(In Million Tonnes)	
			Actual	Total
1990-91 CIL	O.C. 130.52	194.00	133.80	189.64
	U.G. 63.48			
1991-92 CIL	O.C. 142.69	203.00	147.52	204.15
	U.G. 60.31			

The suggestion of the Committee to achieve the targets of coal production from U.G./O.C. Mines have been noted for compliance.

[Ministry of Coal, O.M. No. 54012(1)/91-CPM, dated 8.1.1993]

#### Recommendation (Sl. No.4 (Paragraph No. 4.85)

The Committee are distressed to find the dismal production performance of ECL and BCCL, both of which are having major underground mines. For instance during the year 1989-90 in ECL as against the assessed capacity and targets of 32.66 and 30.02 million tonnes respectively, the actual production was 24.49 million tonnes only. Similarly in BCCL as against the assessed capacity and targets of 33.02 million tonnes and 27.50 million tonnes respectively, the actual production was 26.6 million tonnes. Chairman, CIL was candid in his admission before the Committee that the shortfall in production in these two companies had brought down the total achievement. The main reasons for poor production performance in these companies are stated to be due to power shortage in eastern sector and difficult geo-mining conditions caused due to un-scientific mining during

the prenationalisation period. The Committee desire that CIL and Department of Coal must help ECL & BCCL to overcome these problems by coordinating with State Electricity Boards as also in opening new mines to make up the loss of production in old and depleted mines. The coal companies have also initiated certain steps to raise production and productivity from the underground mines. The Committee trust that these steps will help in raising the production from underground mines. The Committee have got an impression that even though coal mines have been developed on left bank of the Damodar river, not much has been done on right bank of the river. The Committee accordingly recommend that coal reserves situated on right bank of the Damodar river should also be exploited by opening new mines to augment the coal production.

#### **Reply of the Government**

The recommendations of the Committee have been noted for appropriate action. Prevailing Geo-mining problems in BCCL and ECL areas are coming in the way of speedy development of underground mines in these two companies. Much development of the right bank of the river Damodar has not taken place due to deep seated locations of reserves, steep gradients of coal seams in BCCL areas. However, in ECL, two underground mines namely Kalidaspur and Bakulia have been taken up for development. More mines would be taken up as and when geological exploration is completed and financial resources are tied up.

[Ministry of Coal, O.M. No. 43011/22/92-CPA dated 8.1.1993]

#### **Recommendation Sl. No. 25 (Paragraph Nos. 4.86 & 4.87)**

From the cause-wise analysis of production losses, the Committee find that power shortage is the main production constraint. Due to power shortage the coal companies have lost production to the extent of 22 lakh tonnes, 35 lakh tonnes and 57 lakh tonnes during the years 1987-88, 1989-90 and 1990-91 (upto Jan. 1991) respectively. It has also been noticed that power shortage has affected mainly underground mines. The Committee were informed by CIL that generation of power in DVC which was source of power supply to ECL, BCCL and CCL was much below the installed capacity and as such it could not supply power to the desired level. For instance as against the demand of 443.5 MVA, and 505.5 MVA, during the years 1988-89 and 1989-90 the actual supply from DVC was 386.6 MVA and 380.8 MVA respectively. The steel and railways sectors get priority over the coal sector. Besides less supply of power, the number of interruption increased from 15823 in 1988-89 to 23778 in 1989-90. Chairman CIL also stated before the Committee that in the absence of power, no mining work was possible as it affected workers safety.

The Committee were informed that the annual requirement of power in coal companies during the 8th Five Year Plan would be from 915 MVA to 1285 MVA for which Central Electricity Authority had been informed for advising the concerned State Electricity Boards. The Committee were



informed by Department of Coal that regular liaison was being done with the concerned power suppliers for getting regular power supply. The Committee feel that since Government lays down production targets for coal companies, it is the duty of the Government to ensure availability of inputs particularly the power. Accordingly, the Committee urge that Government should give all possible help in providing adequate power supply to the coal companies so that their men and machines do not remain idle. As the coal is main input for power generation, coal companies should also be able to exert influence over power suppliers.

#### **Reply of the Government**

The observations of the Committee are noted. Power is one of the main critical inputs required for coal mining specially in underground mines. Ministry of Coal have requested the Department of Power to direct DVC to ensure regular supply of power on priority to coal mines in conjunction with BSEB, with external support whenever necessary. A number of additional steps, such as immunization of power supply to priority I feeders, and commissioning of small captive power plants mainly for safety purposes have also been initiated.

The Ministry of Coal keeps in touch with the Department of Power, CEA and also the concerned State Electricity Boards to ensure that the coal companies get regular supply of power. The position is also reviewed at the weekly meetings on performance of infrastructure sectors chaired by Secretary (Coordination) in the Cabinet Secretariat, and corrective actions are taken wherever necessary. At the field level coal companies also maintain liaison with power suppliers for ensuring regular power supplies.

However, the capacity utilization of the power houses in the Eastern Sector is well below the national average and the performance of coal companies is adversely affected due to frequent interruptions in power supply and voltage and frequency fluctuations, etc.

[Ministry of Coal, O.M. No. 54012/2/92-CPD, dt. 8.1.1993]

#### **Recommendation Sl. No. 26 (Paragraph No 4.88)**

The Committee were also informed that some captive diesel power plants had been installed by the coal companies having 82 MW power capacity. CIL has prepared feasibility reports of 5 more captive power plants and sites have been identified for another 6 captive plants. The Committee recommend that these captive power plants should be completed in a time bound programme so that generation capacity is built up in time.

#### **Reply of the Government**

The installed capacity of the captive power plants has now increased from 82 MW to 91.2 MW for CIL. As power supply from DVC and Electricity Boards continues to be unsatisfactory, existing captive power plants are proving inadequate and there is need to install additional captive

power production units in the coal mines areas. Since CIL is not in a position to finance, the required power production units by itself, it has explored the possibility of private sector investments for installing captive generation units. Offers were invited for the following 5 set of captive power plants.

1. Bhojudih Washery, BCCL 1×10 MW-FBC	with provision of space for further expansion to 2×10MW
2. Dugda Washery, BCCL 1×10 MW-FBC	" "
3. Sudamdih Washery, BCCL 1×10 MW-FBC	" "
4. Rajrappa Washery, CCL 1×10 MW-FBC	" "
5. Gidi Washery, CCL 1×10 MW-FBC	" "

The offers however, were received for only 3 locations namely Gidi, Rajrappa and Bhojudih. So far no offers have been received for Sudamdih and Dugda. Letters of intent has been issued in respect of 3 locations for which offers were received on "Build, Operate and Own" principle.

CIL is examining the possibility of setting up similar plants at the following locations on the same principle.

Gidi Expansion

Rajrappa Expansion

Sudamdih

Dugda

NEC

Madhuhand

Piparwar.

[Ministry of Coal, O.M. No. 54012/2/92-CPD dt. 8.1.1993]

**Recommendation Sl. No. 27 (Paragraph No. 4.89)**

Besides, power shortage, the other main production constraint has been absenteeism. Due to this factor alone CIL lost coal production to the extent of 13 lakh tonnes, 4.89 lakh tonnes, 21.79 lakh tonnes and 17.59 lakh tonnes during the years 1987-88, 1988-89 and 1990-91 (upto Jan. 1991) respectively. Coal companies also lost production due to industrial problems to the tune of 7 lakh tonnes, 3.78 lakh tonnes, 4 lakh tonnes and 2.27 lakh tonnes respectively during the above years. The Committee have been informed by CIL that steps are being taken to reduce the absenteeism by seeking help of Workers Committees as also by providing improvement in quality of life of miners. The industrial relations are also reported to have improved by settling various matters through joint consultative committees. Similarly, wage settlement for coal industry is also done by the Joint Bipartite Committee, which is appointed by the Government, having representatives from all coal companies and recognised trade unions. The Committee desire that coal companies should further improve the working

conditions as also the living conditions of workers to reduce the absenteeism which is mainly in underground mines where working conditions are difficult as compared to opencast mines. The Committee appreciate the steps taken by the Coal companies in improving the industrial relations through various joint committees. Efforts should further be made to bring improvements in the present joint committee system with a view to improve the industrial relations.

### **Reply of the Government**

The views of the Committee have been noted and efforts are being made to improve the industrial relations by making Joint Consultative machinery more effective. Though efforts to curb absenteeism are on and there has been perceptible improvement in working and living conditions of workers, absenteeism still persist. This is basically because of the social and religious customs prevalent in the Eastern and central states. The Bengal-Bihar coalfields have predominance of underground mines. The peak production periods are the last two quarters of the year i.e. Oct-Dec., and Jan-March. These two quarters incidentally coincide with festivals such as Pooja, Deepawali, Holi, as well as harvesting season. The underground miners, hailing from these and the nearby states, absent themselves for participating in these festivals and to perform other family obligations such as marriage, harvesting etc. Hence, the production during the peak season also suffers.

In the light of the recommendations of the COPU, efforts have been intensified for bringing about further improvement in the working of the present Joint Consultative Committee system and for containing absenteeism.

[Ministry of Coal, O.M. No. 54012/2/92-IR dated 8.1.1993]

### **Recommendation Sl. No. 28 (Paragraph No. 4.90 & 4.91)**

As per the stocking policy for coal companies framed in 1985 in consultation with Planning Commission individual mine cannot hold stocks for more than 3 months and undertaking as a whole should not keep more than one month, production as stock. However, the Committee regret to note that the actual coal stocks of CIL at the end of each of the last 5 years have been more than double the prescribed limits. For instance as against the one month prescribed production of 14.89 million tonnes during the year 1989-90, the actual stock at the end of the year was as high as 36.62 million tonnes. The Committee take a very serious note of this particularly in view of the fact that it involves blocking of huge scarce working capital. Besides, since stocks lying for longer period leads to deterioration in quality and are prone to theft and risk of fire, the Committee, urge that all necessary steps should be taken urgently to bring coal stocks within prescribed limits.

The Committee were informed by CIL that the main reason for piling up

of stocks was due to problems in transportation particularly in availability of railway wagons. To overcome these problems, Secretary (Coordination) has started conducting weekly meetings to review the infrastructure constraints relating to supply of coal to power, steel and cement sectors. There has been improvement in supply of coal since then and from a daily average of 12354 wagons in October, 1990, CIL was despatching about 14702 wagons during January, 1991. The Committee trust that the holding of coordination meetings would be a regular feature from now onwards for smooth despatch of coal to end users. It will help in better offtake of coal as well as reduction in huge coal stocks.

#### **Reply of the Government**

It is true that as per guidelines, coal company, as a whole should hold stock to the extent of 1 month's production. However, the production of coal is at its peak in the last quarter of a financial year while it slankens in the first half of the year on account of adverse weather conditions. Coal India therefore has to build up higher inventory by March/April so that there is no disruption in supply of coal during the lean season. As such the accumulation of stock with coal companies at the end of the financial year is not a real indication of the average ground stock.

The pit-head stocks of Coal India Limited (CIL) as on 1.4.1992 were 47.81 million tonnes. Admittedly the level is high and it should be brought down. CIL have therefore launched a scheme to liquidate a part of these stocks through Liberalised Sales Scheme, in the current year, over and above its offtake target of 210 million tonnes of raw coal so that overall stock-holdings come down to a reasonable level.

Weekly Coordination Meetings are being held regularly by the Cabinet Secretariat to review supply of coal to core sectors. Due to close monitoring of loading of coal by rail, Coal India Ltd. have achieved a record loading of 14341 Four Wheeler Wagons per day in the year 1991-92 which was 7.6% more than 1990-91 (1330/FW). For 1992-93, the average loading target has been pegged at 15,600 wagons per day, 8.8% more than 1991-92.

Coal India Ltd. have also been advised to take all possible steps to maximise despatches by other modes including road despatches.

