

## **CHAPTER III**

### **COAL COMPANIES AND NEW MINING POLICY**

**3.1** The Coking Coal Mines (Emergency Provisions) Ordinance was promulgated by the Government of India on 16.10.1971 under which except the captive mines of TISCO and IISCO, the management of all coking coal mines was taken over by the Government. A new company called Bharat Coking Coal Limited was formed as a subsidiary company of Steel Authority of India Limited to manage the taken over mines. These mines were subsequently nationalized w.e.f. 1.5.1972. Later on the management of 711 coal mines was also taken over by the Government with effect from 31.1.1973 and they were nationalized w.e.f. 1.5.1973 and a new Government Company namely, Coal Mines Authority Limited (CMAL) with headquarters at Kolkata, was set up by the Government in May, 1973 to manage non-coking coal mines. The CMAL was organized as a unitary structure on divisional pattern with four Divisions, the Central Division, the Eastern Division, the Western Division and the CMPDIL. The mines of erstwhile National Coal Development Corporation were brought under the Central Division of the CMAL. In September, 1975 CIL was formed as a Holding Company with five subsidiaries namely Bharat Coking Coal Limited (BCCL), Central Coalfields Limited (CCL), Eastern Coalfields Limited (ECL), Western Coalfields Limited (WCL) and Central Mine Planning and Design Institute Limited (CMPDIL).

**3.2** In view of the projected increase in production and investment contemplated for CCL and WCL group of coal mines and in view of their extensive geographical spread resulting in day to day administrative, technical and communication problems etc. two more coal companies, namely, Northern Coalfields Limited and South Eastern Coalfields Limited were formed w.e.f. 28.11.1985.

**3.3** Considering the prospects of Orissa Coalfields, being the growth centre for the VIII and IX Plan periods, a new coal company was formed bifurcating South Eastern Coalfields Limited (SECL). The new company Mahanadi Coalfields Limited was incorporated on 3rd April, 1992 with its headquarters at Sambalpur (Orissa) as fully owned subsidiary of Coal India Limited to manage the Talcher and IB-Valley Coalfields in Orissa.

**3.4** CIL have now 8 subsidiaries viz. Bharat Coking Coal Limited (BCCL), Central Coalfields Limited (CCL), Eastern Coalfields Limited (ECL), Western Coalfields Limited (WCL), South Eastern Coalfields Limited (SECL), Northern Coalfields Limited (NCL), Mahanadi Coalfields Limited (MCL) and Central Mine Planning and Design Institute Limited (CMPDIL). The CMPDIL is an engineering, design and exploration company set up for preparing perspective plan(s), rendering consultancy services and undertaking exploration and drilling work to establish coal reserves in the country and collection of detailed data for preparation of projects for actual mining. The other seven subsidiaries of CIL are coal producing companies.

**3.5** CIL and its subsidiaries are incorporated under the Companies Act, 1956 and are wholly owned by the Central Government. The coal mines in Assam and its neighbouring areas are controlled directly by CIL under the unit North Eastern Coalfields.

**3.6** In addition to CIL and its subsidiaries there is another coal company in Public Sector namely Singareni Collieries Company Limited (SCCL), which is a joint venture of Government of Andhra Pradesh and Government of India sharing SCCL's equity capital in the ratio of 51:49 respectively.

### **COAL INDIA LIMITED AND ITS SUBSIDIARIES**

**3.7** CIL the holding Company with headquarters at Kolkata, is headed by a Chairman-cum-Managing Director in schedule 'A' scale of pay who is assisted by four Functional Directors, namely Director (Technical), Director (Personnel & Industrial Relations), Director (Finance) and Director (Marketing) who are all in Schedule 'B' scale of pay. Each subsidiary Company has its own Board of Directors headed by a Chairman-cum-Managing Director in schedule 'B' scale of pay. In addition, there are four functional Directors ( in schedule 'C' scale of pay ) in each of the six production companies of BCCL, ECL, CCL, NCL, SECL and WCL viz. Director(Personnel), Director(Finance), Director(Planning and Projects) and Director (Technical). In MCL there are at present three posts of functional Directors, namely Director (Technical), Director (Personnel) and Director (Finance). CMPDIL also has four functional Directors on its Board of Directors who are designated as Director (Technical), Director (Coal Production & Utilisation), Director (Planning & Design) and Director (Research, Development & Technology). In addition, there are several part-time or nominee Directors on the Board of CIL and its subsidiaries who are appointed in accordance with the Articles of Association of the Company and Government guidelines prescribed in this behalf from time to time.

