

**36**

**STANDING COMMITTEE ON  
COAL AND STEEL (2017-2018)  
SIXTEENTH LOK SABHA**

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**MINISTRY OF COAL**

**THIRTY-SIXTH REPORT**

**"PRODUCTION, MARKETING AND DISTRIBUTION OF COAL"**



**LOK SABHA SECRETARIAT  
NEW DELHI  
January, 2018/Pausa, 1939(Saka)**

**THIRTY-SIXTH REPORT**

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**MINISTRY OF COAL**

**"PRODUCTION, MARKETING AND DISTRIBUTION OF COAL"**

**Presented to Lok Sabha on 03.01.2018**

**Laid in Rajya Sabha on 03.01.2018**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**January, 2018/Pausa 1939(Saka)**

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**COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL(2017-18)**

**Chairperson - Shri Rakesh Singh**

**Lok Sabha**

2. Shri Idris Ali
3. Shri A. Arunmozhithevan
4. Shri Chandulal Sahu
5. Smt. Jyoti Dhurve
6. Shri Shailesh Kumar
7. Dr. Banshilal Mahato
8. Shri Kamalbhan Singh Marabi
9. Shri Godam Nagesh
10. Shri Ajay Nishad
11. Smt. Riti Pathak
12. Smt. Ranjeet Ranjan
13. Shri Ravindra Kumar Ray
14. Shri Tamradhwaj Sahu
15. Shri Tathagata Satpathy
16. Shri Janardan Singh 'Sigriwal'
17. Shri Pashupati Nath Singh
18. Shri Rama Kishore Singh
19. Shri Sunil Kumar Singh
20. Shri Sushil Kumar Singh
21. Shri Krupal Balaji Tumane

**Rajya Sabha**

22. Dr. Pradeep Kumar Balmuchu
23. Shri Ranjib Biswal
24. Shri Md. Nadimul Haque
25. Shri Ranvijay Singh Judev
26. Shri Ram Vichar Netam
27. Shri Dilip Kumar Tirkey
28. Shri Alok Tiwari
29. Vacant
30. Vacant
31. Vacant

(ii)

## **SECRETARIAT**

1. Shri U.B.S. Negi - Joint Secretary
2. Shri Ajay Kumar Garg - Director
3. Shri Arvind Sharma - Additional Director
4. Shri Girdhari Lal - Under Secretary

(iii)

## **INTRODUCTION**

I, the Chairperson, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Thirty-Sixth Report of the Standing Committee on Coal and Steel (Sixteenth Lok Sabha) on "Production, Marketing and Distribution of Coal" relating to the Ministry of Coal.

2. The Standing Committee on Coal and Steel (2017-18) had selected the subject for detailed examination and report to the Parliament. The Committee took oral evidence representatives of the Ministry of Coal and Coal PSUs on 27.11.2017. Based on the oral and written testimony submitted to the Committee, a report on the subject was prepared.

3. The Committee considered and adopted the Report at their sitting held on 02.01.2018.

4. The Committee wish to express their thanks to the officials of the Ministry of Coal and Coal PSUs for placing before them and in furnishing material/information from time to time as desired by the Committee.

5. The Committee place on record their profound appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

6. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in Part-II of the Report.

**NEW DELHI;**  
**02 January, 2018**  
**12 Pausa 1939(Saka)**

**RAKESH SINGH**  
**Chairperson**  
**Standing Committee on Coal and Steel**

(iv)

**REPORT**  
**PART-I**  
**CHAPTER-I**  
**INTRODUCTORY**

Within the energy mix of the country, coal accounts for nearly 55 per cent of the total primary energy supply. Within the power sector, thermal power (particularly coal) dominates the share of total installed power capacity in India - Coal based thermal power accounts for around 59 per cent of the total installed capacity. Projections made by CEA (2016) indicate that the capacity addition in coal based power plants is expected to be around 50 GW between 2017 and 2022.

1.2 Further, a peep into the future electricity transition scenarios suggests that India has set itself ambitious targets in the area of renewable energy. Moving ahead in this direction, India is implementing the largest renewable energy expansion programme in the world. It envisages an increase in the overall renewable energy capacity to 175 GW by 2022. As a result, the share of renewables in total installed capacity in this scenario is likely to increase to around 43 per cent in 2027.

1.3 However, there is no denying the fact that till other forms of energy contribute significantly to cater to the energy needs of industrially and economically expanding nation; coal continues to stay dominant energy fuel for providing energy security in the country.

1.4 Keeping in view the pivotal role of coal as a major contributor to the energy mix as well as to the energy security in the country in the face of paradigm shift from being a largely fossil driven energy economy to one powered by clean and renewable form, the Standing Committee on Coal and Steel (2017-18) had selected the subject". Production, Marketing and Distribution of Coal". The Committee during their sitting held on 27.11.2017 examined the subject and deliberated on points like New Linkage Policy(SHAKTI); Coal production targets and their achievements by coal companies; Coal dispatches and their targets; New rail network for evacuation of Coal; Inadequate coal supply to power plants in Maharashtra and Jharkhand; Coal Washeries; E-auction

of Coal; Rationalization of coal linkages; Coal stock for power plants; Demand-Supply gap; import of coal; Protection of abandoned Coal lying at pit heads and its utilization, Prospective plan of the Ministry of Coal for coal production; utilization of mine water for drinking and irrigation purposes etc.

1.5 The detailed examination of the above issues by the Committee on the basis of written and oral information/testimony furnished by the representatives of the Ministry of Coal are highlighted in the succeeding chapters.



## CHAPTER-II

### PRODUCTION OF COAL

As per the Background note furnished to the Committee, production of coal is carried out by Coal India Limited (CIL), a Maharatna Company under Ministry of Coal and Singareni Collieries Company Limited (SCCL) a Joint venture of the State Government of Telangana and the Govt. of India with equity participation in the ratio of 51: 49 respectively. The details of annual coal production compiled by Coal Controller Organization for CIL are as under:-

#### (i) Demand and Supply

2.2 The details of demand and supply gap of coal during the last three years (fig in MT) as furnished by Ministry of Coal are as under:

Sub Co	2014-15 (Demand)	2014-15 (Act offtake)	Supply gap	2015-16 (Demand)	2015-16 (Act offtake)	Supply gap	2016-17 (Demand)	2016-17 (Act offtake)	Supply gap
ECL	38	38.5	-0.5	42.1	38.6	3.5	46.9	43	3.9
BCCL	35	33.7	1.3	35.9	36.1	-0.3	37	34.9	2.1
CCL	58	55.3	2.7	60.6	59.6	1	67	60.9	6.1
NCL	78	73.7	4.3	78.1	78.5	-0.4	82	83.5	-1.5
WCL	45	41.2	3.8	45.1	42.3	2.8	48	39.5	8.5
SECL	133	123.2	9.8	137	138.7	-1.7	149.7	137.7	12
MCL	132	123	9	150	140.2	9.8	167	143	24
NEC	1	0.7	0.3	1.2	0.3	0.9	1	0.8	0.2
CIL	520	489.4	30.6	550	534.5	15.5	598.6	543.3	55.3

2.3 While observing that during the year 2016-17, demand-supply gap reached to 55.3 MT which was only 15.5 MT during the year 2015-16, the Committee asked to explain the reasons and the steps that were initiated to narrow down it. In this regard the Ministry of Coal in a written reply informed the Committee that during the year 2016-17, many of the linked power stations restricted the supplies for the reason that they had to regulate generation of power due to stiff competition faced in Merit Order Dispatch system of power and also because they had carried huge stocks at their plants. The demand from other sectors was also subdued in comparison to the demand projection. Use of petcoke by cement plants had also reduced the effective demand of

coal. The increase in gap during the year 2016-17 as compared to 2015-16 is not due to shortfall in availability of coal, but due to subdued demand. In fact, the total pit-head stock at the mines of CIL had increased to 68.421 MT as on 31.3.2017 as against 57.643 MT as on 1.4.2016 and CIL had to even regulate its production.

**(ii) Supply of coal to different sectors (both regulated and unregulated sectors).**

2.4 The details of coal supply to regulated and non-regulated sectors between 2014-15 to 16-17 and target for 2017-18 is as under:

(Figs in MT)

Sectors		2014-15	2015-16	2016-17	2017-18 (Target)
<b>Regulated</b>					
Power	CIL	384.4	412.58	426.16	452.2
	SCCL	42.3	50.652	53.692	51.9
Fertilizer	CIL	2.3	2.3	2.1	2.7
	SCCL	-	-	-	-
Total Regulated Sector		429	465.532	481.952	506.8
<b>Non Regulated</b>					
Steel	CIL	3.8	3.4	3.3	4.5
	SCCL	-	-	-	-
CPP	CIL	30.9	34.7	30.8	47.7
	SCCL	2.40	2.01	2.17	3.9
Cement	CIL	5.5	4.7	3.7	6.1
	SCCL	4.64	3.14	2.24	3.45
Sponge Iron	CIL	7.5	7.5	5.5	9.9
	SCCL	0.34	0.098	0.118	0.25
Others	CIL	54.5	68.9	71.6	77.0
	SCCL	2.97	2.7	2.6	2.5
Total (Non regulated Sector)		112.55	127.14	122.028	155.3
<b>Grand Total*</b>		541.55	592.672	603.98	662.1

**\*Grand Total= Total Regulated + Total Non regulated**

2.5 When asked about the reasons and the steps taken to arrest the decline in the supply of coal for the Non-Regulated Sector (Steel, Cement, Sponge Iron etc.), the Ministry of Coal in a written reply informed the Committee that Steel and Sponge Iron

sectors had faced a bad patch for consecutive years leading to less dispatch of coal to these sectors. Cement plants had been using petcoke as a substitute of coal for economic reason. With the introduction of linkage auction policy for non-regulated sectors in June 2016, CIL has been periodically organizing sector specific auctions for establishing long term linkage (5 years tenure) for Steel, Cement and Sponge Iron sectors. In the 3 tranches organized so far linkages of 10.66 MT has been established for Steel, Cement and Sponge Iron sectors.

2.6 Asked about the number of Letters of Assurance signed by CIL for supply of coal to the Non-Regulated Sector (Steel, Cement and Sponge Iron) over the last 3 years, the Ministry of Coal in its written reply informed the Committee that after introduction of NCDP, Letter of Assurances (LOAs) were issued to Power, CPP, Cement and Sponge Iron Plants by the subsidiaries of CIL based on the recommendations of the Standing Linkage Committee (Long Term). In last 3 years, no LOAs were issued / signed by CIL.

### **(iii) Coal production**

2.7 The details (company wise and subsidiary wise) of coal production made during the period 2014-2017 are given below:

Company	Coal Production (MT)							
	2014-15		2015-16		2016-17		2017-18	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual Apr-Oct.17
ECL	38.00	40.01	42.13	40.21	46.94	40.52	47.00	19.86
BCCL	34.00	34.51	35.85	35.86	37.00	37.04	40.50	16.04
CCL	55.00	55.65	60.60	61.32	67.00	67.05	72.00	25.53
NCL	77.00	72.48	78.10	80.22	82.00	84.10	89.00	50.77
WCL	44.00	41.15	45.10	44.82	48.00	45.63	48.50	18.66
SECL	131.00	128.27	137.00	137.93 &	149.67	140.00	153.00	73.97
MCL	127.00	121.38	150.00	137.90	167.00	139.21	149.30	73.00
NEC	1.00	0.78	1.22	0.49	1.00	0.60	0.70	0.18
<b>Total CIL</b>	<b>507.00</b>	<b>494.23</b>	<b>550.00</b>	<b>538.75</b>	<b>598.61</b>	<b>554.14</b>	<b>600.00</b>	<b>278.01</b>
<i>Growth %</i>		6.9		9.0		2.9		
<b>SCCL</b>	55.00	<b>52.54</b>	<b>56.00</b>	<b>60.38</b>	<b>58.00</b>	<b>61.34</b>	<b>62.00</b>	<b>31.83</b>
<i>Growth %</i>		4.1		14.9		1.6		
<b>Captive</b>	50.00	<b>52.72</b>	<b>75.50</b>	<b>28.82</b>	<b>46.10</b>	<b>32.32</b>	<b>46.10</b>	<b>20.17</b>
<b>Others</b>	18.25	<b>9.69</b>	<b>18.50</b>	<b>11.28</b>	<b>22.00</b>	<b>11.47</b>	<b>22.00</b>	<b>6.46</b>
<b>Total</b>	630.25	<b>609.18</b>	<b>700.00</b>	<b>639.23</b>	<b>724.71</b>	<b>659.27</b>	<b>730.10</b>	<b>336.46</b>
<i>Growth %</i>		7.7		4.9		3.1		

2.8 From the table indicated above, the Committee observe that Eastern Coalfields Ltd., Western Coalfields Ltd. and Mahanadi Coalfields Ltd. have not been able to achieve their stipulated targets for coal production for the years 2015-16 and 2016-17 while Bharat Coking Coal Ltd., Central Coalfields Ltd. and Northern Coalfields Ltd. surpassed their targets. Moreover, South Eastern Coalfields Ltd. has also failed to achieve its production targets during the year 2016-17.

