

CHAPTER - I

INTRODUCTION AND ORGANIZATION

PREAMBLE

The Cabinet in its notification dated 12th January, 2004 notified that the two Ministries namely Ministry of Coal & Ministry of Mines may be merged into one single unit i.e. Ministry of Coal & Mines consisting of two Departments namely Department of Coal and Department of Mines. On 24th July, 2004 Sh. Shibu Soren, Minister of Coal & Mines relinquished the charge of the office of Minister of Coal and Mines and Prime Minister assumed the charge. Subsequently, on 27th November, 2004, Sh. Shibu Soren again assumed the charge of the Ministry of Coal as Cabinet Minister and thereafter he has again relinquished charge on 02.03.2005 and Prime Minister assumed the charge. Presently, Ministry of Coal is under the charge of Prime Minister and one Minister of State (Dr. Dasari Narayana Rao).

The Ministry of Coal has the overall responsibility of determining policies and strategies in respect of exploration and development of coal and lignite reserves, sanctioning of important projects of high value and for deciding all related issues. These key functions are exercised through its public sector undertakings, namely, Coal India Limited(CIL) and Neyveli Lignite Corporation(NLC) Limited and Singareni Collieries Company Limited(SCCL), which is a joint sector undertaking of Government of Andhra Pradesh and Government of India with equity capital in the ratio of 51:49

The coal reserves of India up to the depth of 1200m, have been estimated by the Geological Survey of India at 247.85 billion tonnes as on 1.1.2005.

Currently, lignite reserves in the country have been estimated at around 36009 million tonnes, most of which, occur in Tamil Nadu. Other states where lignite deposits have been located are Rajasthan, Gujarat, Kerala, Jammu and Kashmir and Union Territory of Pondicherry

FUNCTIONS OF THE MINISTRY OF COAL

The Ministry of Coal is responsible for development and exploitation of coal and lignite reserves in India. The subjects allocated to the Department which include attached and sub-ordinate or other organization including PSUs concerned with their subjects under the Government of India (Allocation of Business) Rules, 1961, as amended from time to time, are as follows:

- Exploration and development of coking coal and non-coking coal and lignite deposits in India.
- All matters relating to production, supply, distribution and prices of coal.
- Development and operation of coal washeries other than those for which Department of Steel (ISPAT Vibhag) is responsible.
- Low Temperature carbonization of coal and production of synthetic oil from coal.
- Administration of the Coal Mines (Conservation and Development) Act, 1974 (28 of 1974).

- The Coal Mines Provident Fund Organization.
- The Coal Mines Welfare Organization.
- Administration of the Coal Mines Provident Fund and Miscellaneous Provision Act, 1948 (46 of 1948).
- Administration of the Coal Mines Labour Welfare Fund Act, 1947 (32 of 1947).
- Rules under the Mines Act, 1952 (32 of 1952) for the levy and collection of duty of excise on coke and coal produced and dispatched from mines and administration of rescue fund.
- Administration of the Coal Bearing Areas (Acquisition and Development) Act, 1957 (20 of 1957).
- Administration of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957) and other Union Laws in so far the said Act and Laws relate to coal and lignite and sand for stowing, business incidental to such administration including questions concerning various States.

At the Secretariat level, the Department is headed by a Secretary who is assisted by one Additional Secretary, three Joint Secretaries (including the Financial Adviser), one Project Advisor, eight Director/Deputy Secretaries, four Under Secretaries, eleven Section Officers, one Desk Officer, One Economist, One Assistant Director (Official Language) and one Deputy Controller of Accounts, and their supporting staff.

PUBLIC SECTOR COMPANIES

The Ministry of Coal has under its administrative control Coal India Limited, a Public Sector Undertaking with its eight (8) subsidiary companies namely:-

1. Bharat Coking Coal Limited
2. Central Coalfields Limited
3. Eastern Coalfields Limited
4. Western Coalfields Limited
5. South Eastern Coalfields Limited
6. Northern Coalfields Limited
7. Mahanadi Coalfields Limited
8. Central Mine Planning and Design Institute Limited.