**3.8** The authorised share capital of CIL as on 31.3.2002 was Rs.8,904.18 crores divided into:-

i)	90,41,800 Non-cumulative 10% redeemable preference shares of Rs. 1000/- each	Rs.904.18 crores
ii)	8,00,00,000 Equity Shares of Rs. 1000/- each	Rs. 8000.00 crores
	<b>Total</b>	<b>Rs.8904.18 crores</b>

The authorised share capital of the subsidiary companies of CIL as on 31.3.2002 is given below:-

<b>Subsidiary Company</b>	<b>Authorised Share Capital (Rs in crores)</b>
Bharat Coking Coal Limited	2500.00
Western Coalfields Limited	800.00
Central Coalfields Limited	1100.00
Eastern Coalfields Limited	2500.00
Northern Coalfields Limited	1400.00
South Eastern Coalfields Limited	1300.00
Mahanadi Coalfields Limited	500.00
Central Mine Planning & Design Institute Limited	50.00

**3.9** CIL is mainly responsible for laying down corporate objectives, approving and monitoring performance of subsidiary companies in the fields of long-term planning, conservation, research and development, production, sales, finances, recruitment, training, safety, industrial relations, wages, material for all operational matters, commissioning and execution of new as well as on-going projects, man management, production, consumer satisfaction etc. In addition, subsidiary companies perform related functions, such as maintaining liaison with concerned State Governments, acquisition of land, execution of welfare programmes, maintenance of safety standards, improvement of industrial relation etc.

In addition to the above functions, CIL has directly under its control the development and exploitation of the coal mines in the North-Eastern States and the coal marketing network spread throughout the country.

### **WORKING RESULTS OF COAL INDIA LTD. FOR THE YEAR 2001-02**

**3.10** CIL and its subsidiaries have achieved collectively a pre-tax profit of Rs. 1754.56 crores in the year 2001-02 against a pre-tax loss of Rs. 1414.47 crores in the year 2000-2001.

**Company-wise position with regard to profit (+) earned or loss (-) incurred during the last five years**

**(Rupees in crores)**

<b>COMPANY</b>	<b>2001-02</b>	<b>2000-01</b>	<b>1999-00</b>	<b>1998-99</b>	<b>1997-98</b>
<b>ECL</b>	- 277.84	- 917.19	- 78.23	- 472.47	- 541.89
<b>BCCL</b>	- 755.00	- 1276.70	- 692.32	- 442.34	- 140.91
<b>CCL</b>	- 108.32	- 792.91	- 121.24	- 149.35	- 85.67
<b>NCL</b>	+ 1387.34	+ 1025.05	+ 936.87	+ 802.14	+ 759.34
<b>WCL</b>	+ 310.20	+ 28.23	+ 405.86	+ 476.58	+ 628.29
<b>SECL</b>	+ 768.87	+ 116.92	+ 455.34	+ 676.55	+ 693.20
<b>MCL</b>	+ 719.60	+ 641.35	+ 607.65	+ 601.31	+ 654.11
<b>CMFDIL</b>	+ 2.80	- 3.81	+ 0.71	+ 0.63	+ 3.30
<b>NEC/CIL</b>	+ 561.80	+ 280.21	+ 581.18	+ 606.20	+ 540.82
<b>Sub Total</b>	+ 2609.65	- 898.85	+ 1445.82	+ 2099.25	+ 2510.59
<b>Less dividend from subsidiaries</b>	(-)855.09	515.62	751.95	647.46	706.60
<b>TOTAL: CIL</b>	+ 1754.56	- 1414.47	+ 693.87	+ 1451.79	+ 1803.99

**3.11** Dividend income of CIL accounted for during the year under review, based on the recommendations from four profit making subsidiaries namely, NCL, WCL, MCL and SECL added up to Rs. 855.09 crores as against Rs. 515.62 crores in previous year, the subsidiary-wise break-up of which are as under:-

**(Rupees in crores)**

<b>COMPANY</b>	<b>2000-01</b>	<b>2001-02</b>
<b>NCL</b>	305.39	384.02
<b>WCL</b>	-	53.48
<b>MCL</b>	170.86	202.34
<b>SECL</b>	39.37	215.25
<b>TOTAL</b>	<b>515.62</b>	<b>855.09</b>

### **CENTRAL MINE PLANNING AND DESIGN INSTITUTE LIMITED (CMPDIL)**

**3.12** Central Mine Planning and Design Institute Limited, a subsidiary of Coal India Limited is engaged in the work of exploration, project planning, detailed designing of system and sub-systems, co-ordination and integration of applied research and development, absorption of new techniques of coal mining, beneficiation and utilisation of coal, perspective planning and demand assessment, environment related services and caters to the total planning and designing needs of new coal projects and re-organisation of existing mines for optimal production of coal. The company has its headquarters located at Ranchi and has 7 Regional Institutes located at Asansol, Dhanbad, Ranchi, Nagpur, Bilaspur, Singrauli and Bhubaneswar to render doorstep service to the coal producing companies located in these areas. In addition, to satisfy the planning and design requirements of CIL and its subsidiary companies, CMPDIL is also offering consultancy services to outside organizations.