2.9 During Oral Evidence, dated 27.11.2017, Secretary, Ministry of Coal has informed the Committee that targets have been deliberately fixed in such manner that not only seek increment in achievements every year but also they kept high on aspirational side to improve efficiency in Coal India Limited.

2.10 When asked to clarify in detail, the Ministry of Coal in a written reply informed the Committee that it is true that Coal India Limited has achieved growth during 2015-16 and 2016-17 by 9.0% and 2.86% respectively in comparison to last year. However, it missed the target in both the years by 11.246 Million Tonne and 44.47 Million Tonne respectively. This is to state that the non-achievement of target by CIL in some of its subsidiaries had not affected any of its consumers for want of coal. This is evident from declining trend in import of power grade coal. The basic reason for shortfall against target is that the target has been kept deliberately high to improve efficiency in CIL. However, major impediments for CIL in implementation of its coal mining projects are Land acquisition, Rehabilitation & Resettlement, Delay in Forest Clearance, Environmental Clearance and Law & Order issues.

2.11 The Committee observed that in the early part of the current fiscal, CIL was lagging behind in coal production compared to the previous year. On being asked what efforts were initiated to bring improvements in this regard and with what results, the Ministry of Coal in its written reply submitted as under:-

"Raw coal production of Coal India Limited during first quarter of 2017-18 and upto November'17 and growth percentage compared to the same period previous year is given below:

Period	Production in Million Te.		Growth %
	2017-18	2016-17	
First Quarter	118.837	125.669	-5.4
Till November	329.297	323.535	1.8

There was less demand of coal from January onwards till July'17 resulting into accumulation of coal stock in mines of CIL. So, the production was restricted in the early part of 2017-18. Thereafter as demand of coal picked up full effort for increasing coal production & offtake was made."

## Coal Production for Captive Mining

2.12 Taking note of the fact that against the targets of 75.50 MT and 46.10 MT of coal production for captive mining, actual production has been low at 28.82 MT and 32.32 MT during the year 2015-16 and 2016-17 respectively, the Committee inquired about reasons for the same. Explaining the reasons, the Ministry of Coal in its written reply informed the Committee as under:-

"As on 31.03.2015, about 37 Schedule II captive coal blocks were in production. It was anticipated that the producing captive coal mines would come into operation during the year 2015-16 and also in the year 2016-17. Coal production targets were set accordingly. Later on, it was observed that only 12 coal blocks could start production during the year 2015-16 and 16 coal blocks were producing during the year 2016-17.

Successful bidders or allottees of captive coal blocks that could not start the mines during 2015-16 and 2016-17 and the major reasons therefor is tabulated below:-

Sl.	Name of Coal Block	Major Reasons for not Starting Production
1.	NamchikNampuk	Mine suspended.
2-3.	Tara (East & West)	EC is in accordance with PRC 2 MTPA, whereas Mine Plan is for PRC 4 MTPA, Company is preparing a revised Mine Plan and approach MOEF&CC for change in EC.
4-5	Gangaramchak & Gangaramchak Bhadulia	Production from these blocks stopped from 1.4.2015. Present allottee have not yet informed the present status to this Office.
6	Barjore	Coal Block allotted on 31.03.2015. Corrigendum issued by MOC on 28.02.2017 regarding modification of geographical bounding co-ordinates given in the allotment order. Mine got opening permission from CCO on 29.08.2017. Production started on 30.08.2017
7	Trans Damodar	As per Report submitted by the Company Land Acquisition is not yet completed hence the production could not be started.
8	Barjora (North)	Coal Block allotted on 31.03.2015. Corrigendum issued by MOC on 07.03.2017 regarding modification of geographical bounding co-ordinates given in the allotment order. It appears

		from MoC's letter dt.4.9.2017 that revised MP has been approved as a result production could not be started earlier.
9	Khagra Joydev	The Block allocated on 31.03.2015.As per their Report transfer/approval of ML, execution of ML, Land mutation and opening permission are pending. Approval of Mine Closure Plan is pending, Land purchase expected by March 2018.
10	Ardhagram	The Block was allocated on 14.07.2016. Mining Lease is pending. Transfer of other statutory clearance is under process.
11	Gare Palma IV/7	Execution of Mining Lease, transfer of Mine Opening Permission, Permission from DGMS and Land Mutation are still pending.
12	Bicharpur	As Stage II Forest clearance was pending, only permission for tunneling was issued by CCO on 10.03.2016.
13	Pachwara Central	Selection of MDO is pending. Mining Lease is pending,
14	Parbatpur Central	Delay in getting Mining Lease as there is overlap with Petroleum Mining Lease of Jharia CBM block.
15-16	Gotitoria (East & West)	Given to CIL as custodian.
17	Mandla North	Tunneling is in progress.
18	Marki Mangli-1	Corrigendum No. 2 issued by MOC on 28.02.2017 regarding amendment in coordinates of original vesting order. As per Corrigendum No. 1 dated 15.03.2016 address and configuration of specified EUP has been changed.Production started in April,2017
19-24	Baranj-I-IV, Kiloni, Manora Deep	Permission of dewatering of mines and commencement of mining operations is awaited from DC Chandrapur. Some of the clearances/transfer/approvals from GoM/Gol and statutory authorities not received. KPCL has filed a SLP before Hon'ble Supreme Court of India against the order dt. 12.04.2016 of the Divisional Bench in the Writ appeal Nos. 92 & 281/2016. The proceeding of the Hon'ble Court is awaiting. Company informed that commencement of mining operation could be taken up only after appointment of mine operator and receipt of all necessary approval/transfer of statutory clearances.
25	MarkiMangli-III	Block vested on 17.04.2015 and corrigendum No.2 of the said vesting order issued on 17.02.2017.Execution of Mining Lease, Environmental Clearance, Mine Opening permission, Ground Water Clearance and

		Explosives License are pending.
26	Tokisud North	Transfer of all required statutory permissions obtained by prior allottee in favour of EPMPPL has been completed and transfer of forest land, Govt. land & Pvt. Land in favour of EPMPPL are pending.
27	Kauthatia	Delay in transfer of all statutory certificates in the name of Successful Bidder. Mine got permission from CCO on 24.02.2017.
28	Pachwara North	The Block was allocated on 31.03.2015. Corrigendum issued by MOC on 06.02.2017 regarding revision of geographical boundary.

So there is a difference between production target and achievement from captive coal mines during the year 2015-16 and 2016-17."

#### (iv) Import of Coal

2.13 Import of coal during the year 2014-15 and current year 2017-18 upto August, 2017 is as under.

Year	Coking (MT)	Non Coking (MT)	Total	Growth %
<b>2014-15</b>	43.71	174.07	217.78	30.5
<b>2015-16</b>	44.56	159.39	203.95	-6.3
<b>2016-17</b>	41.64	149.31	190.95	-6.4
<b>2017-18 (Prov.) Upto August 2017</b>	18.88	62.63	81.81	

2.14 The Committee also noted steep increase in coal imports from 71.05 MT in 2011-12 to 129.99 MT and 174.07 MT during 2013-14 and 2014-15 respectively. The import of non-coking coal, which was to the tune of 174.07 MT during the year 2014-15 slashed to 149.31 MT during 2016-17.

2.15 Asked to explain the reasons for this, the Ministry of Coal in a written reply informed the Committee that there has been mismatch between the growth in coal & lignite based generation capacity and production of coal during 2010-11 & 2014-15. While annual growth of electric capacity addition had been 15% during the period, growth in production of coal & lignite had been only 3.6%. There had been steady fall in the price of coal in the international market during this period also. For instance, as gathered from the secondary sources (like Argus and PT Indo) average price of Indonesian coal of 5800Kcal/Kg (one of the most popular variety being imported in the

Country) had been US\$ 80.94 in 2012, which came down to US\$ 54.46 in 2015. Imported coal found to be economical in comparison to indigenous coal in many of the coastal consumption centers. This had been another contributing factor for higher imports during the period.

2.16 When asked to elaborate on the efforts taken for bringing down the import of coal during the period 2014-2017, the Ministry of Coal in its written reply informed the Committee as under:-

"All domestic coal based power plants (State/central Gencos and IPPs), PSU Integrated Steel Plants, CPSUs importing coal for captive power generation and Imported coal based power plants, who have imported coal in the year 2015-16 were approached through one-to-one meeting for substitution of imported coal. As reported by CEA, with 47% reduction indigenous coal based power plants have imported 19.87 MT coal in 2016-17 against 37.211 MT in 2015-16. In absolute term substitution of import by indigenous coal has been 17.34Mt. 10 imported coal based plant imported 43.5MT coal in in 2015-16. These ten plants have imported about 42.12 MT coal in 2016-17 with reduction of 1.38MT. However, two newly commissioned imported coal based power plants have imported 4.17MT. Altogether import substitution by power gencos in the Country has been 14.55Mt. As transpired from the one to one discussions, use of indigenous coal by the Imported Coal based TPPs is dependent on policy intervention of Government for allowing use of domestic coal along with imported coal. Existing consent is for use of imported coal only. Recent verdict on "pass-through of variable cost" for Imported coal based IPPs coming through competitive bidding will also have ramification in substitution of imports. Till October of 2017-18, the import substitution of indigenous coal based power plants is about 3 MT, which is 22% less than same period last year. The overall reduction in import (indigenous & import based plants) is about 6.7 MT which is 17% less than same period last year.

The data related to Coal Import & Import substitution in India is given in the table below (Figures are in MT) (Source: CEA for power sector & CCO for total imports):

Description	2015-16	2016-17	Import Substitution (in 16-17 over 15-16)	Import Substitution (in 16-17 over 15-16)	Import (Apr-Oct' 16)	Import (Apr-Oct' 17)	Import Substitution (in Apr-Oct' 17 over same period last year)	Import Substitution (in Apr-Oct' 17 over same period last year)
Import by Central Gencos	12.87	5.11	7.8	60%	3.13	0.9	2.23	71%
Import by State	10.05	5.78	4.3	42%	3.43	2.08	1.35	39%



Gencos								
Import by IPPs	14.29	8.98	5.3	37%	6.72	7.32	-0.6	-9%
<b>Import by domestic based plants</b>	<b>37.2</b>	<b>19.9</b>	17	<b>47%</b>	13.3	10.3	2.98	22%
Import by Import Based Power Plants	43.50	46.30	-2.8	-6%	27	23.3	3.7	14%
<b>Total Import by Power Sector</b>	<b>80.71</b>	<b>66.17</b>	15	18%	40.3	33.6	6.68	17%

(iv) Coal Stock

2.17 Subsidiary-wise Vendible opening raw coal stock of coking and non-coking coal of Coal India Limited as on 1.04.17 is given below:

Subsidiary	Stock as on 1.04.17 (Million Te)		
	Coking (Provisional)	Non-coking (Provisional)	Total
ECL	0.013	2.542	2.555
BCCL	4.355	1.889	6.244
CCL	6.597	10.976	17.573
NCL		7.195	7.195
WCL	0.109	14.033	14.142
SECL	0.130	14.131	14.261
MCL		6.268	6.268
NEC		0.183	0.183
<b>CIL</b>	<b>11.204</b>	<b>57.217</b>	<b>68.421</b>

(a) Coal stocks with power plants.