[Ministry of Coal's O.M. No. 54012/2/92-CPD]

#### **Recommendation Sl. No. 31 (Paragraph No. 4.94)**

The Committee are perturbed to note that coal companies are making huge adjustments for shortage of coal in their accounts. During the last 5 years on this account subsidiaries of CIL made book adjustments to the tune of over Rs. 250 crores. ECL alone accounted for adjustment of 22.86 lakh tonnes in the year 1989-90. The Committee were stuned to hear from the Coal Secretary that in ECL there had been massive over-reporting of production. The Committee were further informed that on account of this

CMD of the Company had been removed. Similarly in CCL action had been taken against some senior officers responsible for shortage, accumulation of non-vendable stock etc. The Committee would like the CIL as well as Department of Coal to keep a close watch on the actual production *vis-a-vis* actual stock holdings for taking timely remedial measures wherever necessary. Needless to emphasise, suitable action should be taken against the officers found responsible for over-reporting of production, shortages of coal etc.

#### **Reply of the Government**

Coal India have reviewed the system of keeping affective control on production, despatches and stocks, and accordingly the CIL Board have approved new guidelines and procedures for stock varification. Ministry of Coal has advised Coal India Ltd. to exercise proper check over pit head stocks. Surveyors are being instructed to get the stock measurements signed by the Managers and send them to General Managers for appropriate action. Steps are also being taken by Coal Companies to initiate proceeding and award suitable adequate punishment to the persons found guilty of over-reporting of production or shortage of coal stocks.

[Ministry of Coal, O.M. No. 54012/2/92-CPD dt. 8.1.1993]

#### **Recommendation Sl. No. 35 (Paragraph Nos. 5.29 and 5.30)**

The committee regret to note that utilisation of heavy machines like shovel, dumper and dozer has been much short of the utilisation norms fixed by CMPDIL, a subsidiary of CIL itself. As against the CMDIL norms the actual utilisation of shovel dumper and dozer ranged between 61 to 67 percent, 46 to 56 percent and 50 to 64 percent respectively during the years 1986-87 to 1989-90. On account of poor utilisation of these machines during the year 1989-90 alone the idle hours in respect of shovel, dumper and dozer were 9,99,363, 51,95,718 and 11,88,078 respectively. The Committee were informed that low utilisation of heavy machines was mainly due to delay in getting imported spares, delay in supply of indigenous spares by other public sector companies, shortage of power and shortage of skilled operators.

Several steps are reported to have been taken to overcome these problems. Department of Coal is also ensuring timely supply of spares by other public sector undertakings like BEML, MAMC and Jessop & Co. To further improve the availability of spares in short time one of the supplier companies has also opened some spare parts depots in coal companies. Besides, suppliers are being asked to establish separate supply channel to attend the emergency break-downs. The Committee hope that with the steps taken by coal companies, utilisation of heavy machines will be increased to the desired level. The Committee also desire that efforts should be made to achieve the CMPDIL machine utilisation norms.

### **Reply of the Government**

The observations of the Committee have been noted and steps are being taken to achieve optimum utilisation of the equipments.

In the Ministry of Coal, the position regarding supply of plant and machinery by PSUs as well as their performance is periodically discussed in the meeting taken by Secretary (Coal) and also sometime by MOS (C). While equipment suppliers are consistently impressed upon of the paramount need to be responsive to the timely supply of equipment and spares as well as to ensure quality of their supply, the coal companies are asked to ensure maximum utilisation of their existing equipments. More and more emphasis and stress is laid on rehabilitating the existing equipments in order to utilise them over a longer period of time rather than going in for fresh purchases.

To optimise availability and utilisation of equipment, CIL have adopted a three-pronged strategy of improving the infrastructural facilities, improving availability of equipment and spares with the help of manufacturers and improving actual utilisation at the operational level. Rehabilitation status in respect of equipment in CIL, as a whole, during 1990-91 is given in the Annexure. (Appendix II)

Timely availability of spare parts is very crucial for satisfactory performance of HEMM. On account of changes effected recently in the Import-Export policy, CIL can now under take import of spare parts from foreign countries under OGL without obtaining DGTD clearance. Under the provision of Liberalised Exchange Rate Management System, coal companies can now arrange foreign exchange from the open market for importing the spares. The new Import-Export policy and the provision of LERMS will go a long way in obtaining spares from the foreign countries quickly.

Various steps being taken towards improving the utilisation of HEMM have not produced the desired results mainly because of un-satisfactory performance of original Equipment Manufacturers in supplying spares, despite various assurances. Coal companies faced major problems during 1991-92 due to disturbances in the distribution channel of imported spares, particularly from erstwhile USSR. This affected the utilisation of HEMM in Northern Coalfields Ltd. Efforts are now being made to improve the situation by taking steps for procurement of imported spares. The Ministry of Coal had been requesting for reduction in import duty etc. to facilitate the import of spares. The duty on spares has now been reduced in the new Import-Export Policy substantially. This has increased the availability of spares. In addition, under the Liberalised Exchange Rate Management System, coal companies are no longer required to obtain approvals from various levels in the Government for release of foreign exchange. Simultaneously, DGTD procedures have also been simplified. These two steps have contributed significantly in the reduction of time required for

import of spares. The cumulative impact of these policy changes shall result in reduction in the downtime of expensive equipment leading finally to their optimal utilisation. Efforts are also being made to develop indigenous manufacture of these spares to introduce better shift management practices, computerise inventories and improve operating conditions so as to optimise the utilisation of men and materials.

[Ministry of Coal, O.M. No. 54012 / 1 / 91-CML dt. 8.1.1993]

**Recommendation Sl. No. 36 (Paragraph No. 5.31)**

The Committee are perturbed to note that the availability of underground machines has been very less as compared to the machines / equipments on the rolls. The Committee find this situation highly unsatisfactory as after investing huge amount in plant and machinery, many of them were not available for utilisation. At the end of March, 1990, the availability was just 54 percent and 53 percent in case of CCM and Road Header / Dint Header. Some of the equipments / machines were withdrawn for preventive maintenance and capital repairs. The Committee has got an impression that system of preventive maintenance has not been streamlined properly in the coal companies otherwise there could be no other reason for which a number of machines / equipments were not available for working at a time. The Committee, accordingly, recommend that coal companies should streamline the system of preventive maintenance so that minimum number of machines are away from the place of working as also all the machines are attended for capital repairs after regular intervals. Taking note for the fact that coal companies are having over hundred well equipped workshops; the Committee feel that it should not be an impossible task.

**Reply of the Government**

There is a wide range of machines which have been deployed in underground mines. The plan for supply of spares, preventive maintenance, periodical overhauling etc. has, as such, been more difficult. However, efforts are being made to look into the various aspects separately.

In respect of bilateral projects, CGM (FC&LW), CIL has been entrusted with the responsibility to do as special monitoring with a view to ensuring improved utilisation of these equipments which are being supplied by the countries associated with these projects. In a number of cases, the equipments are tailormade to a particular project and as such necessary tie-up for supply of spares and services has to be an integral part of foreign contract.

Regarding general items like side discharge loaders, load haul dumpers, an special division has been set up at CIL (HQ) for close monitoring aimed at improved utilisation of these equipments.

The performance of coal companies on the equipment front is monitored

in Coal India as well as in the Ministry of Coal. The position regarding supply of plant and equipment by equipment manufacturers to coal companies is discussed periodically in the meeting taken by Secretary (C). In this meeting, apart from taking measures for effective utilisation of the existing equipment, coal companies are invariably asked to take special measures aimed at preventive maintenance. Stress is laid on rehabilitating the existing equipment to secure their better utilisation over a longer period of time rather than going in for purchase of fresh ones. Coal companies are also advised to open more and more workshops to attend to their equipment in the quickest possible time. For this purpose, they are advised to ensure that better infrastructural facilities as well as trained personnel are made available at the workshops to pilot them in an efficient manner. All these measures will contribute towards better equipment management and also develop an inhouse facility to salvage the faulty equipment without outside assistance.

[Ministry of Coal, O.M. No. 54012 / 1 / 91-CML Dt. 8.1.1993]

**Recommendation S. No. 37 (Paragraph No. 5.32)**

Even though the coal companies are having 119 well equipped workshops, repairs / maintenance of equipment / machines were being done through outside private parties. The expenditure incurred on repairs done through private parties increased from Rs. 31.77 crores in 1987-88 to Rs. 54.69 crores in 1989-90. CIL has also planned to instal 13 more workshops in coal companies. The Committee do not approve payment of such huge money to private parties particularly when the coal companies have got their own well equipped workshops. The Committee, therefore, recommend that the repair / maintenance work should be restricted to the departmental workshops and only in exceptional circumstances where departmental workshops are unable to carryout any complicated job, coal companies should be allowed to get it done through outside parties.

**Reply of the Government**

The recommendation of the Committee is noted. All out efforts are being made to enforce its implementation. Guidelines are being prepared to ensure optimum utilisation of departmental workshop facilities and minimise outside repairs.

**Expenditure incurred on departmental repair and maintenance and the expenditure incurred on rehabilitation / overhauling of equipments /**



assemblies through Original Equipments Manufacturers (OEM) during 1990-91 and 1991-92 are indicated below:

Expenditure on Departmental Repair & Maintenance.	(Rs. in lakh)			
	1990-91	1991-92	1990-91	1991-92
CCL	2611	2872	293.61	342.68
BCCL	1805	1811	757.91	970.38
SECL/ MCL	2331	2519	185.00	329.00
NCL	7738	8559	507.24	801.78
NEC	34	22	12.00	11.00
WCL	3898	3944	402.39	453.39
ECL	1438	1469	1343.97	1368.72
CIL	19855	21196	3502.12	4276.79

Higher value of expenditure on repair and maintenance during 1991-92 as compared to 1990-91 is indicative of the fact that more attention had been paid for repair and maintenance of the equipment departmentally.

The expenditure on rehabilitation / overhauling of equipments / assemblies through OEM during 1991-92 is higher than incurred during 1990-91. The increase in expenditures is one account of more emphasis given on rehabilitation from 1991-92 onwards and for the type of equipment which could not be rehabilitated departmentally for technical reasons.

[Ministry of Coal, O.M. No. 54012 / 1 / 91-CML Dt. 8.1.1993]

**Recommendation S. No. 39 (Paragraph 6.25)**

The Committee find that Coal companies are having over 6 lakhs employees and the wage bill of coal companies constitutes about 55 percent of the total cost of production. The Committee also note that with the various measures taken to restrict the increase in manpower strength like introduction of voluntary retirement scheme, CIL has been able to bring down the total manpower strength from 6,75,115 in 1986-87 to 6,67,705 in 1989-90. A recent study by CIL has brought out that there are about 19518 surplus workers in coal companies. They are mainly in ECL, BCCL and CCL. The study has also revealed that out of over 19000 surplus workers there are 13397 female workers who could not be employed in underground mines. Efforts are reportedly being made to impart training to the surplus workers to redeploy them in productive jobs. Further, certain jobs have been identified to redeploy the female workers. CIL also informed the Committee that within next 2-3 years all the surplus

workforce would be gainfully redeployed. The Committee recommend that for imparting training and for redeployment of surplus workers in productive jobs, a time bound programme should be prepared and be meticulously followed.

### **Reply of the Government**

CIL have accepted the recommendation for imparting training to trainable surplus workers for productive redeployment. A time bound programme for training of workers and supervisors has been duly drawn up for the year 1992-93. For the quarter ending June, 1992, 2974 workers were imparted technical training.

CIL have taken the following steps to reduce the manpower strength of the coal companies:—

1. Specific targets have been fixed for reduction of manpower in ECL, BCCL, CCL and WCL.
2. Outside recruitment is restricted to statutory personnel, technical supervisory personnel and highly skilled workmen.
3. Manpower Audit system has been introduced for gainful utilisation of human resources.
4. Technical/Supervisory/Operation/Maintenance personnel spare from ECL and BCCL due to closure of mines etc. are being transferred to SECL and MCL.
5. Performance review meetings are held at all level to improve productivity and targets of improvement have been fixed and are regularly monitored.