### **CONSULTANCY SERVICE WITHIN CIL**

**3.13** During the year 2002-2003 (April, 2002 – December, 2002), CMPDIL prepared 182 reports, which include 12 Project Reports / Revised Project Reports / Revised Cost Estimates, 5 Geological Reports, 16 Operation Plans, 26 Environmental Management Plans and 123 Special Reports /Other studies. Expert consultancy services were also provided to CIL and its subsidiary companies in the field of Environmental Management and Monitoring, Remote Sensing Energy Audit, Physico-mechanical Test of Rock and Coal Samples, Rock Mass Rating (RMR), Non-Destructive Testing (NDT), Controlled Blasting. Vibration Studies and Explosives Utilisation, Mining Electronics etc.

### **CONSULTANCY SERVICE OUTSIDE CIL (WITHIN INDIA)**

**3.14** During the period April, 2002 to December, 2002, Consultancy services were provided to 23 organisations for 25 jobs. Some of the important clients/ organizations to whom services were provided are Uranium Corporation of India Ltd. – Jadugoda, National Thermal Power Corporation Ltd. – Noida, Bihar State Mineral Development, National Aluminum Company Ltd., Neyveli Lignite Corporation, Maganease Ore India Ltd., Water Resource Divn., Govt. of Jharkhand, CMPF, Nagpur, Indian School of Mines, Dhanbad, District Magistrate, Darjeeling etc., presently, 24 outside consultancy jobs are in hand of 18 organisations like Central Pollution Control Board, Madhya Pradesh Pollution Control Board, Ministry of Environment and Forest, Indian Bureau of Mines – Nagpur, Damodar Valley Corporation, Tata Iron & Steel Company Ltd. (Tata Steel), National Thermal Power Corporation Ltd. – Noida, Indian School of Mines, Dhanbad, National Aluminum Corporation Ltd., Indian Iron & Steel Company, Singareni Coal Company Ltd., Jharkhand State Electricity Board, Bihar State Mineral Development Corporation, Jayswal NECO, Maganease Ore India Ltd. etc. During the year 2002-2003 up to December, 2002, 39 jobs worth Rs. 514.36 lakhs from 27 organisations were procured by CMPDIL.

### **BHARAT COKING COAL LIMITED (BCCL)**

**3.15** Bharat Coking Coal Limited is one of the consistently loss-making subsidiary company of Coal India Limited. The losses incurred by the company during the last two financial years, i.e., 2000-01 and 2001-02 are Rs. 1276.70 crores and Rs.755.00 crores respectively. The paid up share capital of the company as on 31.3.2002 is Rs. 2118.00 crores.

The company has an accumulated loss of Rs. 4820.85 crores as on 31.3.2002. The company has incurred a loss of Rs. 625.00 crores (provisional) up to December, 2002. Thus, the accumulated loss of BCCL up to December, 2002 is Rs. 5445.85 crores(provisional). The company was referred to BIFR in the year 2000-01 in the year 2000-01, because its accumulated loss exceeded its net worth by Rs. 671.41 crores as on 31.3.2000 and the company is still a sick company under SICA

**3.16** Since the company continued to incur losses year after year and its performance showed no improvement, the Coal India Limited decided to engage ICICI to study the problems of BCCL and suggest measures for improvement in its performances. The report of ICICI is yet to be received in this Ministry. ICICI submitted its report in July, 2000 but the recommendations of ICICI were not found feasible for acceptance by the BCCL Board.

**3.17** The Company has its headquarters at Dhanbad in Jharkhand. It had under its charge nationalised coking coal mines and two mines namely Moonidih and Sudamdih transferred to it from the erstwhile National Coal Development Corporation Ltd. All these mines were re-organised into units/areas for administrative and operational convenience. BCCL is the major producer of prime coking coal (raw and washed). Medium coking coal is also produced in its mines in Mohuda and Barakar areas. In addition to production of hard coke, BCCL operates a number of sand gathering plants, a network of aerial ropeways for transport of sand and nine coal washeries, namely, Dugda, Mohuda, Bhojudih, Patherdih, Lodna, Sudamdih, Barora, Moonidih and Madhubhan.