2.18 The coal stock (as reported by the power plants) at the plants monitored by FM Division, CEA during last four years starting from 2014-15 is as under:

**Coal Stock with Power Plants monitored by CEA:**

Year	Stock(MT)	Growth (%)
2014-15(as on 31.03.2015)	29.531	-
2015-16(as on 31.03.2016)	43.235	46.41
2016-17(as on 31.03.2017)	31.332	-27.53
2016-17(as on 31.10.2016)	22.434	-

2017-18(as on 31.10.2017)	12.224	-45.51
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**The Thermal Power Generation during 2014-15, 2015-16, 2016-17,2017-18 (Upto October):**

Year	Thermal Generation during the year(BU)	Growth(%)
2014-15	878.32	-
2015-16	943.78	7.45
2016-17	994.23	5.34
2016-17 (Apr'16-Oct'16)	568.90	-
2017-18 (Apr'17-Oct'17)*	596.78	4.90

\*Tentative

2.19 From the information furnished to the Committee, it has been observed that there has been a persistent decline in coal availability to Power Plants since 2015-16. When asked whether this may threaten closure of Power Plants, the Ministry of Coal in a post evidence reply informed the Committee as under:-

"The details of coal receipt and consumption during 2015-16, 2016-17 and 2017-18 (April-October, 2017) by coal based thermal power plants are as under:

Year	Receipt (Million Tonnes)			Consumption (Million Tonnes)	Stock as on last day of the year/month
	Domestic	Imported	Total		
2015-16	481.3	80.6	561.9	545.9	43.2
2016-17	494.9	66.1	561.0	574.9	31.3
2016-17 (Apr-Oct, 2016)	268.7	40.3	309.0	330.2	22.4
2017-18 (Apr-Oct, 2017)	296.7	33.6	330.3	351.2	12.2

Ministry further stated that it can be seen from the table above that the receipt of coal by the power plants during 2016-17 is almost same as during 2015-16. However, the receipt of domestic coal has increased by 2.8% whereas there is a reduction in import of coal by about 18% from 2015-16 to 2016-17. Also, the total coal consumption during 2016-17 has increased by about 5.3% from 2015-16. The power plants consumed more coal during 2016-17 by utilizing their stock which was available during 2015-16. The domestic coal receipt and the total coal receipt have been increased by 10.4% and 6.9% respectively whereas the imported coal receipt has been reduced by 16.6% during 2017-18 from 2016-17."

2.20 When asked to explain about the extent of Coal Buffer Stock which is required to be maintained, in a post evidence reply, the Ministry of Coal informed the Committee that as per new methodology issued by CEA for monitoring of stock of coal based thermal power plants, the normative coal stock is to be calculated based on the coal requirement at 85% PLF. The norms for number of days of coal stock to be kept in the power plant depend on the distance of the power plant from the mine-head and are as per details given below:

<b>Distance of Power Plant</b>	<b>Number of Days of Stock</b>
Pit-head Station	15
Upto 500 kms away from Coal Mine	20
Upto 1,000 kms away from Coal Mine	25
Beyond 1,000 kms away from Coal Mine	30

2.21 When asked to specify reasons for poor supply of coal to power plants in Maharashtra and Jharkhand during the year 2016-17 and 2017-18, the Ministry in its written reply informed the Committee as follows:-

"Despatch to Power Houses in the state of Jharkhand and Maharashtra for 2016-17 & 2017-18 (upto November' 17) is as under:

<b>Power Houses in the state</b>	<b>Item</b>	<b>2016-17</b>	<b>2017-18 (upto Nov17)</b>
Jharkhand	Annual Contracted Quantity (ACQ)	16.1	11.0
	Desp	12.2	8.2
	% age Mat	76%	75%
Maharashtra	ACQ	66.3	42.9
	Desp	43.4	33.0
	% age Mat	66%	77%

Some of the power houses in the state of Jharkhand, like Patratu, Tenughat etc. were either inoperative or running at very low PLF and therefore, regulated supplies. All the plants were carrying high coal stock in 2016-17 and early part of 2017-18. Even, as on date no TPP of Jharkhand is in the critical list of CEA. The

power houses in the state of Maharashtra, including the State Genco, excepting NTPC plants, regulated coal for the period 2016-17 and early part of 2017-18."

**(b) Coal Washeries**

2.22 As regards the details of the number of washeries set-up by CIL's subsidiaries and their installed actual capacity utilization, the Ministry of Coal in its written reply informed the Committee that at present CIL operates 15 washeries, 12 coking coal and 3 non-coking, totaling 36.8MTY capacity of which 23.3 MTY is coking coal and 13.50 non-coking.

The details of the existing washeries are given in the table below:

Washery type	Subsidiary	Sl. No	Washery	Cap (Mty)	Actual Capacity Utilisation 2016-17 (%)
Coking Coal	BCCL	1	Dugda-II	2.00	17.75
		2	Bhojudih	1.70	30.12
		3	Sudamdih	1.60	15.95
		4	Moonidih	1.60	50.18
		5	Mahuda	0.63	34.17
		6	Madhuban	2.50	13.21
	CCL	7	Kathara	3.00	15.28
		8	Sawang	0.75	63.91
		9	Rajrappa	3.00	46.40
		10	Kargali	2.72	0.27
		11	Kedla	2.60	37.33
	WCL	12	Nandan	1.20	6.59
<b>Sub- Total</b>		<b>CIL(Coking)</b>		<b>23.30</b>	
Non-Coking Coal	CCL	13	Gidi	2.50	9.38
		14	Piparwar	6.50	139.51
	NCL	15	Bina	4.50	76.93
<b>Sub- Total</b>		<b>(Non-Coking)</b>		13.50	
<b>Total CIL (Coking/ Non-coking)</b>				<b>36.80</b>	

2.23 When enquired whether any proposal has been mooted to increase their number, the Ministry of Coal informed the Committee as under:-

"CIL has planned to set up 27 coal washeries in two phases. 18 coal washeries (9 coking coal with capacity of 30.35 Mty and 9 non-coking coal with a capacity of 75.5 Mty) in the first phase, whereas 9 coking coal washeries of 17.83 Mty

capacity in second phase, which include renovation/replacement of 5 existing coking coal washeries.

Details of the washeries to be taken up in both phases are as under:

**Details of the washeries to be taken up in the First Phase**

Washery type	Subsidiary	Sl. No	Washery	Cap (Mty)	District	State
Coking Coal	BCCL	1	Madhuband	5.00	Dhanbad	Jharkhand
		2	Patherdih - I	5.00	Dhanbad	Jharkhand
		3	Dahibari	1.60	Dhanbad	Jharkhand
		4	Patherdih - II	2.50	Dhanbad	Jharkhand
		5	Bhjudih	2.00	Purulia	W.B.
		6	Dugda (New)	2.50	Bokaro	Jharkhand
		7	Moonidih (New)	2.50	Dhanbad	Jharkhand
	CCL	8	Topa	5.25	Ramgarh	Jharkhand
		9	Kargali	4.00	Bokaro	Jharkhand
<b>Sub- Total</b>		<b>(Coking)</b>		<b>30.35</b>		
Non-Coking Coal	CCL	10	Ashoka	10.00	Chatra	Jharkhand
		11	Konar	7.00	Bokaro	Jharkhand
		12	Karo	3.50	Bokaro	Jharkhand
	MCL	13	Bashundara	10.00	Sundergarh	Odisha
		14	Ib Valley	10.00	Jharsuguda	Odisha
		15	Hingula	10.00	Angul	Odisha
		16	Jagannath	10.00	Angul	Odisha
	SECL	17	Kusmunda	10.00	Korba	Chattisgarh
		18	Baroud	5.00	Raigarh	Chattisgarh
<b>Sub- Total</b>		<b>(Non-Coking)</b>		<b>75.50</b>		
<b>Total (Coking/ Non-coking)</b>				<b>105.85</b>		

**Details of the washeries to be taken up in the Second Phase**

Washery type	Subsidiary	Sl. No	Washery	Cap (Mty)	District	State
Coking Coal	BCCL	1	Kusunda	2.00	Dhanbad	Jharkhand
		2	Katras	2.00	Dhanbad	Jharkhand
		3	Dugdha - II	1.00	Bokaro	Jharkhand
		4	Madhuban - I	2.00	Dhanbad	Jharkhand
		5	Sudamdih	1.60	Dhanbad	Jharkhand
		6	Mahuda	0.63	Dhanbad	Jharkhand
		7	Moonidih (Existing)	1.60	Dhanbad	Jharkhand
	CCL	8	Tapin	4.00	Ramgarh	Jharkhand
		9	Kathara	3.00	Bokaro	Jharkhand

Washery type	Subsidiary	Sl. No	Washery	Cap (Mty)	District	State
<b>Total (Coking/ Non-coking)</b>				<b>17.83</b>		

2.24 Asked about the international practice for improvement of coal quality, Secretary Coal apprised the Committee that internationally Coal is cut into smaller size and washed before it is dispatched to consumer. In India also, the norms set by Ministry of Environment contemplate that coal with more than 34% ash content cannot be despatched to power plants located at 500 KM and beyond the coal mines.

## CHAPTER-III

### MARKETING AND DISTRIBUTION OF COAL

According to Ministry of Coal, Marketing and Distribution is done by the individual coal companies. The sale of coal is through Fuel Supply Agreements (FSA) which are signed with the linkage holders of Regulated and Non-Regulated sector. The linkages to the Regulated sector are issued as per new linkage policy for power sector SHAKTI, issued on 22.05.2017 and the linkages for Non-Regulated sector are issued as per the Non-Regulated sector linkage policy issued on 15.02.2016.

#### (i) **Allocation of Coal Linkages**

3.2 When asked to furnish details about the New Linkage Policy mentioning inter-alia how it is better than the previous policy initiatives taken from time to time, the Ministry of Coal in its written reply informed the Committee as under:-

"The details of New Linkage Policy for Non-Regulated Sector and Power Sector are placed below:

- (a). **Auction of Coal Linkages for Non-Regulated Sector:** There has been a long-standing demand of developing an institutional mechanism for regular procurement of coal by end consumers from non-regulated sectors to the extent of their normative requirements. To address this, Ministry of Coal came out with a new policy on 15.02.2016 for auction of coal linkages to non-regulated sector. The policy stipulates allocation of coal linkages through Non-Discriminatory Ascending Clock E-auction which is a transparent on-line bidding mechanism. The mechanism would enable consumers in meeting their coal requirement on long-term basis.

#### **Salient Features of the Policy & Methodology**

- Proportion of coal allocation between power and non-power sectors to continue at the same level as average proportion of the last five years i.e. 75% Power and 25% Non-power. The Ministry of Coal/ CIL may review the proportion as and when required.
- All allocations of linkages/LoAs for non-regulated sector shall henceforth be auction based. The tenure of new Fuel Supply Agreements (FSAs) may be as decided by Ministry of Coal/ CIL, subject to a maximum of 15 years. There may not be premature termination of FSAs of non-regulated sector as of now. However, there will be no renewal of existing FSAs of non-regulated sector [except FSAs of CPSEs and Fertilizer (Urea)] which are maturing in 2015-16 onwards.