[Ministry of Coal O.M. No. 55011/4/92-PRT 8.1.1993]

### **Recommendation S. No. 40 (Paragraph 6.26)**

As against the projection of 7,46,398 workforce by the coal companies by the terminal year of the Eighth Five Year Plan, the Working Group on Coal and Lignite for 8th Plan has recommended the total manpower strength at 7,06,070. Further large scale machanisation in mines will need more skilled manpower for which coal companies are required to impart training to its employees. The Committee would like to emphasise the need to restrict the manpower strength of the coal companies as it is very much linked to their profitability. The Committee also desire that to meet the demand of skilled workers, massive training programmes should be arranged in coal companies so that un-skilled workers are upgraded in skilled categories. This will not only help in restricting the total manpower strength of the coal companies, but it will also help in the career prospects of the employees/workers, which is essential for enthusing the workers for better performance.

### **Reply of the Government**

CIL have taken the following steps to reduce the manpower strength of the coal companies:—

1. Specific targets have been fixed for reduction of manpower in ECL, BCCL, CCL and WCL.
2. Outside recruitment is restricted to statutory personnel, technical supervisory personnel and highly skilled workmen.
3. Manpower Audit system has been introduced for gainful utilisation of human resources.
4. Technical/Supervisory/Operation/Maintenance personnel spareable from ECL and BCCL due to closure of mines etc. are being transferred to SECL and MCL.
5. Performance review meetings are held at all level to improve productivity and targets of improvement have been fixed and are regularly monitored.

As for training, the coal companies have undertaken a drive for training of the new recruits and surplus workmen to meet the shortages of skilled manpower and to check outside recruitment. Coal India and its subsidiary companies have operated an integrated plan for utilisation of in-house training facilities for the development of Executives, Supervisors and Workmen, in the following areas:

- (a) Intensive training for upgradation of skills to meet the demand of skilled and highly skilled personnel.
- (b) Training of operators and maintenance personnel for various HEMM equipments.
- (c) Coaching of Supervisors for statutory examinations conducted by Directorate General of Mines Safety.
- (d) Efforts to develop (a) Technical Training Packages to facilitate management of Technology (b) Management Training Packages to facilitate Seccession and Career growth.
- (e) Self development efforts and participative culture in the companies including stress relief, commitment to work, quality circle etc.

Further, surplus female workforce are being trained for jobs like Cane-basket making, Afforestation gardening, Security guards, Explosive carrier, Pump-Operator, Switch Board Attendant, Cook & Bearers.

[Ministry of Coal, O.M. No. 55011/4/92-PRT dated 8.1.1993]

**Recommendation S. No. 41 (Paragraph No. 6.27)**

The Committee are distressed to note that even though there are surplus workers in coal companies, CIL had been paying overtime allowance over Rs. 100 crores annually. The payment of overtime increased from Rs. 86.8 crores in 1985-86 to Rs. 169.6 crores in 1988-89. The Committee were stunned to hear from Chairman, CIL that in certain mines all workers were used to be called on Sundays even though a small group of workers was required to attend the job. Admittedly there was lack of proper control. CIL as well as Department of Coal have now tried to justify the payment of overtime on the plea that it was necessary for certain essential services which were required to be attended on Sundays and holidays like ventilation, Maintenance, pumping out of water from mines, water/ electricity supply etc. The present practice of payment of wages twice/ thrice in lieu of working on Sundays in addition to compensatory holiday is not justifiable. The Committee desire that while finalising wage agreements, workers representatives should be convinced that this practice goes against the economic viability of the coal companies and should be stopped. The Committee on Public Undertakings (1986-87) in their 25 the Report on Eastern Coalfields had also recommended that payment of overtime should be reduced to the minimum by deploying the existing manpower in a scientific manner. The Committee once again emphasise the need for preparing work plans/duty resters in such a way that workers are put on duty on Sundays and holidays by rotation and in lieu of that they are given compensatory leave without making any overtime/additional payment. Government/CIL should ensure that undue payment is stopped henceforth.

**Reply of the Government**

The above suggestion of the Committee on Public Undertakings will be taken up with the JBCCI during the current wage negotiations to be conducted by CIL. It would be difficult to bring about any change in the procedures without the acceptance of the suggestions by the JBCCI on behalf of the workers.

[Ministry of Coal, O.M. No. 55011/4/92-PRT dated 8.1.1993]

**Recommendation SI. No. 42 (Paragraph No. 6.28 & 6.29)**

The Committee are perturbed to note that per-man productivity in underground mines has been very low. As against the BICP norms of 0.69 tonnes, per-man productivity in underground mines in CIL as a whole was only 0.55 in 1989-90. The position was still worse in ECL and BCCL. During the year 1987-88 to 1989-90 per-man productivity in underground mines in CIL ranged between 0.43 to 0.48 tonnes only. Similarly in BCCL it ranged between 0.47 to 0.50 during the same period. The Committee have been informed that the main reasons for low productivity in underground mines were difficult working conditions as also absenteeism

which was as high as 40 to 45 per-cent in some companies. In this connection the Committee have recommended elsewhere in the Report that with a view to reducing absenteeism, efforts should be made to improve the quality of life of workers as also the working conditions.

The Committee also find that while there has been improvement in productivity in open cast mines, the per-man productivity in underground mines has not improved much rather it decreased to 0.55 tonne in 1989-90 from 0.57 tonne in 1988-89. The Coal companies are reported to have taken certain measures to increase the productivity particularly in underground mines. The Committee desire that CIL and Department of Coal should review and monitor the results of such measures and efforts should be made to achieve the productivity norms fixed by BICP.

### **Reply of the Government**

The observations of the Committee have been noted for guidance. It is also to be noted that improvements made in the working conditions and the quality of life of workers compared to position prevailing at the time of nationalisation has so far not yielded the desired result of curbing absenteeism.

Overall productivity depends on loader productivity which in turn is dependent on their need for additional income. The miners/loaders hailing from distant places in UP & Bihar needing to augment their earnings, load more coal but the local miners/loaders who can manage with lesser income are under no compulsion to load more and increase their productivity. Such a situation prevailing amongst the loaders/miners is pegging down loader productivity to around 2 tonnes, the minimum workload expected from such workmen.

Efforts to improve productivity in UG mines are receiving priority from the management of Coal Companies. In order to ensure intensive follow-up, an Underground Mining Cell has been set up at CIL (HQ). In the Ministry of Coal the performance review meetings are being regularly held at the level of Minister and Secretary. Instructions have been issued to the Coal Companies to prepare and implement Action Plan to improve production, productivity and financial viability of underground mines. To ensure the implementation of Action Plan, posts of GM(UG) have been created in each subsidiary company having UG mining operation. Coal companies are monitoring the results of various measures taken to improve productivity in underground mines.

[Ministry of Coal's O.M. No. 54012/2/92-IR and 54012/2/92-CPD  
dt. 8.1.1993]

### **Recommendation Sl. No. 43 (Paragraph No. 7.34)**

The Committee find that Coal companies are experiencing difficulties in collecting dues from main consumer sectors viz. Power Houses, Steel Plants and Railways. The total outstandings of CIL as a whole stood at

Rs. 2163.75 crores at the end of March, 1990 and out of this Rs. 1876.60 crores were due from Power Sector alone which accounts for about 88 per cent of the total dues. According to CIL non-recovery of dues in time had severely affected their profitability. This also affected CIL ability to repay their loans and interest in time on account of which incidence of interest increased considerably. CIL also brought to the notice of the Committee that State Electricity Boards did not make payment on account of their own financial crisis. Various steps are stated to have been taken at the level of CIL/Department of Coal/Energy Ministry to recover the outstanding dues. Coal Companies have decided to supply coal against advance payment to new power houses, commissioned after April, 1989. Coal Companies have also decided to suspend the coal supplies to the defaulter power houses. However, this did not work as reportedly there were pressures from the various levels to restore the supply. From the year 1990-91, the Government has also decided that 25% of the undisputed claims will be adjusted against the central assistance payable to the State Government schemes in 3 monthly instalments. Under this scheme, CIL got about Rs. 273 crores upto February, 1991. The Committee would like the Government to provide all necessary help to coal companies in timely recovery of their dues from various sectors particularly the State Electricity Boards. As proposed, appropriate rate of interest should also be charged from the defaulters.

### **Reply of the Government**

As on 30/6/92, the gross outstanding dues payable to CIL by power sector, steel sector, Railways, and others was Rs. 2307.56 crores, of which power sector alone accounted for Rs. 1922.05 crores. While efforts are on to recover all arrears, a special drive has been launched to recover power dues steps taken to realise these outstanding dues/are as under:

- (i) CIL have already introduced from 1.10.91, the system of linking current coal supplies to power sector with advance payments.
- (ii) Earlier also, all power units commissioned after 1.4.89 were being supplied coal only against advance payments or against revolving letters of credit.
- (iii) State Governments have been requested to persuade/enable State Electricity Boards to clear their outstanding dues at the earliest.
- (iv) Govt. of India had decided to adjust all undisputed coal sales outstanding as on 31.5.90 against the Central Assistance to State Plans payable to all the State Government, whose SEBs and Power Utilities had defaulted, in four equal instalments, spread over four years. Each annual instalment for Coal India Ltd. would amount to approximately Rs. 273 crores. The first instalment was released

to CIL in 1990-91. The second instalment due in 1991-92, has also been fully released.

[Ministry of Coal's O.M. No. 54012/2/92-CPD dt. 8.1.1993]

**Recommendation Sl. No. 44 (Paragraph No. 7.35 & 7.36)**

The Committee have also been informed that State Electricity Boards have a tendency to withhold the payment on the pretext of some dispute or the other. The disputed areas for withholding of payment/SEB's are stated to be due to surface transportation charges, non-payment of washery coal as per Government pricing, refusal to pay sizing charges and making unilaterally deductions on account of freight, enroute shortage, oversize coal, statutory charges etc. On account of these disputes, disputed claims stood at Rs. 818 crores at the end of March, 1990 which is over 1/3 of the total outstanding dues. The Department of Coal has now informed the Committee that the Government has been continuously looking into the long standing disputes between CIL and thermal power stations and as per the decision of the Committee of Secretaries, Ministry of Programme Implementation has been asked to sort out the problems relating to billing and grading of coal. The Ministry of Programme Implementation alongwith representatives of Department of Coal, Department of Power, CEA, Railway Board and BICP etc. has taken up the matter to suggest a satisfactory method for settlement of disputes and a standing arrangement for automatic settlement of disputes relating to quality of coal etc. from time to time. The work was reported to be in progress. The Committee desire that the Ministry of Programme Implementation should be asked to expedite the matter and give their findings/recommendations within a short specified period. The Committee would also like to know the progress in the matter within 3 months of the presentation of this Report.

The Government has also suggested some action plan to resolve the disputed claims and one of the steps suggested by them is having joint sampling system in the collieries. The Committee hope that this system of joint sampling (i.e. having representatives of coal companies as also of user sectors at the time of loading of coal) will reduce the disputes considerably and accordingly recommend that this should be implemented in all despatch points at the earliest.

**Reply of the Government**

Ministry of Programme Implementation presented a paper on problems related to joint sampling of coal despatched to thermal power stations to the Committee of Secretaries chaired by Cabinet Secretary on 15.10.1991. It was decided in that meeting that an independent third party inspection agency for quality assurance in coal should be established preferably through the Coal Controller Organisation on a self financing basis. All such quality inspection should be done at the colliery and before despatch and not at the consumers and after despatch.

Accordingly, Ministry of Coal have initiated action to strengthen the

Organisation of Coal Controller. The entire quality control system is being set up under the control of the Coal Controller. Its functioning will be regulated and monitored by 8 Joint Controllers who will be stationed at Nagpur, Bilaspur, Sambalpur, Singrauli, Dhanbad, Ranchi, Asansol and Calcutta. Till they are appointed, Officers on Special Duty have been positioned in these places. The third party agency will carry out sampling at a loading point itself.