### **SOUTH EASTERN COALFIELDS LIMITED (SECL)**

**3.18.** South Eastern Coalfields Ltd. with headquarters at Bilaspur (Chhattisgarh) was incorporated under the Companies Act, 1956 on 28.11.1985 but for accounting purposes, it started functioning independently from 1.4.86. The Company covers Korba, Kusmunda, Gevra, Raigarh, Bhatgaon, Bistrampur, Baikunthpur, Chirimiri and Hasdeo (partially) areas in Chhattisgarh and Sohagpur, Jamuna-Kotma and Johilla areas in Madhya Pradesh. Despite separation of coalfields in Orissa from its jurisdiction, SECL continues to be one of the leading coal producers among the subsidiaries of CIL.

**3.19** The Company achieved a record turnover (Gross) of Rs. 4653.70 crores during the year 2001-2002, an impressive growth of 11.60% over the previous year. The performance of the Company during the year in other parameters of efficiency was no less significant considering the growth in production, productivity and dispatch of Coal. Thus, the Company posted a net profit of Rs. 768.87 crores before tax during the 2001-2002, as against the net profit of Rs. 116.92 crores before tax in the previous year.

### **WESTERN COALFIELDS LIMITED.(WCL)**

**3.20** The company has its headquarters at Nagpur ( Maharashtra ). The mining operations are organized into 10 areas, 7 located in the State of Maharashtra and 3 in Madhya Pradesh. WCL meets mainly the requirement of power houses, cement plants and other industries located in the Western Region of the country. During 2001-2002 the company recorded

excellent performance in relation to both Annual Action Plan targets and actual of 2000-2001 in respect of major physical parameters viz. raw coal production, over burden removal, productivity and off-take as may be seen from figures given below:-

Item	2001-2002			2000-2001	Growth	
	Target	Actual	% achv.	Actual	Abs.	%age
Coal Prodn.(Lt)	350.00	370.09	105.7	352.00	18.09	5.1
O.B.R.(L-M3)	990.00	1062.96	107.4	1006.26	56.70	5.6
O.M.S.(Te)	1.89	2.09	110.6	1.93	0.16	8.3
Off-take (LT)	345.00	380.82	110.4	353.33	27.49	7.8

There has been a marginal slippage in washed coal production against target due to less availability of required medium coking coal.

**3.21** The company has made a net profit of Rs. 310.20 crores before tax during the year 2001-2002 as against Rs. 32.08 crores in the previous year. There is an increase in profit by Rs. 278.12 crores. In accounts for the year 2000-01, Rs. 296.35 crores were provided towards NCWA-VI arrears wages. Following provisions have been made in the accounts for the year 2001-2002 :-

	<b>(Rs. in Crores)</b>
1. NCWA-VII	31.28
2. Additional increment to Executives	10.81
3. Write off & Provision against Sundry debtors	165.01

### **EASTERN COALFIELDS LIMITED (ECL)**

**3.22** The company has its headquarters at Sanctoria in West Bengal. It covers the Raniganj Coalfield in West Bengal and Mugma and Rajmahal Coalfields in Jharkhand State. The company produces coal to cater to the requirements of core sectors. The average ash content of the coal produced at Raniganj Coalfield is less than 20% and the company has good market for its coal.

**3.23** ECL was referred to the BIFR on 23.11.95 under section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 as its peak net worth eroded by 50% as on 31.3.1995. Again the company reported its potential sickness as on 31.3.1996 to the BIFR on 20.11.1996. As on 31.3.1997, the accumulated losses of the company had exceeded its net worth and the company was referred to BIFR under Section 15(1) of the SICA on 26.11.1997. As a result of capital restructuring among the subsidiary companies of Coal India Limited, an amount of Rs. 1179.45 crores of ECL debt was converted into equity as on 31.3.1998 and hence, the equity capital of the company increase to Rs. 2218.45 crores as on that date. BIFR in its hearing on 1.6.1998 noted that the net worth of the Company became positive as on 31.3.1998 and the company was no longer a sick company under the Sick Industrial Companies (Special Provision) Act 1985.

**3.24** Since the company continued to incur losses year after year, the net worth of the company again turned negative as on 31.3.1999 and the company was again referred to BIFR under Section 15(1) of the SICA on 17.11.1999. BIFR vide letter dated 27.2.2001 declared the company as Sick Company under Section 3(1)(o) of the SICA and appointed State Bank of India as an Operating Agency under Section 17(3) of the SICA to formulate a Rehabilitation Scheme under Section 18 of the SICA. As directed by BIFR, company

submitted its Rehabilitation Scheme to the Operating Agency duly approved by ECL Board and in principle approval accorded by CIL Board. The Operating Agency appointed Technical Consultants for undertaking techno-economic viability study of the Rehabilitation Scheme submitted by the company.

