

# LOK SABHA DEBATES

## LOK SABHA

Friday, June 12 1998/Jyaishta 22, 1920 (Saka)

The Lok Sabha met at Eleven of the Clock

[MR. SPEAKER in the Chair]

### ORAL ANSWERS TO QUESTIONS

#### Joint Sampling of Coal

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\*242. SHRI JAYSINHJI CHAUHAN:  
SHRI P.S. GADHAVI:

Will the Minister of COAL be pleased to state:

(a) whether the Coal India Limited has changed the location of Joint Sampling of Coal from power stations to collieries;

(b) if so, the reasons therefor;

(c) whether there is a dispute between Coal India Limited and the Gujarat State Electricity Board regarding the amount claimed or pending for the period from March 15, 1991 to December 31, 1993 due to the said decision;

(d) if so, the details thereof;

(e) whether the Government have examined this long outstanding issue in consultation with both the parties;

(f) if so, the results thereof; and

(g) if not, the steps proposed to be taken by the Government to solve this long outstanding issue at the earliest?

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRI DILIP RAY) : (a) to (g) A Statement is laid on the Table of the House.

#### Statement

(a) and (b) Upto 1982 coal sampling was done by the coal company at the loading end. In August 1982, the then Ministry of Energy decided that on a trial basis sampling and quality checking should be undertaken jointly at the loading end. Later in December, 1986 the Ministry of Energy decided that sampling and quality checking should be undertaken by an independent organisation under Central Electricity Authority (CEA) at the loading end. As the CEA could not implement this decision, in October, 1991, the Committee of Secretaries decided that sampling and quality will be determined by the Coal Controller at the loading end. This decision was reiterated in June, 1995 by the Cabinet Committee on Infrastructure with a

modification that legally enforceable contracts are to be entered into between the supplier and consumer and sampling and quality should be determined jointly at the loading end.

(c) to (f) According to the information furnished by Coal India Limited (CIL), the long pending dispute between Gujarat Electricity Board (GEB) and CIL are mainly related to quality of Coal and interest on delayed payment. In order to resolve the dispute over-payment of coal bills, a meeting was held between Chairman, Gujarat State Electricity Board and Chairman-cum-Managing Director, South Eastern Coalfields Limited on 20.11.95 in which the principles for settlement of claims of coal company and power houses were finalised. The Coal company applied this formula in settling claims of GEB which has not been accepted by GEB.

Accordingly GEB has been advised to depute a team of senior officers to coal companies to sort out the claims of coal companies and the counter claims of GEB.

(g) An umpire has been appointed by the Government to resolve the dispute between CIL and GEB. The Umpire has since given his awards. Coal India Ltd. is quantifying the dues of coal companies on the basis of principles set out by the Umpire in his award.

[Translation]

SHRI JAYSINHJI CHAUHAN : Mr. Speaker, Sir, through you, I would like to know and tell the Hon'ble Minister that while replying he had paid attention to only those Questions which have been asked. My first Question is that after 1993, what was the need for changing the place of joint sampling by Coal India Limited? Prior to this sampling was done under the jurisdiction of Gujarat Electricity Board then what is the justification of changing this place?

[English]

SHRI DILIP RAY : Sir, this question has been coming up in both the Houses of Parliament, time and again. I have found that this is mainly being asked by hon. Members from Gujarat. Sir, I will take a little time to explain the situation.

This joint sampling is done by the coal companies and then they give coal to the power plants. The joint sampling is done to confirm the expected grade quality and quantity of coal that is being supplied to the power plants. The coal companies can and should supply the right grade of coal to them. But the problem is that after loading, by the Railways, till it is delivered to the consumer, i.e. power

plants, lot of pilferage and thefts also take place in carriage, which is not our problem. But we, tried to cover it through insurance cover, etc. but it was not agreed to by them.

But I must mention that as far as CLO Goods Act 1930 is concerned, the coal company's responsibility ceases as soon as it loads it into the wagon. This has been upheld by the Punjab and Uttar Pradesh High Courts.

This sampling is done in a prescribed way as per the ISI specifications.

Now, I come to the question of joint sampling being shifted from unloading end to the loading end, which the hon. Member has asked. This will be a little chronological statement. Historically, this joint sampling was done at the loading end. But in 1982, when the Ministry of Coal and Power was under the Ministry of Energy. It was decided that on a trial basis, for the first time, joint sampling should be done at the unloading end. In 1986, it was decided that the joint sampling would be taken at the power house end, i.e. loading end and that the Central Electricity Authority would be monitoring this. But they did not take any action in this regard. So, we made our own arrangements as the power units were not very happy about it.

Again, in 1991 the Committee of Secretaries, including Coal and Power Secretaries, took meetings where it was decided that it should be taken up at the power house end. In 1995, there was a Cabinet decision that it should be done at the power house end and CEA was supposed to inspect it. In 1996, it was decided that it should be done at the power house end.

The hon. Member would be happy to know that we have now taken a decision that the joint sampling would be done at the power house end, at the loading and unloading ends.

Eighteen agencies have been identified. The cost at the power house end would be borne by the Coal Ministry and the cost at the unloading end would be borne by the consumer.

*[Translation]*

SHRI JAYSINHJI CHAUHAN : Whether Coal India Limited had sought the permission of the Chairman of Gujarat Electricity Board and their Ministry for changing the site and whether Cabinet Committee had also given its permission because after 1993, the payment of pending dues to Gujarat Electricity Board has not been made by Coal India Limited. As per my information, the pending amount till date is Rs.925 crores due to which State Electricity Board has to suffer financial losses. I would like to know as to what concrete steps have been taken or proposed to be taken by the government in this direction.

*[English]*

SHRI DILIP RAY : Sir, we do not need to take any permission from the State Government or the Chairman of the State Electricity Board. But we have informed both the Chief Minister of the State and the consumer.