Joint sampling of coal is part of the exercise to continuously monitor the quality of coal supplied to all customers in including thermal power stations. Therefore quality control system have to be stationed at the points where coal is being loaded for despatch to customers instead of at the consumers end. A decision has been taken to progressively shift the sampling to the loading points. To begin with, sampling at loading points has been started from 1.6.92 for despatches to thermal power stations from Eastern Coalfields Ltd., Central Coalfields Ltd. and Bharat Coking Coal Ltd. under the aegis of Coal Controller.

[Ministry of Coal's O.M. No. 54012/2/92-CPD dt. 8.1.1993]

**Recommendation Sl. No. 45 (Paragraph No. 7.37)**

The Committee note that the cost of production varies in different subsidiary companies. The cost of productions was very high in case of ECL, BCCL and NEC. As against the average cost of production of Rs. 264.69 per tonne of CIL as a whole during the year 1989-90, the cost of production in ECL, BCCL, and NEC was Rs. 451.27, Rs. 370.71 and Rs. 557.58 per tonne respectively. The Committee were informed that these companies mainly consist of underground mines and the cost of production in underground mines was more as compared to open cost mines. Besides, in NEC the wage structure was higher by 15% due to difficult working conditions. The Committee were also informed that during the years 1985-86 to 1989-90 with the various measures taken to control the cost of production, the coal companies have been able to restrict the increase in cost of production to 23.7 per-cent as against the increase of 33 per-cent in wholesale price index during the same period. The Committee, however, regret to note that the actual cost of production was higher than the normative cost arrived at by BICP norms in 1986-87 and 1990-91. As against the normative cost of Rs. 201 per tonne in 1986-87 the actual cost of production was Rs. 221.54. Similarly in 1990-91 (upto December, 1990) as against the normative cost of Rs. 299 the actual cost was Rs. 310.82. This is reported to be due to less production as against the targets fixed for the year 1990-91. The Committee therefore, recommend that necessary steps should be taken to achieve the production targets so that cost of production remains within the norms fixed by BICP. The Committee also desire that coal companies should review their cost control systems and wherever necessary, it should be strengthened further.



### **Reply of the Government**

The steps taken by the Coal Companies to achieve the production targets and to control costs of production are as follows:

- (i) Increase in production and productivity with special emphasis on underground mines.
- (ii) Improvement in availability and utilisation of equipments by providing adequate workshop support, improved management of spares and timely rehabilitation of equipments.
- (iii) Improved manpower planning including redeployment of surplus workers and restricting the intake of new employees against vacancies caused by natural wastage.
- (iv) Economy in consumption of spares and various other inputs by improving blasting efficiency, power factor and improved inventory control.
- (v) Improved monitoring of cost reduction measures.
- (vi) Efforts are being made to reduce the total outstandings against major consumers like State Electricity Boards.
- (vii) A number of systems improvement and managerial measures have been adopted to improve efficiency of operation.
- (viii) Efforts towards re-organisation of existing mines to improve productivity.

However, BICP have initiated a comprehensive cost studies of coal sector for updation of pit-head prices and other related issues in 1990. BICP have submitted their interim recommendations to Government recently. The final report of the BICP is yet to be received. Ministry of Coal agrees with the recommendations of the Committee regarding the need to continue efforts for achieving production targets, containing the cost of production and review of cost control systems in the coal companies. Ministry of Coal is suggesting that to begin with the coal companies should take up a cost audit exercise to compare inter-company costs and identify possible areas of economy. BICP, while recommending a normative price for coal based on a sample survey and analysis of cost of production, had also recommended mine specific prices, which is not yet accepted by Government. A few projects may have to be sanctioned even though the cost of production may be higher. In such cases, the opportunity costs of transporting coal from far off collieries may be even higher. The coal from Northern Eastern Coalfields (NEC) has high coking properties and can be blended to feed Steel Plants. To this extent this minimises the import of coal.

Basically, Bharat Coking Coal Limited and Eastern Coalfields Limited have inherited a large number of small mines and a workforce which can not be redeployed to other regions. Further these two companies face

chronic power shortages, and are constrained from effective utilisation of capacity.

Steps have been taken to (a) contain growth in workforce (b) set up captive power plants and (c) strive towards improvement in total system efficiency through close monitoring. In fact Coal India Limited is able to absorb, every year, 3 to 4% of increase in inflation. Sustained efforts would continue in this direction.

[Ministry of Coal O.M. No. 55019/1/92-CA dated 8.1.1993]

**Recommendation Sl. No. 46 (Paragraph No. 7.38 and 7.39)**

The Committee are distressed to note that as against the investment of over Rs. 9,000 crores in CIL and its subsidiaries by the Government, the cumulative loss of CIL as a whole stood at around Rs. 2500 crores at the end of March, 1991. Due to heavy financial losses, CIL has been unable to repay loans and interest to the Government. At the end of March, 1990 over Rs. 1000 crores was due to be paid to the Government. CIL has attributed this sorry state of affairs due to inadequacy of notified prices or delay in affecting price revision. Whereas, Department of Coal has informed the Committee that accumulation of huge losses is due to various factors viz. legacies of pre-nationalisation era, increase in wage and large investment for welfare, increase in proportion of low grade coal, non-settlement of dues by coal consumers, heavy capital investment, cost overruns, low productivity of labour and machines and high level coal stocks. The Committee have already given their observations/recommendations on these factors in earlier Chapters of the Report.

The Committee find that prior to January 1984 the Government was not compensating certain cost inputs like depreciation and interest. Since 1986-87 the coal prices are being fixed on the normative cost study done by BICP in 1985. The coal prices are fixed on the basis of normative cost based on BICP study after making a provision of 12% return on capital employed. The BICP also provided a scientific formula for compensating the increase in cost after periodic intervals. The Committee were informed by Chairman, CIL during evidence that there have been delays in effecting price revision of coal and coal companies were incurring huge losses on this account. The Committee have now learnt that coal prices have been revised w.e.f. December, 1991. The Committee would like the management to make all efforts to curtail the cost of production so that coal companies are able to wipe out their losses.

**Reply of the Government**

The prices of Coal India Limited and Singareni Collieries company Limited coal have been revised w.e.f. 28.12.1991 from an average pit-head price of Rs. 249.00 and Rs. 297.00 per tonne respectively to an average pit-head price of Rs. 322 /- and Rs. 388 /- per tonne respectively. Further, Ministry of Coal have been authorised to allow year revisions in coal prices

charged by coal companies on the basis of escalation formula presented by Bureau of Industrial Costs & Prices. This measure, it is felt, would do away with undue delays in price revisions and consequential losses suffered by coal companies.

The Bureau of Industrial Cost and Prices have undertaken a comprehensive study of the coal sector and have made certain *interim* recommendation on costs and prices of coal, which are under consideration of the Government. The BICP have not so far submitted their final report.

Coal India Limited has been informed of the recommendation of the Committee to curtail the cost of production and to wipe out their losses. The steps taken towards cost reduction and timely price revision have already been indicated.

[Ministry of Coal, O.M. No. 55019/1/92-CA dated 8.1.1993]

**Further Reply of the Government**

At the time of factual verification of the Report, the Ministry of Coal stated:

“In exercise of this power the Ministry of Coal has further revised the average pit-head prices of coal produced by Coal India Limited and Singareni Collieries Company Ltd. to Rs. 364 and Rs. 434 per tonne respectively w.e.f. 17.2.1993.”

[Ministry of Coal O.M. No. 55019/1/92-CA dated 5.3.1993]

**Recommendation Sl. No. 48 (Paragraph Nos. 8.58 and 8.59)**

From the examination of the working of CIL, the committee find that while there has been a growth in production from opencast mines, the production from underground mines has been stagnant over a period of time. The Committee also find that while opencast mine are almost mechanised, manual method of loading of coal is still prevalent in the underground mines. Admittedly the technology used/available in underground mines is yet to reach the standards of other major coal producing countries. In the past adequate emphasis has not been given to develop underground mines as production from opencast mines has been much easier. The Committee would like the Government as also the coal companies to give more attention to underground mining as better quality of coal lies in underground mines. The Committee need hardly emphasise that coal exploration technology for underground mines has to be upgraded at par with that of other coal producing countries.

CMPDIL, a subsidiary of CIL is mainly responsible for research and development work as also the introduction of new technologies in the coal mines. It takes assistance of other research organisations in the country. It takes foreign consultancy and enters into foreign collaboration for technology transfer. However, the total annual budget of Coal Companies for

upgradation has been in the range of Rs. 8 to Rs. 14 crores only. Taking note of the volume and infrastructure of coal companies, the Committee feel that the budget allocation for these activities is proportionately far too little and Govt. should consider raising it appropriately.

### **Reply of the Government**

The Government is paying adequate attention for upgradation of technology in underground mines also. Some of the steps taken to improve production and productivity in underground mines are:—

- (i) Improvement of transport systems, ventilation and related work environment in underground mines.
- (ii) Introduction of mechanised loading through equipment like Load Haul Dumpers (LHDs) and side discharge Loaders.
- (iii) Introduction of mechanised cutting of coal through longwall machines, continuous miners etc.
- (iv) Introduction of mechanised drilling and loading operations through Jumbo drills and Auger-cum-Jumbo drills.
- (v) To provide better roof control, steel supports, hydraulic roof supports and roof bolts are being introduced extensively in underground mines.
- (vi) New Mining technologies like longwall, Blasting gallery shield mining etc. are also being introduced.
- (vii) Man riding systems are being installed to assist workers to reach the work place faster and without getting tired.

Selective and need based imports of technologies to deal with specific geo-mining conditions from countries having long experience in such technologies are also made.

In the overall scenario of reduced budgetary supports, it is difficult to earmark higher allocation for R & D work. However, allocation would be enhanced as and when budgetary resource of the coal companies improve.

[Ministry of Coal O.M. No. 43011/22/92-CPA & No. 54012/1/92-CRC dated 8.1.1993]

### **Recommendation Sl. No. 49 (Paragraph No. 8.60)**

The Committee are glad to note that there is growing consciousness of environment in coal mines and environment management plans now form part of the project reports. They also note that several steps have been taken to minimise pollution and reclaim land for productive uses. Afforestation programmes have also been taken up in coal companies. The Committee desire that in view of the importance of the subject, coal companies should implement environment plans as outlined in the respective project reports, and after extraction of coal immediate steps should be

taken for land re-clamation. They also desire that the Ministry should constantly review the progress made in this regard at regular intervals.

### **Reply of the Government**

The recommendations of the Committee have been noted. Environmental Management is already an important feature in the day to day working of the mines of Coal India Limited. In case of each project to be sanctioned by the Government and elaborate accument called the Environmental Management Plan (EMP) is prepared. This document contains details of environmental protective measures to be undertaken for the project in question and also incorporates the sequence of land reclamation. The Ministry of Environment and Forests approves the plan and accordingly measures are adopted. Environment cells have been created in the various Coal Companies for proper implementation of these measures. The Progress is also monitored/reviewed periodically at appropriate levels including the Ministry of Environment and Forests.

[Ministry of Coal O.M. No. 43011/22/92 CPA dated 8.1.1993]

### **Recommendation Sl. No. 50 (Paragraph No. 8.61)**

The Committee find that there has been acute problem of land subsidence in Raniganj Coalfield of Eastern Coalfield Limited. This area falls within the State of West Bengal. Mining operations in this coalfield have been going over 150 years. Unscientific and indiscriminate mining operations during the pre-nationalisation have been the major cause for this problem. Out of the 848 hectares of surface land within the limit of Raniganj Municipality, about 70 hectares are apprehended to be unsuitable and dangerous. Even though the State Government has enacted a law prohibiting construction over unsafe areas, the construction work has not been contained and reportedly it has been increasing. CIL has shown its helplessness in stopping the construction work. As the matter concerns the safety of thousands of persons, the Committee recommend that the Government should take this matter up with the State Government at the highest level so that further construction work on unsafe areas is stopped immediately. The Committee also recommend that necessary action should also be taken on the recommendations of the expert Committees which studied the subsidence problem in the past.