Coal India Limited with its headquarters at Kolkata, is the apex body in Coal Industry and is responsible for laying down policy guidelines and coordination work of subsidiaries. It does the investment planning, manpower management, purchase of heavy machineries, financial budgeting etc. on behalf of all its subsidiaries.

The Ministry of Coal has under its administrative control the Neyveli Lignite Corporation Limited, with registered office at Chennai and corporate office at Neyveli in Tamil Nadu. The company is engaged in exploitation and excavation of lignite, generation of thermal power and also sale of raw lignite.

ORGANISATIONS UNDER THE ADMINISTRATIVE CONTROL OF MINISTRY OF COAL

The following subordinate offices and autonomous organizations are under the administrative control of this Department:-

- i) Office of the Coal Controller's Organization, - a subordinate office.
- ii) Office of the Commissioner of Payments, - a subordinate office.
- iii) Coal Mines Provident Fund Organization, - an autonomous organization.

COAL CONTROLLER'S ORGANISATION

The Coal Controller's Organisation is a subordinate office of the Ministry of Coal, having its headquarters at Kolkata and field offices at Dhanbad.

The Coal Controller performs the following statutory functions:-

- (a) Grant of permission for opening and re-opening of seams/mines.
- (b) Conservation and Utilisation of Coal: Under the guidance of Coal Conservation and Development Advisory Committee, the Office of the Coal Controller carries out assessment of the actual expenditure incurred by the coal mines on the sand stowing jobs and also makes necessary recommendations to the CCDA for grant of assistance for stowing and protective work as provided under the Coal Mines (Conservation & Development) Act, 1974. Subsidy is given for road development and for scientific development work in the coal companies.
- (c) Collection of Excise Duty.

COMMISSIONER OF PAYMENTS

The office of Commissioner of Payments was set up in pursuance of the Coking Coal Mines (Nationalisation) Act, 1972 and Coal Mines (Nationalisation) Act, 1973 for the purpose of disbursement of amounts payable to owners of coal mines or group of coal mines nationalised in 1972-73. Initially, there were two offices of Commissioner of Payments, one for determining compensation etc. for nationalised coking coal mines and coke oven plants with headquarters at Dhanbad and another for nationalised non-coking coal mines with headquarters at Kolkata. After the work of Dhanbad Office had been disposed of substantially, that office was wound up and its residual work was transferred to the office of the Commissioner of Payments, Kolkata.

COAL MINES PROVIDENT FUND ORGANISATION

Introduction

The Coal Mines Provident Fund Organisation is an autonomous body set up under the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948. The Organisation administers the Coal Mines Provident Fund Scheme, 1948, Coal Mines Family Pension Scheme, 1971 since superseded by a new scheme namely Coal Mines Pension Scheme, 1998 which was brought into force w.e.f. 31.3.98 and the Coal Mines Deposit Linked Insurance Scheme, 1976 which are all framed under the aforesaid Act.

The Fund of the Organisation is administered by a tripartite body, called the Board of Trustees, consisting of representatives of (i) the Central Government/State Governments, (ii) the employers and (iii) the employees. The Board of Trustees functions under the overall

administrative control of the Ministry of Coal. The Board reviews the functioning of the Organisation at every meeting.

One of the most important landmarks in the history of CMPF Organisation is the introduction of Coal Mines Pension Scheme, 1998 which has come into force w.e.f. the 31st day of March, 1998. This will benefit around 8 lakhs coal workers in the country. With the introduction of Coal Mines Pension Scheme, 1998 the erstwhile Family Pension Scheme, 1971 has ceased to operate. However, the Pensioners who were drawing benefits under the erstwhile Family Pension Scheme, 1971 will continue to draw Pension under the old Coal Mines Family Pension Scheme, 1971.

Administration

The Coal Mines Provident Fund Commissioner is the Chief Executive Officer of the Coal Mines Provident Fund Organisation. He administers the Organisation through 23 Regional Offices, situated in coal bearing States, employing 1350 personnel out of the sanctioned strength of 1603.