**3.25** After a thorough discussion with the company, Consultants prepared Draft Rehabilitation Scheme of ECL in June, 2002. As directed by BIFR in its hearing on 11.6.2002, the Draft Rehabilitation Scheme prepared by the consultant was circulated by the Operating Agency in July, 2002 to all stakeholders to elicit their views on the various relief and concessions sought to make the company's net worth positive within 7 years from the cut-off date. The Operating Agency convened a joint meeting on 8.10.2002 to consider the views of the stakeholders on the relief and concession sought from them. Since most of the relief and concessions sought to make the net worth of the company positive within seven years period were not heeded to by the stakeholders the Rehabilitation Scheme could not be financially tied up. Operating Agency extended time up to 30.10.2002 (a) to trade unions to submit the Rehabilitation Scheme financially tied up, and (b) to other stakeholders to firm up their views on the relief and concessions sought from them. Till date none of the unions submitted a financially tied up Rehabilitation Scheme. Only Ministry of Coal submitted concrete views on the relief and concessions sought from them. CIL intimated Operating Agency that CIL Board had accorded in principle clearance to Revival Plan of ECL and forwarded the same to Govt. of India for consideration. The specific relief and concessions required from CIL will be decided only after obtaining the Government's approval.

**3.26** BIFR directed the Operating Agency to submit the revised Rehabilitation Scheme by 15.11.2002. However, the West-Bengal Government sought six weeks time extension for finalization of revised Rehabilitation Scheme of ECL and accordingly, the Operating Agency sought six weeks time from BIFR. BIFR hearing was held on 10.12.2002 at Kolkata. The Trade Union representatives contended before the BIFR that Coal India had entered into a Memorandum of Settlement dated 1.8.2002 with the trade unions before the Central Labour Commission and Sl.No.2 of the Agreement provided that the Revival Plan of the subsidiary companies i.e. ECL, BCCL, CCL and NEC would be discussed in the Apex JCC and finalized within one month. They also intimated that no such discussion took place and pending discussion and finalisation of Revival Plan at Apex JCC, the draft Rehabilitation Scheme of ECL prepared by the consultant, circulated by the Operating Agency appointed by the BIFR, should not be considered.

**3.27** BIFR directed that Memorandum of Settlement dated 1.8.2002 should be formally communicated to BIFR by CIL with the latest position and CIL should hold Apex JCC to discuss and finalise the Revival Plan of ECL. BIFR extended time up to three months from the date of hearing i.e. 10.12.2002 to finalise the revised Rehabilitation Scheme of ECL. Apex JCC meeting was held on 11.12.2002 at CIL, Kolkata. CMD, ECL presented ECL Revival Plan and explained, unless the Rehabilitation Scheme is implemented there would be continuous fall in the production affecting the payment of wages to employees. However, no consensus was reached on the draft Rehabilitation Scheme of the company.

### **CENTRAL COALFIELDS LIMITED (CCL)**

**3.28** This company has its headquarters at Ranchi in Jharkhand and covers East and West Bokaro, Ramgarh, Giridih, North and South Karanpura, Hutar and Daltanganj Coalfields of Jharkhand. Apart from several nationalised mines, it owns most of the mines of former

National Coal Development Corporation Ltd. The company produces medium coking coal (raw and washed), non-coking coal, soft coke and hard coke. Central Coalfields Limited is one of the loss-making public sector undertakings in the coal sector. The updated financial results and other necessary details in respect of the company are as under:-

(Rs. in crores)

Item	1997-98	1998-99	1999-2000	2000-01	2001-02	April to Dec. 2002(Prov.)
Paid up capital	940.00	940.00	940.00	940.00	940.00	940.00
Annual Profit (+)/loss(-)	-85.67	-149.35	-121.24	-792.91	-108.22	15.59
Dividend declared	Not declared	Not declared	Not declared	Not declared	Not declared	Not declared
Net Sales	1962.12	1951.03	2028.84	2119.55	2361.79	1978.02
Net-worth	970.16	841.87	741.69	- 51.22	-162.76	-147.17
Accumulated profits (+)/losses(-)	53.73	- 95.62	- 198.79	- 991.22	-1102.76	-1087.17

**3.29** As on 31.12.2002, CCL had 64 working mines of which 35 mines were opencast, 22 mines were underground and 7 mines were mixed. CCL produced 33.81 million tonnes of coal during the year 2000-01. Production of coal from the underground mine was to the tune of 2.74 million tonnes, whereas production from the opencast mines was to the tune of 31.07 million tonnes. CCL produced 25.155 million tonnes(Prov.) of coal during April'02 to Dec.'02, 2.028 million tonnes from underground mines and 23.127 million tonnes from opencast mines. During the years 1999-2000 and 2000-01, the company produced 32.40 million tonnes and 31.75 million tonnes of coal respectively.