### **Reply of the Government**

The problem of subsidence was studied by various Committees and suggestions made mainly centered on evacuation of population over unsafe areas and showing of old unsafe workings. While ESL could persuade its own employees residing over unsafe areas to shift, the habitations of others could not be checked. The matter of prohibiting construction of residence over unsafe areas had been drawn in the past to the attention of the State Govt. by the Central Govt. On the basis of discussions held with the Government of West Bengal, it has now been agreed that the Asansol

Durgapur Development Authority (ADDA) will be suitably strengthened by providing technical expertise as well as financial help for undertaking restoration works relating to damages caused by subsidence and other related matters in the Raniganj coalfields. Once the new arrangement gets operationalised, it will be possible to implement the recommendations of various expert committees with regard to subsidence control measures.

[Ministry of Coal, O.M. No. 54012/1/92-CRC dated 8.1.1993]

**Recommendation Sl. No. 51 (Paragraph No. 8.62)**

The committee have been informed that the Department of Coal has approached the West Bengal Government to set up an Authority to tackle the problem of land subsidence and for carrying out the restoration works. The proposed Authority will have representatives of Department of Coal, Coal Companies, State Government, experts and local representatives of the people. The Department of Coal had asked CIL to release an amount of Rs. 5 crores for the purpose. Further, the Department of Coal has agreed to meet recurring expenditure of the Authority. The Committee desire that Government should provide necessary funds to tackle the subsidence problem. The Committee would also like the Government to pursue the matter with the State Government for setting up the Authority which may be entrusted with all the work relating to subsidence problem. The Committee would also like to be apprised of progress made in this regard.

**Reply of the Government**

The question of setting up of an 'Authority' to deal with problem of subsidence in Raniganj Coalfield has been under discussions between the State Govt. of West Bengal and the Govt. of India. It has now been suggested to Govt. of West Bengal that the existing Asansol—Durgapur Development Authority (ADDA) could be suitably strengthened by providing technical as well as financial inputs by CIL/ECL to take up the restoration works immediately. This proposal has since been discussed the Coal Minister and the Chief Minister, West Bengal and this has been agreed to. Further modalities for operationalising the arrangement are expected to be finalised soon.

[Ministry of Coal O.M. No. 54012/1/92—CRC. dated 8.1.1993]

**Recommendation Sl. No. 52 (Paragraph No. 8.63)**

The Committee have been informed that there have been about 70 fires in Jharia Coalfields under BCCL. The impact of these fires can be judged by the very fact that according to the Government estimates, these fires have consumed 37 million tonnes of good quality of coking coal valuing worth Rs. 1000 crores. So far only 11 fires have been controlled or extinguished. 22 Projects costing about Rs. 200 crores covering all the fires have been prepared and are under implementation. Coal Companies expect to control fires under 22 projects by the end of 8th Five Year Plan.

The Committee would like the Ministry to monitor the Progress of these projects on regular basis so that these are completed well within their targetted time and cost.

### **Reply of the Government**

Of the 22 projects undertaken for dealing with fires in Jharia Coalfield, 5 fires have been fully extinguished. In addition at 3 sites, the protective measures to deal with the fires have been completed which will take some more time for complete extinction. At another 13 sites, further work to completely extinguish the fires is in progress. Looking at the gigantic problem of dealing with the fires, efforts are being made to seek assistance from the World Bank for financing a diagnostic study for dealing with the fires in Jharia. The first phase of this World Bank assistance would cover development of a programme to combat fires and the second phase as and when approved would comprise of actual implementation of fire fighting measures. As desired by the Committee, the Ministry of Coal are now monitoring the implementation of projects to deal with the fires in Jharia Coalfields.

[Ministry of Coal, O.M. No. 54012/1/92-CRC dated 8.1.1993]

### **Recommendation Sl. No. 53 (Paragraph Nos. 8.64 and 8.65)**

The Committee note that about 82% of Coal is consumed by the core sector viz. Power Houses, Steel Plants, Railways and Cement Plants and the balance 18% is consumed by several industrial units of varying sizes including paper, textile, chemicals etc. and domestic consumers. CIL has brought out that there are necessary linkages with all types of consumers. However, the Committee have been informed that it would not be possible for CIL to determine the demand of a large number of industrial units in the Non-Core sector effectively in the small scale sector. Admittedly there have been complaints regarding non-availability of coal in Northern State which is stated to be due to nonexpansion of loading capacity of Eastern Railways. The Committee have not gone into individual grievances. They, however, feel that there is need to further tone up the marketing set-up. Efforts should be made towards better consumer satisfaction in respect of both core as well as non-core sectors. The Committee also desire that marketing set up should be decentralised as far as possible.

Even though there has been increase in railway wagons to core sector, wagons to non-core sector have come down from 2478 in 1988-89 to 1362 in 1991-92. The Committee desire that besides supply of adequate wagons to core-sector, supply of wagons should also be augmented to non-core sector particularly the small scale units.

### **Reply of Government**

It is true that it has not been possible for Coal India Ltd. to determine the demand of individual small consumers. In all such cases coal companies have been allocating coal mainly on the basis of recommendations of concerned sponsoring authorities.

Marketing function is being performed by the General Managers (Marketing) in the subsidiary companies within the overall supervision of Chief General Manager (Marketing) of Coal India Ltd. Coal India Ltd. are also taking action to computerise their marketing operations as a part of their rationalisation and decentralisation efforts.

Loading of Railway wagons depends on allotment and supply made by Indian Railways. The relative priority for different sectors is decided by railways in accordance with their Preferential Traffic Schedule. In view of constraints in Railways' carrying capacity, higher priority is being accorded to core sector and the loading of wagons to non-core sector has been going down.

However, the matter regarding supply of coal to non-core sector consumers is reviewed regularly by the Ministry of Coal. The Ministry of Coal have issued instructions to Coal Companies to ensure supply of coal to the non-core sector consumers, atleast to the extent of 50% of the linkage, either by rail or by road.

[Ministry of Coal, O.M. No. 54012/2/92—CPD, dt. 8.1.1993]

**Recommendation Sl. No. 54 (Paragraph No. 8.66 and 8.67)**

The Committee find that in coal mines of CIL wherever cost of production per tonne is more than the sale value per tonne by Rs. 200/-or more, these are considered as uneconomic mines. The Committee have been informed that during the years 1987-88 to 1990-91 CIL closed 21 such uneconomic mines. These mines were closed after indepth studies made by CIL. Some of these mines were also found unviable by the Chari Committee and Banerjee Committee which went into the working of ECL and BCCL respectively. The Committee are disturbed to note that there are still 139 uneconomic mines under the control of CIL. The Committee recommend that earnest efforts should be made to make these mines economically viable.

It appears to the Committee that in the past some States/State Electricity Boards have approached the Coal Companies to take over some of the uneconomic mines for their captive use. The Committee feel that such proposals of State Governments/State Electricity Boards/Power Houses should be considered favourably specially when coal companies are incurring huge losses on running these mines.

**Reply to the Government**

Recently a Study of the loss-making mines has been conducted by the Coal India Limited. According to the Study, 144 mines are losing heavily i.e. more than Rs. 200/—per tonne. Majority of these mines are located in Bharat Coking Coal Limited and Eastern Coal fields Limited.

In Eastern Coalfields Limited (ECL) and Bharat Coking Coal Limited (BCCL) the composition of underground production to total production is higher. One of the major factors which determines the cost of production



either in underground mines or in opencast mines is the size of the mine. By and large due to the presence of old working and existence of various geo-mining problems even after re-organisation of some of the mines, the average size of the mines in Eastern Coalfields Limited and Bharat Coking Coal Limited is smaller. Besides other factors, the utilisation of manpower in smaller mines tends to get restricted. Particularly in underground mines geominig condition like the depth of mines, inclination, type of roof thickness of the seam etc. influence the requirement of manpower and investment which inturn affects the cost of production. Most of the mines in Jharia and Raniganj Coalfields have one or more of these adverse conditions.

Coal India Limited have informed that problems of each of these mines have been analysed and action programme for improvement in production and productivity is being drawn up with a view to reduce losses and to make some of these mines viable. This will necessarily involve redeployment of manpower and other resources employed in these mines. Even after taking these steps, Coal India Limited will have a nufbber of mines incurring losses, mainly the underground mines in ECL and BCCL where there are limitations in augmenting production to break even level because of various geominig problems.

The recommendation is accepted in principle. However, it may be difficult to handover such mines to the users as captive mines if they form part of a block surrounded by other mines of the Coal Company. Therefore individual proposals received could be examined on merits in each case.

[Ministry of Coal O.M. No. 55019/1/92—CA, dated 8.1.1993]

**Recommendation Sl. No. 55 (Paragraph No. 8.68 and 8.69)**

The committee note that coal companies receive many complaints from various consumers. Most of the complaints relate to quality and size of the coal which reportedly arise due to presence of extraneous materials and over-sized coal. Certain complaints are received on account of short receipt of coal. During the years 1988-89, 1989-90 and 1990-91 (April-November) CIL and its subsidiaries received as many as 466, 278 and 192 complaints respectively. Both CIL as well as Department of Coal have informed the Committee that several steps are being taken to remove the complaints. The main steps include picking up extraneous materials before loading of coal and installation of crushers to cut the over-sized coal. Besides CIL has taken up a crash plan to instal weighbridges to weigh the coal before despatching the coal. Quantity of coal weighed before despatch has increased from 51% in September, 1989 to 64% in September, 1990. CIL has also appointed a high power committee to assess accurately the status of implementation of various measures adopted towards consumers satisfaction. The high power committee will also give recommendations for new actions for consumer satisfaction. The complaints are also being monitored

in the Department of Coal, the Committee have also been informed by CIL that with the steps taken towards consumer satisfaction the total number of complaints have reduced from 518 in 1985-86 to 278 in 1989-90. The Committee desire that various actions being taken to remove complaints about quality and quantity, installation of weighbridges, crushers etc. should be completed expeditiously. The Committee desire that they should be informed of the recommendations of the high power committee set up to assess the implementation of the various measures as also the suggestions for new actions to be taken for consumer satisfaction.

The Committee find that highest number of complaints came from power houses. For instance out of total 466 complaints during the year 1988-89, 308 complaints were from the power houses. Similarly, during the year 1989-90, out of total 278 complaints, 169 were from the power houses. Chairman, CIL informed the Committee that the main complaints from power houses were due to presence of extraneous material. The Ronghe Committee appointed by the Government is reported to have recommended that all power houses located at 500 kms. distance should be supplied beneficiated coal for which a number of coal beneficiation plants are needed. So far NTPC has chosen two such projects for which beneficiated coal will be supplied. The Committee feel that since Government has accepted the recommendations of the Ronghe Committee, it should find ways and means to implement the same and accordingly requisite number of beneficiated coal plants should be installed in a time bound programme. This they hope will reduce the complaints from power houses considerably.

### Reply of Government

Recommendations of the Committee appointed *vide* CH: C-4B: 44539(QNTY): 1653-71 dated 17.4.1990 are given below. It is expected that implementation of these recommendations would go along in redressal of consumers grievances in respect of grade, size and weightment.

(i) The officer responsible for blasting of Open Cast Mine will have to ensure that no extraneous materials are allowed to be present in coal face **before blasting**. He will be provided with Wheel Dozer to clean out the face of the Boulders/Extraneous materials from the coal face. This Dozer will also be utilised in CHP siding for handling the stones and for cleaning/removing the extraneous materials/stones boulders etc.

(ii) Many of the Mines where quality complaints are coming from consumers, contain band of various thickness. For such cases a proper assessment has to be made for deciding one of the following courses of action:

(a) Band thickness of less 0.3 metres.

(b) Band thickness varying between 0.3 metres to 1.2 metres depending on the hardness of band.

(c) Band thickness more than 1.2 metres.

The Committee is of the opinion that band of less than 0.3 metres cannot be segregated in the Mechanised Open Cast Mines and there is no option but to leave these in coal and grade the seam including these bands.

In case of band thickness between 0.3 to 1.2 metres it is possible to remove these bands by a Dozer Ripper (dozer of 410 HP). It is necessary to get these bands tested by BEML to ascertain that they are rippable and the decision to introduce should be taken on the basis of the outcome of BEML report.