- The existing FSAs with Central Public Sector Enterprises (CPSEs) may continue to be renewed on expiry. However, in case CPSEs require linkages over and above the existing linkages, they may participate in auction of linkage.
- In the first tranche, the quantity corresponding to FSAs of non-regulated sector [except CPSEs and Fertilizer (Urea)] maturing in 2015-16 onwards and 25% of incremental CIL/SCCL (Singareni Collieries Company Limited) production during 2015-16 over 2014-15 may be put up for auction.
- Separate quantities shall be earmarked for sub-sectors of non-regulated sector. The sub-sectors shall compete within themselves. The sub-sectors could be Cement, Steel/Sponge Iron, Aluminium, and Others [excluding Fertilizer (Urea) sector], including their CPPs etc. The Ministry of Coal may review the sub-sectors as and when required.
- CIL will allocate/earmark coal from suitable source (rail/ road mode) within a subsidiary, as deemed fit. There shall be provision for third party sampling of coal supplied.
- The methodology for auction of linkages shall be non-discriminatory Ascending Clock Auction where the system increases the price on the electronic platform till demand-supply equilibrium is established. There will be an initial reserve price and auction will be conducted on this reserve price.
- If total demand is less than offered quantity, then all bidders will get coal at reserve price.
- If total demand is more than offered quantity, then the price will be increased by the system and the process will continue till the demand-supply equilibrium is established.
- The price increment shall be determined based on a transparent computerized system without any manual interference.
- Maximum bid quantity by a particular bidder shall not exceed the normative requirement of the End Use Plant. CIL shall chalk out annual or 6 monthly auction calendar.
- Based on experience gained in the first tranche, the operational issues such as, the quantities, sectoral allocations and sub-sectoral earmarking, auction methodology and other operational details may also be appropriately reviewed.

(b). **Allocation of Coal Linkages to Power Sector under SHAKTI (Scheme for Harnessing & Allocating Koyala Transparently in India):** In consideration of the stressed assets in new power projects not having any long term linkages, on 17.05.2017, Cabinet Committee on Economic Affairs (CCEA) approved a new policy for allocation of future coal linkages in a transparent manner for such



power sector consumers. This policy was christened as 'Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India' (SHAKTI). The policy is an important initiative in alleviating one key challenge in power sector, viz. lack of coal linkage and is expected to positively contribute in resolution of a number of stressed assets. Ministry of Coal (MoC) circulated the policy guidelines vide their letter dated 22.05.2017.

**The salient features of the policy are:**

- FSA to be signed with LoA holders after:
  - ensuring that the plants are commissioned
  - respective milestones met,
  - all specified conditions of the LoA fulfilled within specified timeframe
  - where nothing adverse is detected against the LoA holders
  - The outer time limit within which the power plant of LoA holders must be commissioned for consideration of FSA shall be 31.03.2022.
- All pending applications closed
- Medium Term PPAs eligible to use linkage coal
- Linkages to State/Central Gencos/JVs: on recommendations of Ministry of Power
- Linkages to IPP having PPA based on domestic coal but no linkage
  - shall be on auction basis where bidders shall quote discount on tariff
  - Bid Evaluation Criteria shall be the non-zero Levellised Value of the discount
- Linkages to IPPs/ Power Producers without PPAs shall be on auction basis where methodology would be similar to that followed under linkage auction to non-regulated sector
- Linkages for UMPPs, Aggregated power requirement of group of States and to States for inviting tariff based bidding of power, shall be on the recommendations of Ministry of Power
- Linkages to IPPs having PPA based on imported coal but no linkage shall be on the basis of a transparent auction mechanism

**The benefits of this policy are as under:**

- Coal available to Power Plants in transparent and objective manner
- Auction to be made the basis of linkage allocations to IPPs
- The stress on account of non-availability of linkages to Power Sector Projects would be eased which is good for the Infrastructure and Banking Sector
- Direct benefit of reduction in tariff by PPA holders would go to Discoms/consumers
- Power Plants would get long term security of supply of coal from a source of their choice"

(ii) **Rationalization of Coal Linkages**

3.3 As regards the initiatives for rationalization of coal linkages, the Ministry informed the Committee as under:-

Source Rationalization by Inter-Ministerial Task Force (IMTF) 24.2 MT Annual Potential savings Rs. 1013 Crore

- Rationalization by CIL beyond IMTF, including inter plant rationalization of NTPC: 22.6 MT, Annual Potential savings Rs. 1526 Crore
- Coal swapping of NTPC & GSECL is 1 MT resulting in Annual Potential savings of Rs.460 crore
- The total saving in the transportation cost by the Power utilities in the last three years (2014-15, 2015-16 & 2016-17) due to rationalization of Coal Linkages is estimated to be around Rs. 3000 Crore/annum.

3.4 When asked whether any targets for saving on account of transportation cost under the New Linkage Policy (SHAKTI) has been set w.e.f. May, 2017, the Ministry of Coal in a written reply informed the Committee that the New Linkage Policy (SHAKTI) does not specify any targets for savings on account of transportation cost. However, linkage auctions being conducted under SHAKTI by virtue of their design give an option to consumers to bid for a source of their choice from the offered sources thus providing them the scope to minimize the cost of transportation. In this regard, the Ministry also furnished the following information:

<b>STATE-WISE DESPATCH TO POWER SECTOR DURING 2012-13 TO 2016-17</b>					
(figs in MT)					
<b>STATE.</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
<b>Bihar</b>	12.027	12.631	13.615	6.518	17.211
<b>West Bengal</b>	36.634	37.582	36.651	42.621	44.577
<b>Uttar Pradesh</b>	60.312	67.335	69.835	71.249	72.664
<b>Orissa</b>	25.659	25.623	29.717	28.133	28.904
<b>Madhya Pradesh</b>	33.166	31.982	34.525	38.290	33.728
<b>Maharashtra</b>	33.113	39.941	44.565	50.174	40.546
<b>Gujarat</b>	19.809	14.526	19.627	16.178	12.765
<b>Rajasthan</b>	16.336	14.569	15.799	11.187	9.026
<b>Delhi</b>	4.659	3.759	2.852	2.614	1.188
<b>Punjab</b>	4.568	5.077	9.963	11.730	14.157
<b>Haryana</b>	15.739	13.491	14.147	13.400	11.485
<b>Tamilnadu</b>	12.845	14.862	16.659	19.764	18.669
<b>Andhra Pradesh</b>	14.173	14.733	14.662	17.199	22.692
<b>Telangana</b>	0.000	0.000	0.794	0.318	0.012

<b>Karnataka</b>	4.337	5.272	5.852	6.257	4.643
<b>Assam</b>	0.000	0.000	0.000	0.114	0.669
<b>Chattisgarh</b>	38.153	38.310	42.436	48.545	50.990
<b>Jharkand</b>	13.979	14.135	13.695	24.464	12.187
<b>CIL</b>	345.509	353.826	385.394	408.756	396.112

3.5 Due to improved dispatch of coal, stock at power stations accumulated to the highest ever level at 38.7 MT as on 1.4.2016. High coal stock coupled with retarded demand of power resulted in less intake of coal by the power plants in 2016-17. There has been no constraint in availability of coal in 2016-17 which was reflected by the fact that the combined stock at pitheads and power stations continued to be at the same level both in the beginning of 2016-17 and 2017-18.

Stock as on	Stock in MT		
	Pit head(CIL)	Power Plant	Total
1.4.2016	57.64	38.87	96.51
1.4.2017	68.42	27.74	96.16

**(iii) Coal Despatches**

3.6 The Ministry of Coal furnished the following information regarding coal despatches during the last 3 years:-

Company	Coal Dispatch (MT)							
	2014-15		2015-16		2016-17		2017-18	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual Apr-Oct.17
ECL	38.00	38.22	42.13	38.38	46.94	42.99	47.00	21.65
BCCL	35.00	33.61	35.85	36.16	37.00	34.90	40.50	18.16
CCL	58.00	55.33	60.60	59.58	67.00	60.91	72.00	37.18
NCL	78.00	73.52	78.10	78.36	82.00	83.46	89.00	53.31
WCL	45.00	41.24	45.10	42.31	48.00	39.46	48.50	26.06
SECL	133.00	123.21	137.00	138.74	149.67	137.65	153.00	84.32
MCL	132.00	123.00	150.00	140.21	167.00	143.01	149.30	76.26
NEC	1.00	0.73	1.22	0.34	1.00	0.78	0.70	0.35
<b>Total CIL</b>	<b>520.00</b>	<b>488.86</b>	<b>550.00</b>	<b>534.08</b>	<b>598.61</b>	<b>543.16</b>	<b>600.00</b>	<b>317.30</b>
<i>Growth %</i>		3.82		9.3		1.7		
<b>SCCL</b>	<b>55.50</b>	<b>52.66</b>	<b>56.00</b>	<b>58.69</b>	<b>58.00</b>	<b>60.82</b>	<b>62.00</b>	<b>35.03</b>

<i>Growth %</i>		9.96		11.5	-1.18	3.6	2.0	
<b>Others</b>	<b>68.25</b>	<b>62.25</b>	<b>94.00</b>	<b>39.67</b>	<b>68.10</b>	<b>43.39</b>	<b>68.10</b>	<b>26.88</b>
<b>Total</b>	<b>643.75</b>	<b>603.77</b>	<b>700.00</b>	<b>632.44</b>	<b>724.71</b>	<b>647.37</b>	<b>730.10</b>	<b>379.22</b>
<i>Growth %</i>		5.5		4.7		1.7		

3.7 When asked to explain whether any difficulty has been faced in evacuation of this undespached coal, the Ministry of Coal informed the Committee in a post evidence reply that during the current year till November 2017, 38.434 MT stock has been liquidated reducing pit head stock from 68.421 MT as on 1.4.2017 to 29.987 MT as on 30.11.2017.

**(iv) Infrastructure Network for Road and Railways for Evacuation of Coal**

3.8 In order to ensure supply of coal to various end uses, development of transport infrastructure is one of the priority areas. Important modes of transport of coal are Rail, Road, Rail-cum-Sea route and captive modes such as merry-go-round (MGR) system, conveyor belts and ropeways. The Ministry of Coal informed the Committee that in order to develop transport infrastructure for Coal Evacuation the following actions are in progress:

1. Development of Rail Links in Coalfields
  - a. on Deposit Basis
  - b. on JV Mode
2. Railway Sanctioned projects which are essential for evacuation of Coal
3. Development of Rapid Loading Systems
4. Development of Major Road Infrastructure for Coal Transport
5. Development of Rail Sidings (Existing/ New)

**1. Development of Rail Links in Coalfields:**

**A. On Deposit Basis**

- a) **Bhadrachalam Road to Sattupalli Railway line**
  - Total length of track: 53.20Km at a cost of Rs 704.30 Crores (
  - Expected date of completion is 2020-21.
- b) **For 2X600MW STPP Jaipur:**
  - Straight length of track-line: 21.175 KMs with cost of Rs 452.65 Crores
  - Expected date of completion is 2017-18.
- c) **Goleti Railway siding:**
  - Total length of track : 3.50Km at a cost of Rs 28.00 Cr

- Expected date of completion is 2017-18.
- d) **From Bethampudi railway station to Koyagudem**
  - Total length of track : 9.30Km at a cost of Rs 81.31 Crores
- e) **Railway siding for KK1 CHP, Mandamarri:**
  - Total length of track : 8.50Km at a cost of Rs ₹ 65.90 crores
- f) **Tori-Shivpur Rail Link:** Project involves rail connectivity for a length of 44.37 km for catering to North Karanpura coalfields of CCL. The revised estimated cost of the project is Rs 2399 Crs. Construction of rail line upto Balumath is expected by February'2018 and upto Bukru by March'2018. Anticipated date of completion of the entire length is June 2018. Delay in execution of Tori - Shivpur – Kathotia line and discontinuation of traffic movement in Dhanbad-Chaandrapura line have been somewhat affecting evacuation at CCL and BCCL respectively. However, the coordinated effort of CIL and Railways could ensure offtake of 368 MT with 8% growth during April – November 2017.
- f) **Jharsuguda- Barpali- Sardega Rail Link:** Project involves rail connectivity for a length of 52.412 km for catering to Ib- Basundhara coalfields of MCL. The Revised Project cost is Rs 1044 Cr (with signalling). Tentative schedule for completion of Single line upto Sardega is December'2017.

## **B. Construction of rail line through JVs:**

- i) Joint Venture Company “JHARKHAND CENTRAL RAILWAY LIMITED” (JCRL)

JCRL had assigned the work of preparation of Revised DPR and Bankability Report for construction of Shivpur-Kathotia Rail line (49.085 km) to M/s IRCON International Limited. The DPR has been submitted to Railway for obtaining its approval. The estimated cost of the project is Rs 1983.04 Cr. About **30 MTY** of coal is envisaged to be evacuated through this Rail line. Completion date as per IRCON timeline is March 2020.