The cost of the administration of the Coal Mines Provident Fund is met from a levy known as “Administrative Charge” imposed on the employers at the rate of 3% of the total amount of members’ and employer’s compulsory contribution to the provident fund. The cost of administration of the Coal Mines Pension Scheme (only 68 posts) is wholly borne by the Central Government. The cost of administration of the Coal Mines Deposit Linked Insurance Scheme is met from another levy realised from the employers at the rate of 0.1% of the aggregate wages paid by them to the employees. An amount equal to half of the amount realised from the employers is also paid by the Central Government.

CHAPTER – II

COAL EXPLORATION, RESOURCES, CONSERVATION, SUBSIDENCE, S&T PROJECTS AND SAFETY

COAL EXPLORATION

Exploration of coal reserves in the country is carried out in two stages. In the first stage, Geological Survey of India(GSI) undertakes Regional Exploration for locating potential coal bearing areas on a continuous basis. In order to supplement the efforts of Regional Exploration, services of GSI and Mineral Exploration Corporation (MECL) have also been engaged for carrying out Promotional (Regional) Exploration funded by Ministry of Coal.

In the second stage, Detailed Exploration is carried out. Central Mine Planning and Design Institute Ltd. (CMPDI) directly as well as through Mineral Exploration Corporation , State Govts. and private agencies carry out detailed exploration, for the purpose of mine planning and exploitation of coal reserves for meeting the demand of different sectors of the economy. The detailed exploration in the command area of SCCL is carried out departmentally. Priorities of various projects/blocks, taken up for Detailed Exploration, are decided taking into account factors like emerging demand and its location, availability of infrastructure for coal evacuation and techno-economics of the mine development including coal quality.

Coal Companies of Coal India Ltd. (CIL) and CMPDI have identified 289 blocks proposed to be retained by CIL to sustain a production level during 2006-07 (final year of X plan) for another 30 years i.e. upto 2036-37. These blocks retained by CIL are termed as CIL blocks. All other blocks which have not been retained by CIL are termed as Non-CIL blocks. A study was carried out to assess the total requirement of detailed drilling in non-CIL blocks. Departmental EFC of Ministry of Coal has approved the proposal of CMPDI to continue the scheme of Detailed Drilling in Non-CIL Blocks in X Plan at an estimated cost of Rs.70.66 crore.

Currently about 230 blocks are identified as Non-CIL Blocks of which 136 blocks are listed as captive mining blocks. Out of 136 captive mining blocks, the Detailed Exploration has already been completed in about 87 blocks. Of the remaining 49 blocks, 12 blocks have already been allotted for captive mining based on regional exploration . The detailed exploration is to be carried out in the remaining 37 blocks. Of the 94 tentatively identified Non-CIL blocks, Detailed Exploration has already been completed in 29 Non-CIL blocks and is proposed to be taken up in remaining 65 Non-CIL blocks in the X and the subsequent plan period.

In November 2003, Ministry of Coal decided that henceforth all exploration in the captive blocks would be done by CMPDI or under its direct supervision. No allocation of a captive block will be done unless the block has been explored enough to base a mining plan on the so available data (including assessment of extractable reserves). The detailed exploration of these blocks would enable private entrepreneurs in early start of production

and substantial saving in time. Ministry of Coal further desired to have detailed exploration along with assessment of extractable reserves carried out on priority basis in 15 identified captive mining blocks. CMPDI therefore, has submitted a Revised Cost Estimate of Rs.93.84 crores (Rs.70.66 crores original + Rs.23.18 crores additional for 70,000m of priority drilling in captive blocks) which is under process of approval.