In case of bands more than 1.2 metres thickness a suitable size Hydraulic Shovel should be used for cleaning the band. This however, entails proper planning so that removal of bands matches with the total operation of the Open Cast Mines i.e. band removal should not hamper the rate of production of coal.

(iii) In order to ensure prompt action for improvement of quality it is necessary that a few samples from the rake/truck are taken in a random manner and analysed for ash alone and the result of the same should be made available to concerned Manager within 48 hours.

(iv) The Committee recommends that company may examine the concept of modular washing and make study specially for some of the large Open Cast offending mines for quality. If technoeconomic study of modular washing brings even marginal gain, the same may be considered for implementation on trial basis.

(v) Committee also felt that future project reports for open cast/underground mines must have a chapter on quality improvement of supplies, where the planners will address themselves more clearly for the system of mining, in order to get a better product. This chapter will also include any special work included in CHP etc. which have been basically thought for product improvement. Committee members noted that engagement of general majdoors etc. for picking in stocks is not affective, it is therefore recommended that a piece rated system of payment made to workers should be on the basis of stone/shale measurement as picked up from the coal stock and not on the basis of picked coal despatch.

(vi) The Committee recommends that a regular follow up and monitoring of the various activities should be undertaken by the Subsidiary Hqrs. and the General Manager of the Areas. In addition every month there should be a total review of the progress of the implementation of various recommendations of the Committee by the concerned Area General Manager and the General Manager (Quality Control) at the Headquarters level.

(vii) Where maintenance of declared grade is not going to be feasible

Committee recommends actions for declassification and declaration of appropriate grade.

Whereas these recommendations are at various stages of implementation as far as CIL's meagre resources permit the following steps already taken by CIL have started showing positive signs of improvement in consumer satisfaction.

#### **Steps taken for consumer satisfaction**

##### *(i) Coal weight satisfaction*

(a) Special drive to get release of sites by railways for installation of weighbridges at nodal points.

(b) Improve infrastructural facilities for uninterrupted power supply, availability of spares including imported components.

(c) Improve coordination between certification (of existing weighbridges) by the railway authorities and Department of Weigh & Measures of the respective State Governments.

(d) Persue vigorously with railways for improving utilisation of weighbridges owned by them for coal wagons weightment.

The above steps taken already would take CIL beyond 71% of weighed coal despatches achieved for 1991-92.

##### **Percentage of weighed coal supplied during 1991-92:**

Subsidiaries:	ECL	BCCL	CCL	NCL	WCL	SECL	CIL
Percentage:	94	62	70	76	72	64	71

##### *(ii) Coal size satisfaction*

Size problems are confined to subsidiaries producing opencast large size coal. The following major CHP projects under construction are likely to be completed by 1992-93.

Subsidiaries	No. of CHPs	Capacity
ECL	5	10.33
CCL	4	4.25
NCL	2	7.00
SECL	3	2.60
WCL	1	1.50
CIL	15	25.68

##### *(iii) Coal quality satisfaction*

(a) Introduction of joint sampling at the loading points for all core sectors.

(b) Supervision of quality by a third party namely the Coal Controllers Organisation.

(c) Fixing responsibilities for quality coal loading by nominating one Officer Incharge both for individual railway sidings/loading points and a

Area Quality Control Officer for the entire area.

*(iv) Overall Consumer Satisfaction*

(a) Appointment of General Manager (Consumer Services) at Delhi, Calcutta, Lucknow, Bombay and Hyderabad.

(b) Regional Councils with consumers' representatives as members amongst others and CMD as Chairmen formed to cover consumers for each producing subsidiaries. A superordinate body National Coal Consumer's Council has also been formed to further improve consumer satisfaction.

Recommendations made by the Ronghe the Committee have been accepted by the Government and accordingly, 3 coal washeries for beneficiation of non-coking coal for supplying to the power stations are under different stages of construction at Piparwar in Central Coalfields Ltd., Bina in Northern Coalfields Ltd. and Kalinga in Mahanedi Coalfields Ltd. The recommendations of the Ronghe Committee covered the power stations located more than thousand kilometres away from the coal mines. Besides, there are other consumers of coal for whom the quality of coal is equally important. In order to deal with the quality complaints relating to over-size coal, coal handling plants are being set up and efforts are being made to pass maximum quantity of coal through these coal handling plants before coal is despatched to the consumer. However, unless coal is beneficiated it is not possible to remove all the extraneous materials and improve the quality of coal. For this purpose it has been decided to set up pithead washeries. But due to resource crunch the coal companies are unable to find capital funds for setting up of such washeries. In order to overcome the problem of lack of resources it has been decided to allow private sector washeries to be set up near the pitheads for beneficiating coal for and on behalf of Coal India Ltd. These washeries will, however, work on "laundry" concept. Coal India Ltd. will pay washing charges and take back the washed coal as well as other products for supply to the linked consumers. This decision will be implemented after necessary amendments in the legislation.

In addition to the setting up of washeries at the pithead consumers of coal are being persuaded to set up beneficiation plants at the receiving end. So far only one cement company has set up washery near the receiving plant in Madhya Pradesh.

[Ministry of Coal's O.M. No. 54012/2/92-CPD dt. 8.1.1993]

**Recommendation Sl. No. 56 (Paragraph No. 8.70)**

8.70 From the date supplied to the Committee about the complaint received against the employees of CIL and its subsidiaries during the last 3 years the Committee got an impression that production and marketing of coal could be highly prone to corruption. The Committee are distressed to

note that as many as 1715 complaints against the Officers of CIL and its subsidiaries were received during the last 3 years viz. 1987-88, 1988-89 and 1989-90. Appropriately the coal companies have been equipped with better vigilance set up. The vigilance wings of CIL, ECL, BCCL, CMPDIL, CCL and WCL are headed by the police officers of the ranks of IG and DIG drawn on deputation basis. All these officers have designated as Executive Director (Vigilance). The two subsidiary companies which are not having senior police officers in their vigilance wings are SECL and NCL. The Committee desire that Vigilance wings of these two companies may also be strengthened by appointing two police officers.

#### **Reply of the Government**

Government is already processing action for appointing senior police officers as Executive Director (Vigilance), to head the vigilance organisation in SECL and NCL. The Department of Personnel & Training have been requested to recommend suitable panel of names for the purpose and the matter is being pursued with them. Currently, difficulty is being experienced in getting a panel of names.

[Ministry of Coal O.M. No. 54012/2/92—Vig. dated 8.1.1993]

#### **Recommendation Sl. No. 57 (Paragraph No. 8.71)**

8.71 The gravity of the corruption in CIL and its subsidiaries can be gauged by the fact that during the last 5 years as many as 85 officers/employees underwent major penalties. Out of these 48 officers/employees were dismissed from the service, one was compulsorily retired and the major penalty of reduction of rank and reduction in stage was imposed on 36 officers/employees. During the same period minor penalty was imposed on 88 officers/employees. Even now upto September, 1990, as many as 75 cases against officers/employees of coal companies were pending investigation by CBI. Besides 345 officers/employees were facing regular departmental enquiries. The Committee recommend that these enquiries be completed expeditiously and officers/employees found guilty should be awarded adequate punishments so that it serve as an eye opener to other employees of coal companies in general. The Committee would also like the Government to get the CBI cases expeditiously investigated. Needless to point out that necessary action will be taken against the officers/employees found guilty by the CBI/CVC.

#### **Reply of the Government**

To strengthen the vigilance machinery in CIL and its subsidiaries to enable quicker completion of enquiries, full time enquiry officers/presenting officers/legal officers have been appointed. In respect of cases pending investigation by CBI, the CBI officers are regularly reminded to complete their investigations and submit their recommendations. Prompt and effective action is taken against the officers/employees found guilty by CBI/CVC. As on 30th June, 92, departmental enquiries are pending against 246

officers/employees and 83 cases against officers/employees of coal companies are pending investigation by the CBI.

[Ministry of Coal O.M. No. 54012/2/91-Vig. dated 8.1.1993]

**Recommendation Sl. No. 58 (Paragraph No. 8.72)**

The Committee have been informed by CIL that they have been facing certain law and order problems in managing their mines in Bihar and West Bengal. The most affected company is BCCL where mafia indulge in cornering contract works, exploitation of labour by money lending business, organise pilferage of coal from loaded rail wagons etc. Reportedly several steps have been taken by the coal companies to eradicate the mafia problem. The major steps taken in this direction are abolition of contract works, giving transport work to co-operatives formed by ex-servicemen/local villagers, awarding of major civil works to other public sector undertakings, taking assistance of local authorities etc. Department of Coal has also informed that the problem of law and order in coal areas has been taken up with concerned States as also with the Ministry of Home Affairs. The Committee are, however, perturbed to note that certain State Governments are not responding well to these problems. The Committee recommend that to eradicate the mafia/law and order problems in the coal mining area completely, the matter may be taken up at the highest level in the Government.

**Reply of the Government**

Coal companies and Government of India have been keeping close contacts with the State Governments on measures required to be taken to curb the activities of un-social elements and tackling other law and order problems.

Efforts are being made by Coal Companies and Govt. to stream line the supply of coal, improve the availability of coal and also liberalise the sale of coal so as to reduce the influence of un-social elements in blackmarketing of coal.

Due to financial constraints and practical problems (e.g. prevention by villagers of sand collection and transportation), it has not been possible to totally eliminate contract work. However, efforts are being made to eliminate contractors to the extent possible. Steps have also been taken to improve the bidding systems so as to reduce the problems related to contract works.

This matter has also been taken up at the highest level. The Minister of State for Coal has recently requested the Chief Ministers of West Bengal, Bihar and Orissa to help the coal companies in dealing with un-social elements and tackling law and order problems in the Coal Mining areas.

[Ministry of Coal O.M. No. 54012/2/92-IP dated 8.1.1993]

### **CHAPTER III**

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

### **Recommendation Sl. No.3 (Paragraph No. 2.13)**

The Committee find that for the first time a Memorandum of Understanding (MOU) was signed between the Deptt. of Coal and Coal India Ltd. for the year 1989-90. Subsequently a similar MOU was signed for the year 1990-91. However, there are diverging views of the CIL and Department of Coal in regard to its usefulness. The Committee was informed during the evidence by Chairman, CIL that the current MOU was in the form of an extension of Annual Action Plan, which the Deptt. of Coal finalise every year in consultation with Planning Commission. He also stated that while CIL could commit for certain obligations, the administrative Ministry was not in a position to commit itself in certain areas like supply of power, availability of wagons, lands etc. Besides, he pleaded that like other countries, MOU should be signed for a period of 3 to 5 years. While admitting certain limitations, the Department of Coal stated that the concept of MOU was new and the idea of delegating additional powers to CIL under MOU on year to year basis was to continuously evaluate and monitor the system and to find ways and means to improve its efficacy. However, the problems regarding availability of power and wagons etc. were being solved by coordinating with the concerned agencies. As the annual targets etc. are given in Annual Action Plan, which is finalised in consultation with Planning Commission annually the Committee recommend that MOU should be signed at least for a period of 5 years. This will also ensure more autonomy to the holding company. Further the suggestion of CIL to include price revision and discontinuation of supply of coal to defaulting customers within the ambit of MOU needs consideration by the Government.

### **Reply of the Government**

The recommendation of the Committee that the MOU should be signed for a period of 5 years was referred to the Department of Public Enterprises (DPE) for consideration as the MOUs with PSUs are drafted under the general instructions issued by DPE. The DPE have conveyed that this issue has been discussed by the Adhoc Task Force on MOU and the members generally expressed the view that the system of signing MOU for one year is preferable to a system of signing it for 5 years. The suggestions of CIL to include price revision and discontinuation of supply of coal to defaulting customers within the ambit of MOU have been considered by the Government alongwith all the likely implications these



would have on the economy as a whole. These suggestions have not been accepted by the Government.

[Ministry of Coal O.M. No. 54011 / 2 / 92-CPFC dated 8.1.1993]

**Recommendation Sl. No. 7 (Paragraph No. 2.17)**

The Committee find that presently Memorandum of Understanding is signed between the Government and Coal India Limited. The Committee desire that MoU should also be signed between the management and the workers so that clear targets of production and productivity are made available to the workers.