- ii) Joint Venture Company “MAHANADI COAL RAILWAY LIMITED” (MCRL)

A SPV, named 'MCRL will take following projects

**1<sup>st</sup> PHASE:** Angul –Balram- Jarpada-Tentuloi link at Talcher CF of MCL (69.10 KM) which consists of Jharpada – Kalinga- Angul link (14.22 Km) Phase-I work is estimated at a cost of Rs 1300.00 Cr (approx.) excluding the cost of land. Revised detailed Project Report (DPR) has been submitted to EC Railway for approval. Work in Phase-I segment is expected to be completed by December 2018 and the entire Phase-II by December 2020.

**2<sup>nd</sup> PHASE:** Tentuloi- Budhapunk – as phase - II (136 KM approx.)

The work of Phase-II will be taken up after the commencement of work of Phase-I.

iii) Joint Venture Company in Chhattisgarh- Mand Raigarh Coalfields of SECL

The evacuation of coal from Mand- Raigarh and Korba – Gevra Coalfields of SECL, shall be through two JV/SPVs namely Chhattisgarh East Rail Corridor and Chhattisgarh East- West Rail Corridor. In all, about **180 MTY** of coal shall be evacuated through these two corridors.

**a) Chhattisgarh East Rail Ltd. (CERL)**, a JV Company formed by SECL, IRCON and Govt of Chhattisgarh shall execute the work in two phases.

**Phase 1:** Kharsia- Dharamjaigarh with Spur to Gare- Palma and three Feeder Lines of about 132 Km. The estimated cost of the project is Rs 3055 Cr. Construction work for major/ minor bridges and Road bed are under progress (from 0 to 74 Km). Likely date of completion: a) Main Corridor: March 2018; b) Spur upto Gare- Palma: Sept 2018; c) Feeder Lines: March 2019

**Phase 2:** Dharamjaigarh – Korba, length of about 67 Km. The estimated cost is Rs 1349 Cr. The project has been approved as Special Railway Project by Ministry of Railways. The DPR is under finalization.

**b) Chhattisgarh East- West Rail Ltd. (CEWRL)** (Gevra Road to Pendra) via Dipka, Katghora, Sindurgarh and Pasan has a length of 135 Km, Urga- Kusmunda has a length of about 16Km and Feeder Lines of about 35 Km is being executed by CEWRL.

The estimated cost of the project is Rs 4919 Cr. Revised DPR (Railway Board has approved inflated mileage of 40% for the first five years of operation) has been approved by CEWRL and SECL Board. Land acquisition process is under progress. Tentative date of completion is March 2020.

**C. Railway Sanctioned projects which are essential for evacuation of Coal**

The Ministry of Railways has sanctioned a large number of projects for improving mobility of traffic which feature in the Pink Book. Some of the sanctioned projects would help in evacuation of coal from existing and future projects.

SN.	Rly.	Name of work	Beneficiary Subsidiary
1	ECR	3rd line Barkakana – Barwadih – Garhwa Road /Patratu to Sonenagar	CCL
2	NCR	Dedicated Freight Corridor – Mughalsarai to Dadri	CCL/ ECL/ BCCL
3	SECR	4th line Jharsuguda to Bilaspur (Priority section Kharsia to Bilaspur)	SECL

4	SECR	3rd Line Rourkela to Jharsuguda 4TH Line Talcher to Budhapank 3rd Line Budhapank to Rajatgarh	MCL
5	ECR	Doubling of Garhwa Road to Chopan- Sigraulti-Katni (Priority section – Shaktinagar to Karalia Road)	NCL

3.9 When asked to explain as to why majority of rail projects fail to complete on time and as a result, time over and cost overrun had to be incurred, the Ministry of Coal in its written reply informed the Committee that at present, CIL has made investment in 3 major rail projects in the states of Jharkhand, Odisha & Chhattisgarh. The reason for delay in implementation of these projects is

- i. Delay in possession of land & R&R resulting from resistance from the PAFs
- ii Delay in grant of statutory green clearances
- iii. Sporadic Law & order issues in state of Odisha & Jharkhand

3.10 When asked what efforts have been made by Ministry of Coal to strengthen coordination with the Ministry of Railways, the Committee were informed that CIL and its subsidiaries regularly pursue the matter at formal and informal levels. Quarterly meetings are held with RITES & IRCON. Meetings are also held with the Zonal Railways such as ECR & SER who are executing works for CIL and its subsidiaries. Ministry of Coal has started Coal Project Monitoring portal (e-CPMP), in which the issues requiring attention of Central Ministries for expeditious implementation of the coal project are uploaded by the coal companies. These issues are flagged in periodic review meeting taken by Secretary (Coal). The issues uploaded in the e-CPMP portal pertaining to development of rail infrastructure projects are being flagged in these periodic review meetings, which is duly represented by officials of Ministry of Railways, RITES, IRCON and coal companies. In addition to that State level issues pertaining to Rail infrastructure projects are flagged in Chief Secretary level meetings of the Secretary (Coal), which is also represented by officials of Ministry of Railways.

#### **Development of Rapid Loading Systems**

3.11 In order to augment Coal Evacuation Infrastructure, the Rapid Loading System of 86.0 MTy capacity are under construction in different subsidiaries, in addition to the existing 110.5 MTy capacity.

**STATUS OF CHPS WITH SILO LOADING :-**

<b>EXISTING CHP WITH SILO LOADING ARRANGEMENT AT DIFFERENT SUBSIDIARY COMPANY OF CIL :-</b>			
<b>Subsidiary</b>	<b>Mine /Project</b>	<b>Existing CHP capacity (Mty) with silo/hopper loading arrangement</b>	<b>Remarks</b>
ECL	Rajmahal	17.0	
CCL	Kalyani	2.0	(In-pit Crusher & Dump Hopper)
SECL	Gevra	12.0	
	Dipka	20.0	
NCL	Amlohri, Phase-I	4.0	
	Amlohri, Phase-II	6.0	
	Nigahi, Phase-I	5.0	
	Nigahi, Phase-II	5.0	
	Jayant, Phase-I	4.5	
	Jayant, Phase-II	5.5	
	Dudhichua, Phase-I	5.0	
	Dudhichua, Phase-II	5.0	
	Khadia, Phase-I	4.0	
	Block-B (Main CHP)	3.5	
	Bina	4.5	(300te hopper with RLS)
Kakri	2.5	(300te hopper with RLS)	
MCL*	Bharatpur	5.0	
<b>Total</b>		<b>110.5</b>	

**STATUS OF INSTALLATION OF RAPID LOADING SYSTEM - CHP & SILO:-**

<b>Subsidiary</b>	<b>Name of CHP / Project</b>	<b>Description</b>	<b>Status</b>
NCL	<b>Krishnashilla</b> CHP with SILO	4.0 Mty CHP with Silo is under construction	<b>Work awarded to M/s HEC</b> on 28.09.2011. Work is in progress. Time extension granted up to 31.03.2017, yet to complete.
	<b>Khadia</b> (Phase-II) CHP with SILO	6.0 Mty CHP with Silo is under construction	<b>Work awarded to M/s L&amp;T</b> on 13.08.2014. Scheduled of completion: 14.10.2016. Work is in progress, yet to complete.
	<b>Nigahi</b> Expansion	5.0 Mty CHP without Silo is	<b>Work awarded to M/s L&amp;T</b> on 13.08.2014. Scheduled



	(Phase-III) CHP without SILO	under construction	completion: 05.10.2016. Work is in progress, yet to complete.
MCL	<b>Bharatpur</b> Siding CHP with Silo	15.0 Mty CHP with Silo is under construction	<b>Work awarded to M/s McNally Bharat Engineering Company Ltd.</b> Site handed over on 21.07.2010. Construction completed by MBE is Oct'17.
	<b>Lingaraj</b> OCP CHP with Silo	16.0 Mty CHP with Silo is under construction	<b>Work awarded to M/s L&amp;T.</b> Site handed over on 15.07.2014. 2 <sup>nd</sup> Time extension granted upto Jan'18.
	<b>Hingula</b> OCP CHP (Pipe Conveyor) with Silo	10.0 Mty CHP with Silo	<b>Work awarded to M/s MEL RVM Projects Joint Venture.</b> Site handed over on 04.11.2016. Likely completion by May'18.
	<b>Bhubaneswari</b> OCP CHP with Silo	10.0 Mty CHP with Silo	<b>Work awarded to M/s L&amp;T on 28.03.2017.</b> Work completion is expected by Dec'2018.
BCCL	<b>Maheshpur</b> CHP with Silo	5.0 Mty CHP with Silo	<b>Work awarded to M/s S.K. Samanta &amp; Co. Pvt. Ltd</b> on 05.04.2011. Supply of Eqpt.-100%. Works & services-94%. Presently work is stopped due to forest clearance issue.
SECL	<b>Gevra</b> OCP	02 Nos SILO of 4000 Te each Capacity (20 Mty)	<b>Work awarded to M/s S.K. Samanta &amp; Co. Pvt. Ltd.</b> This work is complete. The IPCC work awarded to M/s McNally Bharat is in progress. The work of MBE is to be dove-tailed with Silo constructed by M/s SKSL. Work completion is committed by Oct'17.
<b>TOTAL</b>		<b>86.0 Mty</b>	

### Development of Major Road Infrastructure

3.12 In the command area of CIL, there is adequate and durable road infrastructure network which caters to speedy and unhindered transportation of Coal. However, in case of new projects in the upcoming coalfields like North Karanpura Coalfields and Ib

Valley- Basundhara Coalfields, development of new road infrastructure has been undertaken:

**i) Central Coalfields Limited:**

Construction of road from Binglat to Balumath (Junction of NH 99 & 100) via Centre Point Amrapali (Length = 26.00 Km), cost 160.76 Cr.

Construction of road from Magadh (Saradhu) to Tandwa Simaria SH (Length = 11 Km), cost 75.45 Cr.

Construction of road from Barkagown to Urimari (Length = 28 Km), cost Rs. 97.53 Cr.

In addition to above two no. of major bridges with approaches have been taken up for expansion of Rajrappa mine & Govindpur mine phase II at a cost of 21.54 Cr. and 6.94 Cr. respectively.

**ii) Mahanadi Coalfields Limited**

a) IB Valley- Construction of Coal Transportation Road at Samaleswari OCP (Concrete pavement), Lajkura OCP (Concrete pavement) of IB Valley Area & strengthening of bituminous road from HBM to SOCP Jn. at Orient Area of IB Coalfields of MCL. (17.03 KM, Rs 137.72 crores)

b) Talcher Coalfields- Construction of new Coal Corridor in Talcher coalfields at Balam OCP, Bharatpur OCP, Jagannath OCP, Ananta OCP, Bhubaneswari OCP and Lingaraj OCP of MCL in Phase-I & Phase-II (20.09 KM, Rs 218.71 crores)

**Development of Railway Siding**

3.13 Throughout CIL, there are 158 rail heads/ despatch points including Rapid Loading Systems and Railway Sidings ( ECL- 23, . BCCL-30, CCL- 31, NCL-6, WCL- 18, SECL-24, MCL- 24, NEC-02). The construction and repair maintenance of sidings is a regular activity. There are 45 ongoing activities with capital outlay of Rs 3316.05 crores undertaken to augment Siding Infrastructure. The subsidiary-wise details are as under:-

<b>S N</b>	<b>Subsidiary</b>	<b>Number of Activities</b>	<b>Capital Provision (Rs Crs)</b>
<b>1</b>	<b>ECL</b>	<b>9</b>	<b>719.83</b>
<b>2</b>	<b>BCCL</b>	<b>4</b>	<b>227.91</b>
<b>3</b>	<b>CCL</b>	<b>17</b>	<b>1220.81</b>

<b>S N</b>	<b>Subsidiary</b>	<b>Number of Activities</b>	<b>Capital Provision (Rs Crs)</b>
<b>4</b>	<b>NCL</b>	<b>4</b>	<b>168.18</b>
<b>5</b>	<b>WCL</b>	<b>2</b>	<b>72.85</b>
<b>6</b>	<b>SECL</b>	<b>4</b>	<b>424.7</b>
<b>7</b>	<b>MCL</b>	<b>5</b>	<b>481.87</b>
	<b>CIL</b>	<b>45</b>	<b>3316.15</b>