Regarding the dispute amount of Rs.923 crore, which the hon. Member has pointed out, I would say that it is not correct. Till 1993, the total claim made was Rs.107.65 crore. Out of that, the settled claim was Rs.87.86 crore. The pending claim is about Rs. 1 lakh. The claim rejected by the Coal India was Rs.19.78 crore.

SHRI P.S. GADHAVI : Sir, the hon. Minister has said that it is not correct to say that the dispute amount is Rs.924.74 crore. I would like to invite the attention of the hon. Minister to the statement sent to them by the Gujarat State Electricity Board, wherein it was stated that up to 1997-98, the total claim was about Rs. 924.74 crore. Is it true? When the claim is this much amount, I would like to know from the hon. Minister whether he would take steps to resolve this long-pending dispute. This dispute can be resolved. The Gujarat State Electricity Board is facing very critical financial crisis. All these dues are there. I would like to know whether the hon. Minister would take any steps to resolve this long-pending dispute as early as possible.

MR. SPEAKER : It is a good question.

SHRI DILIP RAY : The total claim made till date is about Rs. 763.73 crore. Then, we have settled about Rs. 130.21 crore. The pending claim is about Rs. 29.5 crore. We have rejected the claim of Rs. 271.33 crore. We are holding a meeting on the 22nd June to sort out this problem.

*[Translation]*

SHRI LAKSHMAN SINGH : Mr. Speaker, Sir, the Hon'ble Minister in his reply has informed that this decision was taken by Committee of Secretaries in October, 1991. I would like to know from Hon'ble Minister that it is not proper that these type of important decisions, though this decision was taken during the tenure of our government, are taken by two officers as to where the quality of coal will be checked. I would like to ask that in the matter of this type of important decision, whether it is related to Gujarat or any other state, are you planning to take this to Cabinet or before the Standing Committee or Consultative Committee of Parliament or you are considering to make a policy only after obtaining the opinion of representatives of the people?

*[English]*

SHRI DILIP RAY : Sir, let me say that this has been sorted out. Now, we will not be having only at the loading end. By September, the joint sampling would take place both at the loading end and at the unloading end.

[Translation]

**SHRI LAKSHMAN SINGH** : Even now, you are leaving the right of taking such decision on Secretaries, and whether in that representatives of people will not be involved? It is not appropriate that such an important decision is taken by a secretary.

**SHRI DILIP RAY** : We shall ask the Consultative Committee.

**SHRI MOTILAL VORA** : Hon'ble Speaker, Sir, I would like to ask the Hon'ble Minister that this dispute pertains to a period between 15.3.1991 to 31.12.1993 and this continued for 2 years. The government had constituted a Committee of Secretaries. How many sittings of the said Committee took place till now? The dispute is between Gujarat Electricity Board and Coal India Limited regarding quality of coal and the interest on pending amount. The matter was very that the quality of coal of Coal India Limited was not good and the interest was also included in payment which has to be made. My question is simple that the dispute which continued from 1991 to 1993, whether you will make any special effort to settle that dispute in 1998 itself. Just now you have said that the claim is about Rs. 785 crores and as against that an amount of Rs. 100 crores was paid. Whether any decision will be taken with regard to the remaining amount till the end of this month?

[English]

**SHRI DILIP RAY** : Sir, as I already mentioned, out of Rs. 763.73 crore, we have got to sort out only Rs. 29.05 crore. For this, we have fixed up a meeting on the 21st.

As far as interest is concerned, it has already been adjusted. We agree that there is a great slippage and for that Rs. 134.21 crore have already been adjusted.

[Translation]

**DR. C.P. THAKUR** : The quality of coal is the first requirement of power plants. Instead of first class coal you have supplied third class coal as a result of which functioning of many power plants were affected and they closed down. Whether government will get the sampling done at 3 sites - one at the time of loading, second at the time of unloading and third when coal is sent in power plants. Whether government will appoint an Independent Body for testing quality of coal, as it is done in the case of Drugs so that it can check the sample and payment is made accordingly by the power plant.

[English]

**SHRI DILIP RAY** : It is not possible to do it at three places. But we have already decided to do it at two places and independent bodies are also being engaged for doing the sampling work.

## TAXES ON ALLOWANCES

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\*243. **SHRI SATNAM SINGH KAINTH**:

**SHRIMATI BHAVNA DEVRAJBHAI CHIKHALIA**:

Will the Minister of FINANCE be pleased to state:

(a) whether all the allowances such as DA/CCA/H.R.A. etc. being paid to Government employees/officers are taxable;

(b) whether the Government are aware that allowances are being paid subject to increase in price rise and to compensate the Government employees for House Rent Allowance, etc.;

(c) if so, the reasons for which the tax is being charged from the employees thereon;

(d) whether the Government are aware of the resentment amongst Government employees on this account; and

(e) the remedial steps being taken by the Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE & INSURANCE): (SHRI KADAMBUR M.R. JANARATHANAN) : (a) to (e) A Statement is laid on the Table of the House.

### Statement

(a) No, Sir, all the allowances being paid to Government employees/officers are not taxable.

DA and CCA are taxable allowances.

House Rent Allowance is taxable subject to the conditions specified under section 10(13A) read with rule 2A of the Income Tax Rules, 1962.

Under Section 10(14), a number of special allowances which are incurred in relation to specific official duties, have been prescribed/notified, which are not taxable. These include Transport Allowances, Hill Compensatory Allowance, Border Area Allowance, Disturbed Area Allowance etc.

(b) Yes, Sir.

(c) Tax is being charged from the employees only on those allowances which are taxable under the statute and form part of the "salary".

Since DA, CCA and HRA are given as part of the salary, same are taxable in the hands of the employees.