**Reply of the Government**

The suggestion is not feasible as it would be extremely difficult to decide the representative who can sign MoU on behalf of workman in general. Moreover, the system of signing MoU between the management and workmen has not been in vogue in any of the Public Sector Undertakings in the country. Since CIL has a large workforce and operations are spread over 8 States, it does not seem feasible to undertake any such exercise.

[Ministry of Coal, O.M. No. 54012/2/92-IR dated 8.1.1993]

**Recommendation Sl. No. 29 (Paragraph No. 4.92),**

Chairman, CIL informed the Committee during his evidence that there had been a tendency to indicate higher demand by the end users of coal on the basis of which the production targets were being fixed in consultation with Planning Commission. With the result actual offtake had been less than the expected demand. The Committee would like the Planning Commission to take care of this factor so that the expected demand from various users is very near to their actual requirements. The Committee also feel that since the coal production requires advance production planning particularly in the form of opening up of new mines, there should be some sort of commitment by the endusers so that the coal companies do not suffer on account of coal users' over estimation of demand.

**Reply of the Government**

The recommendation of the Committee has been conveyed to the Planning Commission for consideration.

[Ministry of Coal O.M. No. 54011/2/92-CPFC dated 8.1.1993]

### **Further Reply of the Government**

The recommendation of the Committee was conveyed to the Planning Commission for consideration. The Planning Commission has not accepted the view that the demand projections are in-accurate, and has observed that the mismatch between production and demand is primarily owing to the following factors:—

- (i) Consumption materialisation may have been falling short of demand due to qualitative and quantitative mismatch of coal supply from Coal India (Steel sector has resorted to higher imports of coking coal. A number of industries like power, cement, domestic soft coke are not supplied with adequate coal).
- (ii) The supply plan of Coal India does not fully match the production centres and consuming sectors. This has resulted in accumulation of pithead stocks in a number of production centres without any evacuation facilities while coal is not available where such facilities exist.

Planning Commission have, therefore, observed that the demand of coal as estimated annually and five yearly is broadly consistent with the projected growth of the economy.

[Ministry of Coal O.M. No. 54011/2/92-CPFC dated 4.3.1993]

#### **Recommendation Sl. No. 32 (Paragraph No. 4.95)**

The Committee on Public Undertakings in their 25th Report (1986-87) had noted that the punishment awarded to the persons found responsible for coal shortages was not commensurate with the offence committed. The Committee had accordingly recommended that as agreed to in evidence by Additional Secretary, Department of Coal, the Government should revise the guidelines for awarding punishment with a view to providing severe and exemplary penalties for those found responsible for shortages of coal. The Committee, however, regret to note that the guidelines have not been revised so far. The same guidelines which were spelt out by the Government in 1986-87 are yet to be incorporated in the relevant rules of CIL. The Committee take serious view of the matter particularly when the representatives of Department of Coal had agreed to revise these. Since then about 4 years have elapsed without any progress. The Committee are not satisfied with the new argument of the Department of Coal that it would not be legally possible to frame general guidelines. The Committee wonder how in the absence of any guidelines coal companies take disciplinary action against the erring officials.

#### **Reply of Government**

The view of the Government is that it is for the disciplinary authority to decide the nature and quantum of punishment to be awarded in a case after taking the specific circumstances of the case into consideration.

However, in case the management is of the view that punishment awarded is not commensurate with the offence committed, there should be powers of reviewing the punishment to be exercised at a higher level.

Apart from making top management responsible for shortages, Govt. have also issued instructions that surveyors would get the stocks measurements signed by concerned Managers and send them to General Managers for necessary action. In the event of shortages being beyond the acceptable level, General Managers will immediately initiate suitable departmental as well as criminal action.

[Ministry of Coal, O.M. No. 54012/2/92-CPD dt. 8.1.1993]

**Recommendation Sl. No. 38 (Paragraph No. 5.33)**

The Committee find that besides NEC, where hiring of heavy HEMM is unavoidable due to seasonal mining, ECL had also been hiring HEMM at considerable costs. The hiring cost of HEMM by ECL during the years 1987-88, 1988-89 and 1989-90 was Rs. 41.65 crores, Rs. 35.41 crores and Rs. 39.11 crores respectively. In this connection the Committee on Public Undertakings (1986-87) while examining the working of ECL had found certain irregularities in awarding work to private parties and had recommended a probe in the matter by an independent expert body. In pursuance of the Committee's recommendations the Government appointed an Expert Group to look into the various issues connected with the hiring of HEMM by ECL. Based on the Expert Group recommendations the Government decided in 1988 to discontinue the hiring of HEMM in a phased manner within the next 3 years. The Committee were informed by the Department of Coal that CIL and ECL had been asked to totally stop the hiring w.e.f. 1.4.1991. However, reacting to the total stoppage of hiring, Chairman, CIL stated before the Committee that good quality of coal existed in eastern sector in small and isolated patches and for that hired equipments were economical as compared to the departmental machines / equipments. He also stated that to replace the hired equipments, more investments will have to be made in procuring new machines failing which there would be loss of production in ECL to the tune to about 4 million tonnes annually. Coal Secretary also informed the Committee that coal companies had raised this problem and they were re-examining the matter. The Committee desire that hiring of HEMM should be resorted to only in extraordinary circumstances where the capacity utilisation of internal machines had reached at an optimum level.

**Reply of the Government**

In fulfilment of the commitment made by the Government to phase out the hiring of HEMM in ECL, the hiring of HEMM in CIL / ECL has been stopped w.e.f. 1.4.1991.

[Ministry of Coal O. M. No. 54012 / 1 / 91—CML Dt. 8.1.1993]

**CHAPTER IV**  
**RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF**  
**GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE**  
**COMMITTEE**

**Recommendations Sl. No. 30 (Paragraph No. 4.93)**

Chairman, CIL also informed the Committee that at present most of the power houses in the country were carrying coal stocks for 15 days consumption as against 90 days stock kept by power houses in U.S.A. In this connection he pleaded that power houses in the country should keep more stocks to overcome any problems in regular supply of coal. He also suggested that some stockyards could be build up near the main end-users. The Committee find merit in these suggestions and accordingly recommend that Government should examine the matters in detail with concerned parties before taking a final view in the matter.

**Reply of Government**

Thermal Power Station authorities have been impressed upon the need to build up sufficient coal stock with them to avoid any critical stock situations which may arises due to temporary disruptions in movement of coal. As on 16th July, 1992 the total stock with various power stations in the country was of the order of 30.08 lakh tonnes.

It is however, relevant to mention here that there are lot of constraints in the matter of stock building by Power Station. The financial position of power station authorities may stand in the way of stock building. The power stations may not also have adequate storage space. There are also problems regarding movement and unloading capacities at power stations.

[Ministry of Coal, O.M.No. 54012 / 2 / 92—CPD Dated. 8.1.1993]

**Comments of the Committee**

(Please see Paragraph 19 of Chapter I of the Report)

**Further Reply of the Government**

At the time of factual verification of the Report, the Ministry of Coal added:

“Despite these constraints coal stocks with the thermal power stations which are being monitored by Central electricity Authority registered an impressive growth of 1.29 M.T. from 4.15 M.T. as on 1.3.1992 to 5.45 M.T. as on 1.3.1993 (Data provisional). This stock is adequate to meet the requirements of the power houses for eleven days.”

[Ministry of Coal O.M. No. 54012/2/92-OPD dated 5.3.1993]

**Recommendation Sl. No. 33 (Paragraph No. 4.96)**

The Department of Coal also informed the Committee as far back as in March 1988 that CIL had appointed an Expert Group to go into the existing production despatch, stock reporting system with a view to remedy the deficiencies, if any, that exist.

However, it came out during the examination of CIL that Indian Institute of Management, Calcutta, which was entrusted to go into the matter had not submitted any report so far. The Department of Coal has also tried to wash their hands by merely saying that it was an internal matter of CIL and they did not remind the CIL to get the report of experts expedited. The Committee cannot but deplore the callous attitude both of CIL as well as Department of Coal as both of them just slept over the matter after informing the Parliamentary Committee. The Committee would like the CIL/Department of Coal to get the report expedited. Needless to point out necessary action should be taken on the expert's report expeditiously.

**Reply of Government**

Coal India Ltd. have reported that the committee headed by the then Director Dr. R.P. Aiyar, Indian Institute of Management, Calcutta failed to finalise its recommendations with regard to Development of Management information system including reports on production, despatch, coal stock etc. besides other items of information. Coal India Ltd. are also not pursuing the matter since the Chairman of the Committee Dr. Aiyar, the then Director, IIM Calcutta has retired from the Institute and the then Secretary of the committee is also not working with Coal India Ltd.

CIL Board had appointed a committee on 20.12.1990 to examine the old Balaram Committee report and recommend a uniform system of maintenance, Control and Verification of coal produced, overburden removed and coal stocks held in all the mines. The report of this committee has since been received and also approved by the Board of Directors of Coal India Ltd. in its meeting held on 22.8.1991.

[Ministry of Coal, O.M. No. 54012/2/92-CPD dt. 8.1.1993]

**Comments of the Committee**

(Please see paragraph 22 of Chapter I of the Report.)

**Recommendation Sl. No. 34 (Paragraph No. 4.97)**

The Committee have also been informed that two more sub-Committees have been appointed to go into the prevailing system of maintenance, control and verification of coal stocks at all mines. While one sub-Committee has been constituted by CIL Board on 20th December, 1990 the other Committee has been appointed by the Consultative Committee for the Ministry of Energy on 20th September, 1990. The Committee recommend that these sub-Committees should be asked to submit their

Reports within a short specified period. The Committee would also like to know the recommendations of these sub-Committees as also the action taken by the Department of Coal/CIL on the recommendations.

#### **Reply of Government**

CIL Board appointed a committee on 20.12.1990 to examine the old Balaram Committee Report and recommended a uniform system of maintenance, control, verification of coal produced, overburden removed and coal stock held in all mines. The Board of Directors of Coal India Ltd. has approved the recommendations of this Committee in their meeting held on 22.8.1991.

This code for uniform system of maintenance, control and varification of coal stock is intended to clearly identify the lapses on the part of Line Managers in area related to reporting of removal of overburden, production of coal and measurement of coal stock besides other related items of information. As such this code would improve the accountability and responsibility in respect of coal stock shortages.

As regards the sub-committee appointed by the Consultative Committee, Shri Naresh Puglia, one of the member of Sub-Committee visited Western Coalfields Ltd. and furnished a factual report indicating some stock shortages. The sub-committee, however, could not finalise its report. The Consultative Committee has since been reconstituted on 21.8.1991.

[Ministry of Coal, O.M. No. 54012/2/92—CPD dt. 8.1.1993]

#### **Comments of the Committee**

(Please see Paragraph 25 of Chapter I of the Report)

## CHAPTER V

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

#### **Recommendation Sl. No. 12 (Paragraph No. 3.43)**

Besides delay in land acquisition certain projects are reported to have got delayed due to agitation/disruption by local youth for jobs and rehabilitation of the persons evicted from the land acquired for the coal projects. The Committee are apprised that recently a rehabilitation package has been signed with the displaced persons in respect of Sonepur Bazari Project and the same has got acceptability of the concerned State Governments as well as all affected persons. This package according to CIL and the Ministry is more liberal and has been made applicable to all coal projects in the country. The Committee are also informed that the Government is considering an improvement over Sonepur Bazari Project package on the pattern of Narmada project which was applicable to Madhya Pradesh and Gujarat. The Committee hope that with these packages for rehabilitation programmes, the coal companies will get over the problems of land acquisition which has affected many projects in the past. The Committee would like to be apprised of the details of the new rehabilitation package, after it is finalised and approved by the Government.

#### **Reply of the Government**

A comprehensive and liberal economic rehabilitation package for the effective rehabilitation of not only land losers but also those depending on land for their livelihood has been submitted to the Government and final decision of the Government thereon is still awaited.