## Chapter IV

### Miscellaneous Issues

#### (i) Diversification Plan of CIL

When asked about the diversification efforts being initiated by CIL, the Ministry of Coal in a written reply has informed the Committee as follows:-

"In addition to production of coal domestically, CIL has embarked on several other initiatives towards a path that can meet development goals of the country while keeping growth trajectory consistent with the objectives of the Paris Agreement, 2015. As the techno-commercially viable coking coal reserves are scarce in the country, CIL is pursuing to acquire coking coal assets abroad to provide long term assured supply to domestic steel manufacturers. CIL has embarked on initiatives for promotion of cleaner use of coal and is looking into possibilities for conversion from coal to chemicals. In two of such initiatives, CIL is exploring the possibility to set up a Coal-to-Methanol plant in West Bengal utilizing low ash coal from Ranigunj Coalfields, and a Coal-to-Polychemicals plant in Jharkhand utilizing high ash coal from North Karanpura Coalfields. Also, CIL, along with Rashtriya Chemicals & Fertilizers and GAIL (India) Ltd. is involved in setting up a coal to urea project at the site of the defunct unit of FCIL at Talcher. Also, CIL has joined hands with Maharatna PSUs IOCL & NTPC and fertilizer PSUs to set up Natural Gas based Urea Plants at Gorakhpur, Sindri and Barauni. Coal India Limited (CIL) made commitments of installing 1,000 MW of solar energy to the Government of India during Renewable Energy Global Investors' Meet, RE-INVEST 2015, organized in New Delhi, in February 2015. In this context, CIL, being a new entrant in the sector, entered into an MoU with Solar Energy Corporation of India (SECI) to act as Project Management Consultant (PMC) for development of 1000 MW Solar PV Projects."

#### (ii) CIL Wages Agreement

4.2 Tenth Pay Accord of the workers in the Coal Sector which was awaited since 1st July 2016 has reportedly been finalized this year on 10th of October, 2017. When asked how the Ministry view this Pay Accord, the Ministry of Coal in its written reply has informed the Committee as follows:-

"As the operation of the National Coal Wage Agreement-IX was up to 30.06.2016, JBCCI-X was constituted vide letter dated 18.11.2016 with Representatives of Management of CIL, its Subsidiaries & Singareni Collieries Company Ltd. (SCCL) and Representatives of four Central Trade Unions (CTUs) namely, BMS, HMS, AITUC & CITU. In total ten meetings of JBCCI-X were held to negotiate Wage Agreement for Non-Executive Cadre Employees of CIL, its Subsidiaries & SCCL. Representatives of four CTUs namely BMS, HMS, AITUC & CITU participated in all the meetings of JBCCI-X. Representatives of

HMS, though participated in the 10th Meeting of JBCCI-X on 10th October 2017, did not sign the 10th Wage Agreement for CIL & SCCL.

The salient features of the 10<sup>th</sup> Wage Agreement for non-executives are as follows: -

1. The periodicity of the 10<sup>th</sup> Wage Agreement shall be for 5 (five) years w.e.f. 01.07.2016.
2. Minimum Guaranteed Benefit (MGB) shall be 20% of the total emolument (Basic + VDA + SDA + Attendance Bonus) as on 30.06.2016.
3. Minimum Basic enhanced from Rs. 15712.62/- Per Month to Rs. 26292.97/- Per Month w.e.f. 01.07.2016.
4. Special Allowance shall be paid @ 4% of revised Basic as on 01.07.2016 and frozen in absolute amount for the entire period of 10<sup>th</sup> Wage Agreement.
5. Annual increment @ 3% on progressive basis.
6. Underground Allowance shall be 9% (in case of Assam-10.5%) of Revised Basic as on 01.07.2016 and amount so arrived at will be frozen for the entire period of 10<sup>th</sup> Wage Agreement.
7. Travel assistance amounting to Rs. 8000/- and Rs. 12,000/- shall be paid for visiting Home Town and 'Bharat Bhraman', respectively once in a block of 4 Years.
8. House Rent Allowance (other than Urban Areas i.e. Coalfields Areas) shall be paid @ 2% of the revised notional Basic as on 01.07.2016 and be frozen in absolute amount for the entire period of 10<sup>th</sup> Wage Agreement. The revised HRA will be paid w.e.f. 01.10.2017.
9. A committee is constituted under the Chairmanship of Director (P & IR), CIL consisting of representatives of Trade Unions and Management to finalize the scheme for employment or financial benefits to the dependent of employee. The committee shall submit the scheme tentatively by 31<sup>st</sup> March 2018. Till then, status quo shall be maintained.
10. To sustain the corpus of CMPS 1998, JBCCI has recommended that both, the employee as well as employer, shall contribute equally i.e. 7% of Revised Basic & VDA, after subsuming the existing percentage of contribution. The deduction shall be made w.e.f. 01/10/2017. It will be funded subject to the approval of BoT/CMPFO/Gol.
11. Contributory Post-Retirement Medical Scheme for Non-Executives (CPRMS-NE) An amount of Rs. 40,000/- shall be contributed by the employees on roll as on 01/07/2016 as a membership contribution and Management shall contribute Rs. 18,000/- per member w.e.f. 01/07/2016. In respect of employees, who were

separated from the services prior to 01.07.2016, no contribution shall be made by the Management. However, these employees (separated prior to 01.07.2016) can join the scheme before 31.12.2017 by making a contribution of Rs. 40,000/-. The scheme will be reviewed after two years and the benefit under the scheme shall be modified, if required.

12. Weekly Day of Rest will be governed as per the Mines Act 1952 and rules made thereunder. Wages for weekly day of rest will be twice of ordinary rate of wages."

(iii) **Vision Plan- 2030**

4.3 The Committee were informed that KPMG was in the process of preparation of Vision 2030 of Coal India Ltd. and the draft of the same has been submitted to the Company. On being asked to highlight the salient features of this Vision document, the Ministry in its written reply informed the Committee as under:-

"As a part of long-term policy for making the country self-reliant in the coal sector, MoC is in the process of formulating 'Vision Document 2030' for coal sector in India. For this purpose, CIL on behalf of MoC has engaged M/s KPMG through open tender for formulating the Document. Draft 'Vision 2030' document has been submitted by the consultant which is under examination.

The salient features of this Vision document are as follows:

- (1) Demand and supply scenario for the year 2020 & 2030
- (2) SWOT analysis of the coal sector
- (3) Technology for the Coal and Lignite sector.
- (4) Advancement of Coal and Lignite mining and
- (5) An action plan for the above"

(iv) **Use of Mine Water**

4.4 When asked how water being discharged from the mines is utilized, the Ministry of Coal in its written reply informed the Committee As under:-

"5443.45 Lakh Cum / Year of mine water is being discharged from various mines of CIL. The utilization of the same is being furnished in the table at **Annexure-I**

As per the directive of Ministry of Coal, Govt. of India, the balance mine water of 1558.81 Lakh Cum/Year would be supplied to the local community for drinking and irrigation purpose by 2017-18. The steps taken for utilization of the same is furnished in the following table:

Company	Target for 2017-18 in Lakh cu. mt.	Domestic	Irrigation	Others / own	Status of Steps Taken
ECL	98.17	26.35	36.28	35.54	Schemes, of capacity 1.83 Lcum/year for drinking water in West Bengal and 19.55 Lcum/year (7.67 Lcum/Year in WB and 11.88 Lcum / Year in Jharkhand) for irrigation have been prepared. In addition MoU signed with Jharkhand State Govt. for utilisation of 1.246 cum./day of water for the mines falling in the Jharkhand State on 30.10.2017
BCCL	532.07	326.67	100.00	105.40	A MoU signed with state government of Jharkhand for mine water utilization of 135810 cum./day on 30.10.2017. Necessary data/details being provided to state government.
CCL	52.46	52.46	0.00	0.00	A MoU signed with state government of Jharkhand for mine water utilization. A total of 88 sites has been identified for use of 25250 million gallon water on 30.10.2017. and necessary data/details being provided to state government.
WCL	608.01	18.95	520.01	69.06	43 Schemes have been approved for mine water utilization. Out of which 13 schemes are completed and other are under progress. 8 RO plants of approximately 30000 Litre/hr are implemented at different areas of WCL.
SECL	268.10	35.03	212.87	20.20	About 15 schemes have been identified so far to supply treated mine water @ 9598 cum/day for drinking and 58321 cum/day for irrigation purpose to about 48 villages within next 2 years.  6 schemes approved and are under tendering stage. The

Company	Target for 2017-18 in Lakh cu. mt.	Domestic	Irrigation	Others / own	Status of Steps Taken
					details are as under 1. Sohagpur Area- 3 schemes 2. Johilla Area- 2 schemes 3. Bhatgaon Area- 1 scheme .
MCL	0.00	0.00	0.00	0.00	All the OCPs of MCL are Zero discharge, the surplus water is stored in the dis-used mine sumps for recharge. Of this about 203.449 L. cum. of water has been kept for use as domestic , irrigation and own use of which 101.884 L.cum. has been used so far ( confirmed by MCL via e-mail)
NCL	0.00	0.00	0.00	0.00	Not Required because of Zero mine water discharge.
CIL	1558.81	459.46	869.16	230.20	

(v) **Coal' Mahotsava'**

The Committee were informed that a coal 'Mahotsava' was celebrated by CIL during the period 16 October to 15 November 2017. When asked as to why such a celebration was made and how such celebrations benefit the company, the Ministry in a post evidence reply informed the Committee as under:-

"Coal India Mahotsava was organized to foster greater sense of belongingness and responsibility among all employees of Coal India Limited and its Subsidiaries. It has been aimed at achieving a higher degree of sense of belongingness, commitment and pride of being part of the Organization among all employees. During this period, a drive was taken to make the employees aware of the broad objective purpose of our Organization and the critical role it has been paying in the society. In this connection, the following 5 major themes have been identified to communicate with employees for making them feel proud, confident, secured and valued :

1. Executive/Non-Executive's wage revision.
2. Initiatives of Company for welfare & safety of employees.
3. Contribution of Company in the individual growth of employees & their kins.



4. Need of concerted efforts to achieve targets of coal production & dispatch with due care to quality and safety.
5. Initiatives for cost reduction and enhancing productivity.

In order to propagate the above themes, the following communicative activities were undertaken in all Subsidiaries.

#### **Activities/Means**

1. Publicity and awareness through banners, flex, standies, digital/LED boards, pamphlets etc. in mines, colonies, shopping complexes and public places.
2. Use of Social Media platforms like Facebook and Twitter.
3. Bulk SMS to all employees.
4. Organizing "Discussion & brain storming Sessions" among the employees and their families in all mines/establishments.
5. Live "Talk shows" by functional directors.
6. "Ethnic Day" to celebrate the diversity of Coal India & its subsidiaries.
7. Street play in mines, colonies and public places.
8. Covering and publicizing success stories of employees & their wards and impact of company in their life. Playing Coal India anthem in mines at the start of shifts followed by a short motivational talk.
9. Playing Coal India anthem in mines at the start of shifts followed by a short motivational talk.
10. Posters making, drawing, sketching, essay writing, speech, quiz and poetry competitions for employees and their wards.

As regards the benefits of the programme, the Committee were informed as follows :

1. It would instill a sense of pride among employees in working with the Organization and higher identification with the Company, which will lead to greater commitments of the employees towards the goals of the Organization.
2. Employees would become more aware of the long term and short term benefits of working with the Company which will enhance retention of employee.
3. The brand image of the Company will improve among employees and others. The Company would become an attractive destination for employment.
4. Feedback received from employees, during the course, would help management to identify areas of improvement and take corrective actions.
5. It would enhance overall satisfaction among employees for higher performance."