**3.30** As is evident from above, the Central Coalfields Limited has begun to have accumulated losses since 1998-99 and the accumulated losses as on 31.3.2002 stands at Rs. 1102.76 crores. The company produces 12.09% of total coal production of CIL whereas, it employs 14.39% of the total manpower of CIL as on 31.3.2002.

**3.31** The Board of Directors of the Company at its 297th meeting held on 29.3.01 were of opinion that the Company with its negative net worth has become sick within the meaning of Sick Industrial Companies (Special provision) Act (SICA), 1985. Accordingly, under the relevant provision in SICA, a reference was made to BIFR. However, BIFR vide its communication dated 6.8.2001, declined to accept the reference on the ground that the same was not supported by the latest audited and approved Annual Accounts of the Company for the year 2000-01, which was then under finalisation and audit. As per the Annual Accounts of CCL for the year ended 31st March, 2001, that has since been finalised, the net worth of the Company has become negative by Rs.51.22 crores. This was considered by the Board of Directors of CCL at its 301st meeting held on 17.9.01 and it was decided to make a fresh reference to BIFR after the adoption of Accounts at AGM. Accordingly, after the AGM on 23.9.2001 a fresh reference was made to BIFR on 20.11.2001. BIFR vide their communication, dated 10.01.2002 informed that the reference made by CCL has been registered as Case No. 502/2002. The Board fixed the date for first hearing on 29.11.2002. The BIFR Bench concluded that the company's reference was time barred. However, CCL is filing an appeal to AAIFR against the above decision of BIFR as per the provisions of Section 25 of SICA

### **NORTHERN COALFIELDS LIMITED (NCL)**

**3.32** Northern Coalfields Ltd. (NCL), a subsidiary company of Coal India Limited (CIL) was incorporated on 28<sup>th</sup> November, 1985. Located on MP-UP border, this coalfields are spread over an area of about 2,202 sq.kms., comprising two basins viz. Mohar – sub-basin and Main Basin (1890 sq.km). At present mining activities are confined to Mohar basin only with 8 mining projects. Out of 8 mining projects of NCL, two Dudhichua and Nigahi Expansion of 10 million tonnes per annum each are on-going projects with scheduled completion as March, 2004. All the mines of NCL are highly mechanized and are open cast projects. The company is a major source of coal supply to pit head power stations of NTPC, UPRVUNL, Hindalco (Renusagar Power Division). The company is credited with totally literate and skilled workforce providing about 97.94% housing satisfaction. Besides, mass plantation over 17 million, the Company has taken suitable measures for environment protection too. NCL also holds distinction of having ISO-14001 Accreditation for its environment system. The achievements / performance of the company during 2001-2002 are as under:

- i) All time high coal production of 42.463 million tonnes registering a growth of 2.57 percent and 136.006 million cu.m. of overburden removal with a growth of 1.66 percent.
- ii) Productivity in terms of output per man shift (OMS) reached a record level of 10.39 tonnes with an improvement of 1.86 percent over the previous year.
- iii) Despatches at 42.688 million tonnes too being the highest ever with a growth of 1.50 percent over previous year.
- iv) All time record turnover of Rs. 3079.56 crores up by 12.40 percent over previous year.
- v) Company maintained its position as top profit earning subsidiary of Coal India Limited with a record Profit before Tax of Rs. 1387.34 crores with a growth of 35.34 percent.
- vi) Uninterrupted track record of dividend payment since 1995-96. Dividend (inclusive of dividend of Rs. 40 crores on preference share capital) for the year being Rs.384.02 crores against Rs.305.39 crores for the previous year.
- vii) Achievement of sales realization- Achievement during 2001-02 being 100.65 percent of billing.
- viii) Efforts to settle the disputed dues of Rs. 7.05 crores with consumers against coal supply are in progress.
- ix) Consumer satisfaction continued to be a high priority area; the year 2001-02 is the second consecutive Compliant Free Year.
- x) Efforts for environment protection and pollution control continued – 9.03 lakh saplings planted during the year.
- xi) Policy of Workers' participation in management continued with healthy and harmonious industrial relations.
- xii) Welfare measures, community development and human resource development continued to be given due attention.