[Ministry of Coal, O.M.54016/16/92-LSW, dated 8.1.1993]

#### **Comments of the Committee**

(Please see paragraph 7 of Chapter I of Report)

#### **Recommendation Sl. No. 47 (Paragraph No. 7.40)**

About pricing policy, CIL has suggested to the Government to fix the coal prices on gross calorific value content in various grades of coal instead of prevailing system of fixation of coal prices on the basis of useful heat value (UHA). This was also agreed to by BICP.

CIL also brought out that certain coal projects inspite of their non-viability have been taken up by the coal companies in overall national interest. In this regard BICP had recommended that coal supplied to power stations installed after 1.4.1987 should have price structure based on normative cost with adequate return on capital employed. The Committee

have been informed by the Department of Coal that while fixation of price on the basis of calorific value content is under consideration of Government, suggestion for project based pricing is not considered practical. The Committee recommend that the Government should consider these issue which have approval of BICP and take a decision in the matter at the earliest.

#### **Reply of the Government**

The proposal regarding project based pricing has not been favoured by Ministry of Power. In the meantime BICP have once again undertaken extensive cost studies of the coal industry in 1990 and have recently submitted their interim policy recommendations. Among other things, fixation of price on the basis of GCV has also been recommended by them. This is under consideration of the Government. BICP have not submitted their final report so far.

[Ministry of Coal O.M. No. 55019/1/92-CA dated 8.1.1993]

NEW DELHI;  
March 17, 1993

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Phalgun 26, 1914 (Saka)

A.R. ANTULAY  
Chairman,

Committee On Public Undertakings.



## APPENDIX I

*Copy of Ministry of Finance, Department of Expenditure, Plan Finance II Division O.M. No. 1(6) PF.II/91 dated 24th August, 1992 regarding Revised guidelines for PIB/EFC Procedures. (vide reply to recommendation No. 17 in Chapter II of the Report).*

### OFFICE MEMORANDUM

**SUB: Revised guidelines for PIB/EFC Procedures**

Government have since reviewed the existing guidelines in respect of Public Investment Board (PIB) procedures, with a view to rationalising them by delegating higher financial powers to the Ministries/Departments, for expediting investment decisions. It has been decided as under :—

I. The existing limit of Rs.20.00 crores for the consideration of investment proposals of various Ministries/Departments by PIB/CCEA, is increased to Rs.50.00 crores.

II. As far as in Revised Cost Estimates (RCE) are concerned, increases in costs, will be approved by the administrative Ministry/Department, in consultation with Planning Commission, where such increases are due to (a) increase in statutory levies, (b) exchange rate variation, and (c) price escalation, within the originally approved project time cycle.

III. Revised Cost Estimates which exceed 5% (Five Percent) of the approved cost estimates (arrived at after excluding the escalation due to increase in statutory levies, exchange rate variation and price escalation, within the originally approved project cycle time as indicated above) would be submitted to the PIB/CCEA for approval.

IV. Any further increase of 3% (Three percent) in the Revised Cost Estimates (after providing for increases due to increase in statutory levies, exchange rate variation and price escalation within the approved project time cycle, as explained above) would require to be submitted to PIB/CCEA for approval afresh.

V. However, cost increases due to time overrun alongwith increases due to other reasons such as changes in scope, under estimation etc. would require to be suitably explained while putting up the proposal for the consideration of PIB/CCEA. In this connection attention is also invited to the instructions contained in our O.M.Nos.1(1)/PF II/85 dated 17th September, 1991 and April 3, 1992, regarding furnishing the detailed breakup of capital cost estimates and the determination of responsibility for such escalation. *It shall be the responsibility of the Administrative Ministry and the Chief Executive of the concerned public sector undertaking*

to ensure that the Revised Cost Estimates are brought to EFCs/PID/CCEA, sufficiently before actual expenditure exceeds the approved cost estimates and towards this end they ensure that such 'mandatory review' is conducted as prescribed.

VI. With a view to providing adequate funding for pre-investment activities necessary for the preparation of a good Feasibility Report to ensure more reliable cost estimates for effective decision making, the present delegated powers of the Ministries for the preparation of Feasibility Reports including the pre-investment activities are increased from the present limit of Rs.20 lakhs to Rs.1.00 crore, in respect of projects with cost not exceeding Rs.50.00 crores.

VII. As a result of the above enhanced delegation the revised procedures of Expenditure Finance Committee (EFC) will be as follow :—

(i) Standing Finance Committees (SFCs) of Ministries/Departments would consider investments/expenditure proposals up to Rs. 5 crores, as at present.

(ii) Proposals involving expenditure of Rs.5 crores and up to Rs.20 crores would be considered by the EFC chaired by the Secretary of the concerned administrative Ministry. However, proposals which have a staffing component of more than 10% of the total outlay will be outside the delegated powers of the Ministry/Department, and are required to be posed to the Ministry of Finance for clearance, as per the existing instructions.

(iii) Proposals of Rs.20 crores and up to Rs.50 crores (including schemes involving outlays of Rs.20 crores and above where returns are not quantifiable), would be considered by the EFC chaired by Secretary (Expenditure). In these cases, the approval of the recommendations of the EFC would be accorded by the Minister of the administrative Ministry and also the Finance Minister.

(iv) In respect of Scientific Ministries/Departments, the EFCs will be chaired by the Secretary of the concerned administrative Ministry as at present, to consider various proposals. The recommendations of these EFCs will require the approval of the Minister of the administrative Ministry in respect of the proposals up to Rs.20 crores, and also of the Finance Minister, in respect of the proposals of Rs.20 crores and above upto Rs. 50 crores.

VIII. Investment proposals involving outlays of Rs.50 crores and above would be required to be posed to PIB/CCEA for considera-

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tion. The existing practice of PIB of scientific Ministries/Departments being chaired by the respective Secretaries would continue.

IX. Further, it has been decided that :

(a) The consideration of all cases will be subject to the availability of funds in the Annual Plan/Eighth Five Year Plan outlays of the Ministries/Departments.

(b) Provision would be made for technology/geology surprises which surface during the execution of the project at the maximum of 2% of the approved cost.

(c) Zero date may be reckoned from the date of sanction which is after the second stage clearance. Only where the zero date might be required to be reset depending upon the circumstances of the cases it could be done at the time of approval of RCE. The Planning Commission may examine whenever there is a case for resetting zero date due to time lag in getting possession of land, environmental clearance etc.

2. Necessary amendments to the Delegation of Financial Powers Rules (1978) and to Transaction of Business Rules are being issued separately.

3. These instructions come into force immediately.

Sd/-

(D. C. GUPTA)

*JOINT SECRETARY TO THE GOVT. OF INDIA*

To

All Secretaries of Ministries/Departments of Govt. of India (by name)

All FAs (by name)

Adviser (PAD), Planning Commission

Joint Secretary (Finance), D/O Public Enterprises.

## APPENDIX II

*Statement showing Rehabilitation status of equipments in CIL during 1990-91 (vide reply to recommendation No. 35 in Chapter II of the Report)*

	ECL		BCCL		OCL		NCL		WCL		SECL		CIL	
	TAR	ACH	TAR	ACH	TAR	ACH	TAR	ACH	TAR	ACH	TAR	ACH	TAR	ACH
Shovel	14	15	8	11	3	4	1	—	14	5	10	1	50	36
Dumper	91	63	94	76	88	82	44	65	80	55	92	62	489	403
Dozer	16	18	23	26	12	18	17	13	6	2	38	14	112	91
Drill	3	12	16	10	9	8	6	11	5	2	14	9	53	52
P/Loader	9	8	5	—	20	21	2	6	3	3	8	3	47	41
Grader	—	—	1	1	—	—	—	—	—	—	5	—	6	1
Others	—	4	—	—	—	—	—	—	4	3	4	1	8	8
<b>Total</b>	<b>133</b>	<b>120</b>	<b>147</b>	<b>124</b>	<b>132</b>	<b>133</b>	<b>70</b>	<b>95</b>	<b>112</b>	<b>70</b>	<b>171</b>	<b>90</b>	<b>765</b>	<b>632</b>

### APPENDIX III

*Minutes of the 45th sitting of the Committee on Public Undertakings held on  
17th February, 1993.*

The Committee sat from 15.00 hrs. to 16.00 hrs.

#### PRESENT

Shri V. Narayanasamy—*In the Chair*

#### MEMBERS

2. Shri Rudrasen Choudhary
3. Shrimati Bibhu Kumar Devi
4. Shri Madan Lal Khurana
5. Shri Suraj Mandal
6. Shri Peter G. Marbaniang
7. Shri V.S. Vijayaraghavan
8. Shri Devendra Prasad Yadav

#### SECRETARIAT

1. Shrimati P.K. Sandhu — *Deputy Secretary*
2. Shri T.R. Sharma — *Under Secretary*
3. Shri P.K. Grover — *Assistant Director*
4. Shri A.L. Martin — *Assistant Director*

#### OFFICE OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

1. Shri N. Sivasubramanian — *Dy. CAG (Commercial)  
-cum- Chairman, Audit Board*

2. **Shri K.S. Menon** — *Member Secretary, Audit Board*

In the absence of Chairman, the Committee choose Shri V. Narayanasamy to act as Chairman for the sitting under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

2.

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3. The officers of C & AG then withdrew from the meeting. Thereafter, the Committee considered the Draft Report on Action Taken by Government on the Recommendations contained in the 7th Report of C.P.U. (1991-92) on Coal India Ltd. and adopted the same.

4. The Committee authorised the Chairman to finalise the Reports on the basis of factual verification by the Ministry/Undertaking concerned and audit (in respect of reports mentioned in para 2) and to present the same to Parliament.

*The Committee then adjourned.*

## APPENDIX IV

(Vide Para 3 of the Introduction)

*Analysis of the Action Taken by Government on the recommendations contained in the 7th Report of the Committee on Public Undertakings (Tenth Lok Sabha) on Coal India Limited*

I.	Total number of recommendations	58
II.	Recommendations that have been accepted by the Government (Vide recommendations at Sl. Nos. 1,2,4—6, 8—11, 13—28, 31, 35—37, 39—46, 48—58)	48
	Percentage to total	82.75%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies (Vide recommendations at Sl. Nos. 3, 7, 32 and 38)	4
	Percentage to total	6.90%
IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee (Vide recommendations at Sl. Nos. 30, 33, 34)	3
	Percentage to total	5.17%
V.	Recommendations in respect of which final replies of Government are still awaited (Vide recommendations at Sl. Nos. 12, 29 & 47)	3
	Percentage to total	5.17%

CORRIGENDA TO THE 12th ACTION TAKEN REPORT  
OF CPU (1992-93) ON COAL INDIA LIMITED

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
1	5	6	project	package
2	8	2	for	or
4	18	4	ion	in
4	20	4	in	if
3	-	5 from bottom	not	no
10	-	4	appraised	apprised
12	-	10	'excellant'	'excellent'
13	-	1	shieil-	shield
			mining	mining
13	-	14	most	most of
13	-	3 from bottom	beign	being
15	-	last line	mangitude	magnitude
19	-	19	project	projects
22	-	10	coal	production
23	-	3	in	is
23	-	15 from bottom	The	They
24	-	13 from bottom	Sl. No. 4	Sl.No.24
28	-	13	persit	persists
29	-	11 from bottom	sleps	steps
29	-	3 from bottom	stuned	stunned
31	-	22	under- takne	undertaken
33	-	7	thier	their
35	-	19-20	sparable	spareable
36	-	11-12	sparable	spareable
36	-	3 from bottom	Seccession	Succession
37	-	18	25 the	25th
37	-	22	resters	rosters
37	-	13 from bottom	hte	the
37	-	4 from bottom	GLE	ECL
39	-	4	reably	repay
41	-	9	The word 'in'	may be deleted
41	-	26	cost	cast
43	-	Last line	year	yearly
44	-	2 from bottom	enfens	enters
45	-	17	hydraulic	hydraulic
46	-	7	accument	document