## PART-II

### OBSERVATIONS /RECOMMENDATIONS OF THE COMMITTEE

#### DEMAND AND SUPPLY OF COAL

1. The Committee note that the coal demand-supply gap which was only 15.5 MT during the year 2015-16 reached to 55.3 MT during the year 2016-17. According to the Ministry of Coal the increase in gap during the year 2016-17 as compared to 2015-16 is not due to shortfall in availability of coal, but the same is due to subdued demand from various sectors. During the year 2016-17, many linked power stations restricted their coal supplies in order to regulate power generation due to stiff competition being faced by them on account of Merit Order Dispatch system of power coupled with prior availability of huge coal stocks at their plants. In the case of unregulated sectors, the use of petcoke by cement plants had also resulted in the reduced demand of coal. However, looking at the overall scenario, the total pit-head stock at the mines of CIL had increased to 68.421 MT as on 31.3.2017 as against 57.643 MT as on 1.4.2016 and as a matter of fact the CIL had to even regulate its production. The Committee, therefore, find that the increased gap between the demand and supply during the year 2016-17 was primarily due to stock already piled up at thermal power stations and the actual offtake/ supply of coal by CIL has consistently shown a rising trend since 2014-15. The Committee, while appreciating CIL for registering continuous growth in coal supply, are of the considered opinion that in addition to supply side, demand projections be revised in consonance with the sentiments/ demand trends from different sectors so that the demand supply gap

does not portray different story and earnest efforts of the Ministry/CIL for meeting the demand of coal in all sectors are truly reflected.

### **SUPPLY OF COAL TO NON-REGULATED SECTOR**

2. The Committee while appreciating the increase in coal supply to regulated sector from 429 MT in 2014-15 to 481.952 MT in 2016-17, however, feel concerned to find that there is a steady decline in the supply of coal to the non-regulated Sectors like Steel, Cement, Sponge Iron etc. According to the Ministry of Coal, Steel and Sponge Iron sectors had faced a bad patch for consecutive years leading to less dispatch of coal to these sectors. Besides this, another factor is that the cement plants had been using petcoke as a substitute of coal for the purpose of cost reduction. In this regard, the Committee note that as a part of remedial measures to arrest the decline in supply to non-regulated sectors, the CIL, with the introduction of linkage auction policy in June 2016 has been periodically organizing sector specific auctions for establishing long term linkages (5 years tenure) for Steel, Cement and Sponge Iron sectors. These efforts have resulted in establishment of linkages of 10.66 MT in the 3 tranches for these sectors. While appreciating the initiatives taken to ensure coal supply to the non-regulated sectors by institutionalizing the mechanism for establishing long term linkage, the Committee desire that the periodicity of organizing these sector specific auctions may be increased keeping in view the demand of the specific sectors. The Committee also recommend that more and more non-regulated sectors may be brought under this linkage auction policy so that no industry in the non-regulated sector face threat of closure due to erratic coal supply.

## **COAL PRODUCTION**

3. The Committee note that while during 2015-16 and 2016-17, the Coal India Ltd. (CIL) succeeded in enhancing its production by registering 9.0% and 2.86% growth rate respectively, the Company missed its production targets in both these years by shortfalls of 11.246 MT and 44.47 MT respectively. However, on the issue of under achievement of production targets, Secretary, Ministry of Coal in his candid submission before the Committee during the course of evidence explained that targets were deliberately fixed in such a manner so that not only that seek increment in achievements every year but also that were kept high on aspirational side to improve efficiency in CIL. It was also clarified that non-achievement of targets by CIL in some of its subsidiaries has not affected any of its consumers for want of coal, which is evident from the fact that there has been a declining trend in import of power grade coal. The Committee also observe that major impediments for CIL in implementation of its coal mining projects are land acquisition, rehabilitation & resettlement, delay in forest clearance, environmental clearance and law & order issues, etc. Understanding the strategic importance attached with deliberately fixing the targets on a higher side to improve efficiency in CIL, the Committee are impressed at the administrative acumen and professionalism in fixing the production targets on the higher side giving an impression of non-achievement of target by CIL. While acknowledging the significance of initiatives taken by the Ministry and CIL to ensure availability of coal to cater to the needs of the different sectors of the economy, the Committee feel that the issues which impede effective implementation of coal mining projects like land acquisition, rehabilitation & resettlement, delay in forest clearance, environmental clearance and law & order issues as cited above need

to be addressed urgently by the Government in consultation and coordination with all stakeholders so that avowed objective to make the country self reliant in domestic coal production could be achieved in the near future.

#### **CAPTIVE COAL MINES**

4. The Committee observe that as against the targets of 75.50 MT and 46.10 MT, actual coal production for captive mining has been low at 28.82 MT and 32.32 MT during the years 2015-16 and 2016-17 respectively. As regards the reason for difference between the production targets and achievement from captive coal mines during the years 2015-16 and 2016-17, the Committee note that out of 37 captive coal mines which were anticipated to start production during the aforesaid period, only 12 coal blocks could start production during the year 2015-16 which increased to 16 blocks during the year 2016-17. In this regard, the Committee note that many allottees of captive coal blocks could not start the mines on account of many reasons such as preparation of revised mining plans for obtaining statutory clearances, modification of geographical bounding coordinates given in the allotment letter, land acquisition, transfer/approval of mining lease, lease transfer, etc. The Committee are of the considered opinion that after allocation of the mines, it is of utmost importance that mining operations and coal production start without any delay on account of various technicalities. The Committee, therefore, recommend that all such issues which are holding back the mining operations may be taken up and resolved at the highest level in the Central and the State Government concerned so that coal mine projects may be commissioned expeditiously without any hindrance. The Committee would like to be apprised of the action taken in this regard.

## **IMPORT OF COAL**

5. The Committee feel satisfied to note that import of non-coking coal has been witnessing a continuous downslide since 2014-15 and has plummeted from 174.07 MT during 2014-15 to 149.31 MT during 2016-17. In this regard, the Committee appreciate import substitution efforts of the Ministry of Coal in conducting one-to-one meeting with the various stakeholders which include all domestic coal based power plants (State/central Gencos and Independent Power Producers (IPPs), PSU Integrated Steel Plants, CPSUs importing coal for captive power generation and Imported coal based power plants, which have imported coal during the year 2015-16. As reported by Central Electricity Authority (CEA), with 47% reductions, indigenous coal based power plants have imported 19.87 MT coal in 2016-17 as against 37.211 MT in 2015-16. Scrutiny of the data related to coal imports and import substitution during the aforesaid period also suggest that import by domestic coal based power plants and total import by power sector has substantially decreased as a result of import substitution efforts of the Ministry of Coal /CIL. While placing on record their appreciation for commendable work of the Ministry/CIL in bringing down the import of non-coking coal, the Committee note that the use of indigenous coal by the imported coal based Thermal Power Plants (TPPs) is dependent on policy interventions by the Government for allowing use of domestic coal alongwith imported coal as the existing consent is for use of imported coal only. The Committee, therefore, desire that the Government should earnestly address this issue to bring down the import of non-coking coal. The Committee also recommend that all out efforts may continuously be made to reverse the trend of importing coking coal by Steel

plants by augmenting the production of coking coal in the country or acquiring of coking coal blocks/mines by CIL abroad. The Committee would like to be apprised of the steps taken by the Government in this regard.

#### **AVAILABILITY OF COAL TO POWER PROJECTS**

6. As regards the coal availability to power plants/projects since 2015-16, the Committee observe from the details of coal receipt and consumption during 2015-16, 2016-17 and 2017-18 (April-October, 2017) by coal based thermal power plants that the receipt of coal by the power plants during 2016-17 is almost same as that was during 2015-16. While the receipt of domestic coal has increased by 2.8% from 481.3 MT in 2015-16 to 494.9 MT in 2016-17, there is a reduction in import of coal by about 18% from 2015-16 to 2016-17. Also, the total coal consumption during 2016-17 has increased by about 5.3% from 2015-16. According to the Ministry, the power plants consumed more coal during 2016-17 over the year 2015-16 by virtue of utilizing their stock which was available during 2015-16. As a result, the domestic coal receipt and the total coal receipt have increased by 10.4% and 6.9% respectively whereas the imported coal receipt has witnessed a decrease of 16.6% during 2017-18 (April to October, 2017) from 2016-17. As regards the dispatch status to power houses in the States of Jharkhand and Maharashtra during the year 2016-17 and 2017-18, the Committee note from the submission of the Ministry that while during the year 2016-17, as against Annual Contracted Quantity (ACQ) of 16.1 MT and 66.3 MT, the dispatch to the power houses in the respective States were to the tune of 12.2 MT and 43.4 MT respectively and during the 2017-18 (up to November, 2017) against the ACQ of 11.0 MT and 42.9 MT, the dispatch was 8.2 MT and 33.0 MT respectively. In view

of the supply of 66% of ACQ to Maharashtra during 2016-17 and 77% during 2017-18 (up to November 2017), the Committee would like to be apprised of the reason for the same and the remedial measures taken/being taken by CIL to cater to the rising demand of coal by power plants located in these two States. Although, the Committee are happy to note that the receipt and consumption of domestically produced coal by power plants has increased during 2016-17 as compared to 2015-16, the coal stock at power plants has decreased from 43.2 MT in 2015-16 to 31.3 MT in 2016-17 and has further declined to 12.2 MT as on October, 2017. While endorsing the new methodology issued by CEA for monitoring of stock of coal based thermal power plants prescribing calculation of normative coal stock at power plants at 85% of their Plant Load Factor (PLF) alongwith the number of days of coal stock to be kept in the power plant depending on the distance from the mine head, the Committee strongly recommend that Ministry of Coal/CIL should ensure that these coal stock norms at power plants are strictly adhered to.

### **COAL WASHERIES**

7. While observing that it is an international practice to sell coal by cutting it into required size and only after washing to improve economics of power generation and also reduction of emission, the Committee are happy to note that in addition to existing 15 washeries (12 coking coal with capacity of 23.3 Mty and 3 non-coking coal with capacity of 13.50 Mty), Coal India Ltd has planned to set up 27 coal washeries in two phases. 18 coal washeries (9 coking coal with capacity of 30.35 Mty and 9 non-coking coal with a capacity of 75.5 Mty) are to set up in the first phase, whereas 9 coking coal washeries of 17.83 Mty capacity in second phase, which include renovation/replacement of 5 existing coking coal



washeries. The Committee feel that measures undertaken by CIL will not only supplement its commitment for reduction in emission by adopting clean coal technologies but also the same may prove economical resulting in reduction in the quantum of coking coal by importing and saving of valuable foreign exchange. While appreciating the aforesaid initiative of the CIL, the Committee desire that they may be apprised of the action plan to set up the proposed washeries in a time bound manner. The Committee would also like to know the earnest efforts being made by the Coal Companies to ensure optimum utilization of the installed capacities of the existing washeries.

#### **COAL LINKAGE POLICY**

8. The Committee note that the Government on 22.05.2017 has issued a new policy christened as 'Scheme for Harnessing and Allocating Koyla (Coal) Transparently in India' (SHAKTI)s for allocation of coal linkages to the Regulated Sectors in a transparent manner. The policy is an important initiative in alleviating one key challenge in power sector, viz. lack of coal linkage and is expected to positively contribute in resolution of a number of stressed assets. The major benefits of this policies are to make coal available to power plants in transparent and objective manner; auction to be made on the basis of linkage allocations to Independent Power Producers (IPPs); the stress on account of non-availability of linkages to power sector projects would be eased which is good for the Infrastructure and Banking Sector; Direct benefit of reduction in tariff by Power Purchase Agreement (PPA) holders would go to Discoms/consumers; Power Plants would get long term security of supply of coal from a source of their choice. As regards the allocation of linkages / Letter of Assurances (LOAs) for non-regulated sector, the Committee were apprised that there has been a long-standing demand of

developing an institutional mechanism for regular procurement of coal by end consumers from non-regulated sectors to the extent of their normative requirements. To address this, the Ministry of Coal came out with a new policy on 15.02.2016 for auction of coal linkages to non-regulated sectors. The policy stipulates allocation of coal linkages through Non-Discriminatory Ascending Clock E-auction, which is a transparent on-line bidding mechanism. The mechanism would enable consumers in meeting their coal requirement on long-term basis. As regards the rationalization of Coal Linkages, the Committee note that during 2014-15 to 2016-17, the source rationalisation of coal linkages has resulted in estimated saving of Rs. 3000 crore per annum on transportation cost to the power utilities. This has resulted in annual potential saving of Rs 1526 crore to NTPC Ltd. by inter plant rationalization of Coal quantity of 22.6 MT. While appreciating the policy initiatives undertaken by the Ministry of Coal for regulating allocation of Coal linkages in a more transparent and objective manner, the Committee expect that as a result of the linkage auctions being conducted under SHAKTI by virtue of their design give an option to consumers to bid for a source of their choice from the offered sources, the cost of transportation of coal to the consumer will be significantly get reduced. The Committee, therefore, recommend that the Government should also consider new linkage policy (SHAKTI ) be linked with saving on account of transportation cost of coal.