### **MAHANADI COALFIELDS LIMITED (MCL)**

**3.33** Mahanadi Coalfields Limited with its headquarters at Sambalpur, was incorporated under the Companies Act, 1956 as another subsidiary company of CIL on 3.4.1992. The

company had 22 mines situated in the Ib Valley and Talcher Coalfields in the State of Orissa. For effective administrative control and efficient functioning of operational activities, the mines are grouped into 10 areas. The performance / achievements of the company during the year 2001-02 are as follows :-

- i) The company achieved all time high gross sales turnover of Rs.2448.12 crores against the previous year's gross sales of Rs. 2295.64 crores. There is continuous improvement in realization. The realization during the year is Rs. 2419.02 crores, which is 98.81% of the current year's gross sales. The coal stock inventory has been liquidated by 42.88% (in quantity) over the previous year's closing stock.
- ii) The company achieved a record production, both in Coal and OBR. The coal production during the year is 47.805 million tonnes registering a growth of 6.7% and in respect of Overburden Removal 50.562 million cum. during the year registering a growth of 1.93% over previous year.
- iii) The productivity in terms of output per man shift (OMS) has increased by 10.18% and 5.48% for opencast and underground mines respectively. The overall OMS of the current year is 9.98 tonnes against previous year's 9.01 tonnes which indicates a growth of 10.77% in OMS
- iv) The Profit Before Tax (PBT) during the year is Rs. 719.60 crores against previous year's profit of Rs. 641.35 crores.
- v) The company has been consistent in payment of dividend since last four years. The dividend proposed for the year is Rs. 202.34 crores (Rs. 181.92 crores on Equity Share Capital and Rs. 20.42 crores on Preference Share Capital).

**Performance for the nine months period ending on 31.12.2002 (un-audited/ provisional):**

Gross Sales	:	Rs. 18321.57 crores
Sales Realisation	:	Rs. 1960.90 crores
Coal Production	:	37.534 MT
OB Removal	:	38.875 M.Cum.
OMS (overall)	:	11.03 Tonnes
OMS(UG)	:	0.88 Tonnes
OMS(OC)	:	18.74 Tonnes
Advance Income Tax Paid	:	Rs. 270 crores

**NORTH EASTERN COALFIELDS (NEC)**

**3.34** North Eastern Coalfields, with its headquarters at Margherita, is a unit directly controlled by CIL and is responsible for development and production of coal in the North Eastern States. The present mining activities are confined to State of Assam only. Out of 909.74 million tonnes of total reserve of coal in the North Eastern Region as per assessment of Geological Survey of India as on 01.01.02, Assam has 280.62 million tonnes of coal out of which proved, indicated and inferred reserves are 269.58 million tonnes, 9.85 million tonnes and 1.19 million tonnes respectively. The entire coal is tertiary coal and characterized by low

ash, high calorific value and high sulphur content. The performance of NEC during the current year 2002-03 till 31<sup>st</sup> December, 2002 is as under:-

- i) Coal production
  - UG : 0.85 lakh tonnes
  - OC : 3.56 lakh tonnes
  - Total : 4.41 lakh tonnes
  
- ii) OMS
  - UG : 0.16 tonnes/man shift
  - OC : 6.77 tonnes/man shift
  - Overall : 1.24 tonnes/man shift
  
- iii) Despatch/off take
  - Despatch : 4.15 lakh tonnes
  - Dom. Consn : 0.30 lakh tonnes
  - Off take : 4.18 lakh tonnes
  
- iv) Pit head coal stock : 5.03 lakh tonnes
  
- v) No. of mines
  - : UG (Working) = 3
  - : UG (non-working) = 2 \*
  - : OC (working) = 2

\*One of the non-working UG mine, namely, Simsang is in the State of Meghalaya.

### **SINGARENI COLLIERIES COMPANY LIMITED (SCCL)**

**3.35** SCCL is a joint undertaking of Government of Andhra Pradesh and the Government of India. The equity capital is shared in the ratio of 51 : 49 between Government of Andhra Pradesh and the Central Government respectively. The Headquarters of the company is at Kothagudem in Andhra Pradesh.

**3.36** In 1994, SCCL was under reference to the BIFR as a sick industrial company within the meaning of section 3(1)(0) of the Sick Industrial Companies (Special Provisions) Act, 1985. A turn-around package for rehabilitation of SCCL approved by the Government of India in consultation with Government of Andhra Pradesh and the company was submitted to the BIFR. Following this, the BIFR vide its order dated 10.1.95 decided that it was no longer necessary to pursue the case of the company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. Under section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, SCCL became a potentially sick company on finalisation of its 1995-96 accounts. In December 1996 the company was referred to BIFR as a potentially sick company under the above cited provision of the Act. The accumulated losses of SCCL as on 31.3.2001 stand at Rs.565.94 crores.

**3.37** The Company-wise details of working mines in CIL/SCCL and other companies in the country as on 31.12.2000 are given below:-

<b>Company</b>	<b>Number of working mines</b>
ECL	111
BCCL	87
CCL	64
NCL	08
WCL	81
SECL	97
MCL	22
NEC	7
<b>CIL</b>	<b>477</b>
SCCL	67
TISCO LTD	7
IISCO Ltd.	3
BSMDC Ltd.	1
DVC	1
J&K Minerals Ltd.	3
Bengal Emta Coal Mines Ltd.	1
<b>TOTAL</b>	<b>560</b>

### **FINANCIAL PERFORMANCE**

**3.38** The company achieved all-round growth in production and sales and earned a profit for the fifth successive year. The following table gives the important highlights of performance of the company.