COAL RESERVES OF INDIA

As a result of exploration carried out up to the depth of 1200m by the GSI and other agencies, a cumulative total of 247.85 Billion tonnes of coal resources have been estimated in the country as on 1.1.2005. The state-wise distribution of coal resources and its categorisation are as follows:

State	Coal Resources in Million Tonnes			
	Proved	Indicated	Inferred	Total
Andhra Pradesh	8263	6079	2584	16926
Arunachal Pradesh	31	40	19	90
Assam	279	27	34	340
Bihar	0	0	160	160
Chhattisgarh	9373	26191	4411	39975
Jharkhand	35417	30439	6348	72204
Madhya Pradesh	7513	8815	2904	19232
Maharashtra	4653	2309	1620	8582
Meghalaya	117	41	301	459
Nagaland	4	1	15	20
Orissa	15161	30976	14847	60984
Uttar Pradesh	766	296	0	1062
West Bengal	11383	11876	4554	27813
Total	92960	117090	37797	247847

Type-wise and Category-wise coal resources of India as on 1.1.2005 are given below:

(in Million Tonnes)				
Type of Coal	Proved	Indicated	Inferred	Total
(A) Coking :-				
-Prime Coking	4614	699	-	5313
-Medium Coking	11417	11765	1889	25071
-Semi-Coking	482	1003	222	1707
Sub-Total Coking	16513	13467	2111	32091
(B) Non-Coking*:-				
Total (Coking & Non-Coking)	76447	103623	35686	215756
	92960	117090	37797	247847

* Including all coals of North Eastern Region.

EXPLORATION ACTIVITIES

CMPDI continued its programme of Detailed Exploration during 2004-05 also. The emphasis has been on proving power grade and superior grade Non-Coking coals in CIL and

Non-CIL Blocks. A nominal amount of Promotional Drilling has also been carried out in North Karanpura, Tawa Valley, Wardha Valley, Makum and Talcher coalfields.

For the purpose of Detailed Exploration, CMPDI has largely deployed its own drilling resources. The drilling resources of MECL and State Govt. of M.P., Chhattisgarh & Orissa were deployed in a limited manner on contractual basis. On an average, 53 to 61 drills were operated by all agencies during the year 2004-05.

During the period under reference, exploratory drilling has been conducted in 81 blocks spread over 20 coalfields in the states of West Bengal, Jharkhand, M.P., Chhattisgarh, Maharashtra, Assam and Orissa. This includes detailed exploration of 15 Non-CIL blocks (CMPDI – 13 and MECL – 2) and promotional exploration of 5 blocks by CMPDI.

A total of 2,01,649 meters of exploratory drilling has been carried out by CMPDI and its contractual agencies during the year 2004-05. Details are as under:

- (a) CMPDI- 1,82,621 m(1,17,674m CIL Blocks, 48,059m Non-CIL Blocks and 16,888m Promotional)
- (b) MECL- 10,834m(Non-CIL/Captive Blocks)
- (c) State Govts.- 81,94m (CIL Blocks)

Promotional Drilling by CMPDI: CMPDI continued the Promotional Drilling in area between Tirap Colliery & Namchik River of Makum coalfield and Madheri North West block in Wardha Valley coalfield. Apart from it, new blocks viz. Ashoka, Karkata West in North Karanpura coalfield, Banbahera block in Tawa Valley coalfield and Ramachandi block in Talcher coalfield has also been taken up. During the year 2004-05, 16,888 meter of Promotional Drilling has been carried out by CMPDI

During 2005-06 from January 2005 to Dec. 2005, a total of 50 projects at an estimated cost of Rs. 130.47 crores were taken up for promotional exploration in coal and lignite sector. Out of it, 34 projects were in coal sector and 16 projects in lignite sector. Drilling has been completed in 6 coal sector blocks and 4 lignite blocks. A total of 12 Geological Reports have been submitted in coal sector and 5.90 billion tonnes of coal resources estimated in this period. Out of it, 5.54 Billion tonnes is in indicated category and 0.36 billion tonnes in Inferred category. In lignite sector, 8 Geological Reports have been submitted and 1.44 billion tonnes of resources established in indicated category.

COAL BED METHANE STUDIES :

Coal Bed Methane (CBM)/Coal Mine Methane (CMM) is an emerging energy resource. In view of importance being now attached to CBM globally, the Ministry of Petroleum and Natural Gas (MOP&NG) the administrative Ministry, in consultation with Ministry of Coal has taken steps to allot the prospective blocks for development of CBM under approved policy of Govt. of India. Ministry of Petroleum & Natural Gas has called for two global biddings till date, allocating five blocks (namely Raniganj East block, North Karanpura (East), Bokaro, Sohagpur (East) and Sohagpur (West) in the first bidding and eight blocks (namely North Karanpura (West), South Karanpura, Barmer I, Barmer II, Barmer III, Sonhat, Satpura and Wardha in the second bidding. Two blocks (Jharia and Raniganj) have been allotted to ONGC – CIL joint venture on nomination basis.