#### **COAL DISPATCH AND INFRASTRUCTURE FOR COAL EVACUATION**

9. The Committee are happy to note that there has been a consistent rise in the coal dispatch from the year 2014-15 to 2016-17. The Committee have also

been informed that during the year 2017-18 (upto 10.12.2017), CIL has despatched 385.277 MT against the production of 346.713 MT thereby liquidating 38.564 MT from the stock and the coal stock which stood at 68.421 MT as on 01.04.2017 is presently, stood at the level of 29.857 MT. The Committee are, however, concerned to note that there is delay in the execution of infrastructure network for road and railways for evacuation of coal. According to Ministry of Coal, delay in execution of Tori - Shivpur – Kathotia line and discontinuation of traffic movement in Dhanbad-Chaandrapura line have reportedly been somewhat affecting evacuation of coal from mines of CCL and BCCL respectively. In this context, the Ministry of Coal informed the Committee that CIL and its subsidiaries regularly discuss the matter at formal and informal levels and quarterly meetings are being held with RITES & IRCON. Meetings are also held with the Zonal Railways such as East Central Railways & South Eastern Railways which are executing works for CIL and its subsidiaries. The Ministry of Coal has started Coal Project Monitoring portal (e-CPMP), in which the issues requiring attention of Central Ministries for expeditious implementation of the coal projects are uploaded by the coal companies. These issues are flagged in periodic review meetings being taken up by the Secretary (Coal). The issues uploaded in the e-CPMP portal pertaining to development of rail infrastructure projects are being flagged in these periodic review meetings, which is duly represented by officials of the Ministry of Railways, RITES, IRCON and coal companies. In addition to that, State level issues pertaining to Rail infrastructure projects are flagged in Chief Secretary level meetings of the Secretary (Coal), which is also represented by officials of Ministry of Railways. While appreciating these efforts of the Ministry of Coal in coordination with the Ministry of Railways and respective State

Governments, the Committee trust that execution of Tori- Shivpur - Kathotia line and Jharsuguda- Barpali- Sardega Rail Link projects will be completed as per their anticipated completion time i.e. by June 2018 and December 2017 respectively. As regards, discontinuation of traffic movement in Dhanbad- Chaandrapura line, the Committee desire that the matter may be taken up at the highest level in the Ministry of Railways for working out a viable solution to deal with the situation. The Committee would also like to be apprised of the steps taken by the Ministry of Coal and the Ministry of Railways to ensure timely completion of other identified Rail links like Bhadrachalam Road to Sattupalli Railway, (Expected date of completion is 2020-21); Goleti Railway siding (Expected date of completion is 2017-18); Bethampudi railway station to Koyagudem and Railway siding for KK1 CHP, Mandamarri. The Committee recommend that all out efforts in coordination with all concerned be made so that all Joint venture rail line projects and Railway Sanctioned projects that feature in 'Pink Book' which will help in evacuation of coal from existing and future coal projects are executed in a time bound manner. The Committee may be apprised of the action plan made in this regard. The Committee would also like to be apprised of the completion target of 45 ongoing activities with capital outlay of Rs. 3316.05 Crore to augment Siding Infrastructure.

#### **DEVELOPMENT OF RAPID LOADING SYSTEM**

10. The Committee observe that in order to augment Coal Evacuation Infrastructure, the Rapid Loading System of 86.0 Mty capacity are under construction in different subsidiaries of CIL, in addition to the existing 110.5 Mty capacity. The Committee are, however, concerned to note that work on majority of such capacity addition Coal Handling projects is being delayed. In view of

significant enhancement in the production of coal in the recent past, the Committee feel that augmentation in the Coal evacuation infrastructure facilities is required to be completed in a time bound manner so as to ensure timely and uninterrupted supply of quality coal to all the sectors of the economy. While appreciating capacity addition initiatives in the existing coal evacuation infrastructure network, the Committee recommend that all out efforts be made to ensure completion of aforesaid Coal Handling Projects within the stipulated timeframe. The Committee would like to be apprised of the earnest efforts of the Ministry / CIL in this regard.

#### **VISION 2030' DOCUMENT**

11. The Committee also note that as a part of long-term policy for making the country self-reliant in the coal sector, the Ministry of Coal engaged M/s KPMG for formulating the 'Vision 2030' document. Draft 'Vision 2030' document has since been reportedly submitted by the consultant and is currently under examination of the Ministry/CIL. While appreciating the initiative taken by the Ministry for formulation of 'Vision 2030' document, the Committee desire that the said document may be finalized without further delay and necessary action plan be formulated to achieve the targets set in 'Vision 2030' document and they be apprised of the same.

#### **GENERAL**

12. The Committee are glad to note that in pursuit of its core objectives linked to its vision of securing the availability of coal to meet the demand of different sectors of the economy in an eco-friendly and sustainable manner, the Ministry has been undertaking a host of other innovative welfare initiatives like Use of

Mine Water for drinking and irrigation purpose of the local community, organizing 'Coal Mahotsava', finalization of Wage Agreement of the CIL workers, acquisition of coal blocks abroad, development of Solar Power Plants; exploring the possibility to set up a Coal-to-Methanol and Coal-to-Polychemicals plants as a part of its diversification efforts, which according to the Committee would not only foster greater sense of belongingness and responsibility among all employees of Coal India Limited and its Subsidiaries but would also help meet the development goals of the country. While appreciating these initiatives, the Committee hope that the Ministry / CIL will carry on such good work in future as well. The Committee would also like to be apprised of the present status of overseas coal blocks acquired by CIL so far, timelines fixed for ensuring completion of Clean Coal technologies like Coal-to-Methanol plant and Coal-to-Polychemicals and development of 1000 MW Solar PV Project by CIL.

**NEW DELHI;  
02 January, 2018  
12 Pausa 1939(Saka)**

**RAKESH SINGH  
Chairperson  
Standing Committee on Coal and Steel**

**ANNEXURE-I**

**STATEMENT REGARDING UTILIZATION OF WATER BEING DISCHARGED FROM  
VARIOUS MINES OF CIL**

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 27TH NOVEMBER, 2017 IN COMMITTEE ROOM No. '4', 'A' Block, PARLIAMENT HOUSE EXTENSION BUILDING, NEW DELHI.**

The Committee sat from 1130 hrs. to 1400 hrs.

**PRESENT**

**Shri Rakesh Singh- Chairperson  
Lok Sabha**

2. Shri A. Arunmozhithevan
3. Shri Chandu Lal Sahu
4. Shrimati Jyoti Dhurve
5. Shri Shailesh Kumar
6. Dr. Banshilal Mahato
7. Shri Ajay Nishad
8. Shrimati Ranjit Ranjan
9. Dr. Ravindra Kumar Ray
10. Shri Tamradhwaj Sahu
11. Shri Janardan Singh 'Sigrival'
12. Shri Pashupati Nath Singh
13. Shri Sunil Kumar Singh
14. Shri Krupal Balaji Tumane

**Rajya Sabha**

15. Dr. Pradeep Kumar Balmuchu
16. Shri Md. Nadimul Haque
17. Shri Ranvijay Singh Judev
18. Shri Dilip Kumar Tirkey

**SECRETARIAT**

- |                         |   |                     |
|-------------------------|---|---------------------|
| 1. Shri U.B.S. Negi     | - | Joint Secretary     |
| 2. Shri Ajay Kumar Garg | - | Director            |
| 3. Shri Arvind Sharma   | - | Additional Director |
| 4. Shri Girdhari Lal    | - | Under Secretary     |



## WITNESSES

Sl.No.	Name	Designation
1.	Shri Susheel Kumar	Secretary (Coal)
2.	Shri Suresh Kumar	Addl. Secretary(Coal)
3.	Shri Rajesh Kumar Sinha	Joint Secretary(Parl)
4.	Smt. Reena SinhaPuri	Joint Secretary & Financial Adviser
5.	Shri Niranjana Kumar Sudhansu	Joint Secretary
6.	Shri Gopal Singh	Chairman, CIL
7.	Shri S.N.Prasad	Director(Mkt.) , CIL
8.	Shri Binay Dayal	Director(Tech), CIL
9.	Shri Shekhar Saran	CMD, CMPDIL
10.	Shri Mukesh Choudhary	Director(CLD)
11.	Shri Peeyush Kumar	Director(Tech)

2. At the outset, the Chairperson welcomed the Secretary and other representatives of the Ministry of Coal and its PSUs to the sitting of Committee convened to take oral evidence on the subject, " Production, Marketing and Distribution of Coal".

3. Thereafter, the representative of Ministry of Coal made a powerpoint presentation on the subject matter. The Chairperson and Members then raised queries and sought responses from the representatives of Ministry of Coal on various issues like New Linkage Policy (SHAKTI); Coal production targets and their achievements by coal companies; Coal dispatches and their targets; New rail network for evacuation of Coal; Vision for 2025-30; Wage Agreement of Coal India employees; Inadequate Coal supply to power plants in Maharashtra and Jharkhand; Coal Washeries; E-auction of Coal; Rationalization of coal linkages; Coal stock for power plants; Demand-Supply gap; Import of coal; Protection of abandoned Coal lying at pit heads and its utilization; Association of people's representation in implementation of CSR schemes in Coal fields; utilization of mine water for drinking and irrigation purposes; Prospective plan of the Ministry of Coal for coal production etc.

4. The representatives of Ministry of Coal attended to the queries of the Members and made submission on various aspects of the subject.

5. The Chairperson, thereafter, directed the representatives of the Ministry of Coal to furnish written replies to all the queries raised by the Members which could not be responded to.

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

***The Committee then adjourned.***

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 2 JANUARY, 2018 IN HON'BLE CHAIRPERSON'S CHAMBER, ROOM NO. '210', B-BLOCK, PHA EXTENSION BUILDING, NEW DELHI.**

The Committee sat from 1530 hrs. to 1600 hrs.

**PRESENT**

**Shri Rakesh Singh - Chairperson**

**Lok Sabha**

2. Shri Idris Ali
3. Shri Kamalbhan Singh Marabi
4. Shri Godam Nagesh
5. Shri Ajay Nishad
6. Smt. Riti Pathak
7. Smt. Ranjit Ranjan
8. Shri Ravindra Kumar Ray
9. Shri Tamradhwaj Sahu
10. Shri Janardan Singh 'Sigriwal'
11. Shri Pashupati Nath Singh
12. Shri Sunil Kumar Singh
13. Shri Sushil Kumar Singh
14. Shri Krupal Balaji Tumane

**Rajya Sabha**

15. Shri Ranjib Biswal
16. Shri Md. Nadimul Haque
17. Shri Ranvijay Singh Judev
18. Shri Ram Vichar Netam

**SECRETARIAT**

1. Shri U.B.S. Negi - Joint Secretary
2. Shri Ajay Kumar Garg - Director
3. Shri Arvind Sharma - Additional Director

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

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

(i) Draft Report on "Production, Marketing and Distribution of Coal" relating to the Ministry of Coal; and

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

4. The Committee adopted the Reports without any changes/modifications. The Committee then authorized the Chairperson to finalise the Reports on the basis of factual verification from the concerned Ministries and present the same to both the Houses of Parliament.

***The Committee then adjourned.***

\*\*Do not pertain to this Report.