<b>PARTICULARS</b>	<b>UNIT</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-01</b>	<b>2001-02 (Prov.)</b>	<b>% INC./ DEC.OVER 2000-01</b>
Production	MTs	27.33	29.56	30.27	30.81	<b>1.78</b>
Dispatches	MTs	27.03	30.04	30.54	31.19	<b>2.13</b>
Sale of coal	Rs Crs.	2296.42	2650.84	2743.63	29.49.02	<b>7.49</b>
Output per man shift	Tonnes	1.14	1.24	1.25	1.34	<b>7.20</b>
Net profit/loss before tax (+/-)	Rs. Crs.	(+)121.80	(+)302.35	(+)89.41	(+)326.30	<b>264.95</b>
Cumulative Profit/Loss(+/-)	Rs. Crs.	(-)1004.92	(-)647.76	(-)565.94	(-)260.77	<b>53.92</b>

## **CAPTIVE COAL MINING**

**3.39.** Considering the need to augment thermal power generation and to create additional thermal power capacity during the VIII Plan period, the Government decided to allow private participation in the power sector. The Coal Mines (Nationalisation) Act, 1973 was amended with effect from 9<sup>th</sup> June, 1993 to allow coal mining to private sector for captive consumption for generation of power, washing of coal obtained from a mine and other end uses to be notified by the Government from time to time in addition to the existing provision for captive coal mining for production of iron and steel. The amendment was carried out in Section 3(3)(a)(iii) of the 1973 Act by a Gazette Notification dated 9.6.93. Under this amendment, another Gazette Notification has been issued on 15.3.96 to allow production of cement as an end use for captive mining of coal. The June, 1993 amendment to the Act as well as the Gazette notification of 15.3.96 apply to both the public sector and private sector companies desiring to mine coal for captive consumption. The restriction of captive mining does not apply to the state-owned coal mineral development Undertakings like CIL, SCCL, Neyveli Lignite Corporation and Mineral Development Corporations of the State Governments.

**3.40.** One hundred and twenty-one captive mining blocks and sub-blocks (121) in the command area of CIL with an estimated reserve of 27,617 million tonnes have been identified for Captive Mining. Out of these non-coking coal reserves is 22694 million tonnes and coking coal reserves is 4610 million tonnes. 128 captive blocks have been identified, out of which 27 blocks stand allotted so far and 4 blocks have started production.

## **NEW COAL MINING POLICY**

**3.41** Coal mining continues in the public sector except for captive mining purposes and a Bill, namely, the Coal Mines (Nationalisation) Amendment Bill, 2000, has already been introduced in Parliament to open up the coal sector to private investment. The Bill was referred to the Standing Committee on Energy for examination and report. The Standing Committee has since submitted its report, which was tabled on both the Houses of Parliament in August, 2001. The Committee has recommended for adoption of the Bill subject to certain conditions. Meanwhile, a new policy dimension has been added by a policy decision taken by the Government. Under this decision, the State Government companies or undertakings are allowed to do mining of coking and non-coking coal or lignite reserves, either by opencast or underground method, anywhere in the country, without the earlier restriction of isolated small pockets, subject to the following conditions:

- i) The State Government company or undertaking (referred to as the 'company' hereafter) is authorised to do coal or lignite mining by its Memorandum and Articles of Association.
- ii) The company will do coal or lignite mining in accordance with the provisions of the Coal Mines (Nationalisation) Act, 1973, the Mines & Minerals (Development & Regulation) Act, 1957, the Contract Labour (Regulation & Abolition) Act, 1970, and all other mineral, environmental and labour laws and other regulations governing the Indian coal industry.
- iii) For coal the company shall obtain a certificate from Coal India Limited to the effect that the latter has no plan or willingness to undertake mining operations for coal in the concerned area. For lignite, the company shall obtain a certificate from Neyveli Lignite Corporation.

- iv) The proposed mining area has not been allotted to a captive mining company under the provisions of Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973.
- v) No financial assistance from the Central Government or Coal India Limited or Neyveli Lignite Corporation shall be provided to the company for coal or lignite mining in the concerned area.
- vi) None of the coal or lignite mines operated by the company will be taken over by the Central Government or Coal India Limited or Neyveli Lignite Corporation in the event of closure of such a mine or otherwise.
- vii) No employee of the company, engaged in a coal or lignite mine operated by it, will be absorbed in Coal India Limited or Neyveli Lignite Corporation at any point of time.

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