Delineation of prospective CBM Blocks for third round is under process. 18 prospective CBM blocks have been delineated so far with prognosticated resource and 900 BCM in about 9000 sq. k.m. area, out of which 16 have been awarded to different agencies. The delineation is primarily carried out by CMPDI as it is the nodal agency for coal exploration and mine related data. Presently at CMPDI, 7 additional CBM blocks are in the process of delineation covering an area of 4000 sq. k.m. with prognosticated CBM resource of 460 BCM).

UNDP/GEF/GOI- Coal Bed Methane Recovery & Commercial Utilisation

With an objective to demonstrate the economic viability of harnessing CBM alongwith, mining (Coal Mine Methane or CMM), the Govt. of India in collaboration with UNDP/Global Environment facility (GEF) has taken up a demonstration project at Moonidih and Sudamdih mines of BCCL in Jharia Coalfield at an estimated cost of Rs.92.43 crores.

Objective

The objective of the project is to degasify coal seams for safer extraction of coal and to demonstrate economic viability of harnessing CBM in India. The project would undertake techno-economic evaluation of in-situ gas from existing mines in areas goaved out as well as where mining is contemplated later and demonstrate optimal harressing of methane which other-wise would have escaped into atmosphere. The project is being implemented by CMPDI and BCCL and is likely to be completed by October,2006.

The most prevalent method of mining coal in India is bord and pillar. The mining operator in this method are such that most of the methane gas is escaped during extraction of coal and as such scope of Coal Mine Methane (CMM) and Abandoned Mine Methane (AMM) is very limited. However, steps have been initiated to study the prospects of AMM in Indian context under UK India CBM transfer project. The project is sponsored by Department of Trade and Industry(DTI), Govt. of U.K. and being managed by M/s Wardell Armstrong, CMPDI has been commissioned to take up the job.

COAL CONSERVATION

Conservation of coal enjoins maximum recovery of insitu reserves of coal. Coal deposits in India occur mostly in thick seams and at shallow depths. These aspects are taken into account during mine planning and operation in ensuring maximum recovery.

Mechanised opencast mining in India is the most prevalent technology. The percentage recovery by this method is up to 90% of the in-situ coal reserves. The coal production from opencast method is approximately 80% of total production. This trend is likely to continue in near future. The thick seam deposits earlier developed in Bord and Pillar method or other methods of underground mining which have been waiting for long in absence of a suitable technology of extraction have now become extractable by opencast mining with HEMM equipment of suitable type in some of the mines like WCL,BCCL,CCL and ECL where underground mining was carried out under relatively shallow cover. In case of SCCL, where scope for planning of opencast mines is limited, longwall and blasting gallery methods are being applied in the case of underground mines to achieve higher underground production with higher percentage of recovery. The

longwall method of mining is also being implemented in SECL, ECL and BCCL of Coal India Limited. Continuous miner technology offers faster extraction with high percentage of extraction and larger panels. Efforts are being made to introduce this technology in more mines of CIL and also in SCCL.

Difficult geo-mining conditions prevailing in coal bearing areas like steep and irregular coal seam deposits, gassy seams, contiguous and multi-section seams necessitate the introduction of some suitable technology for exploitation of such deposits from coal conservation and also safety point of view.

SAND STOWING

Sand stowing in underground mines is yet another effective means of coal conservation, which is widely in use for extraction of coal from underground thick coal seams and coal seams lying underneath built up area, such as surface structures, railway lines, roads, rivers, nullahs, Jores, etc. Sand stowing is also used for protecting the upper seams from damage where extraction of the lower seams is being done prior to the extraction of the upper seams. Sand stowing is also used for protection against fire in coal seams.

CONTROL OF MINE FIRES AND SUBSIDENCE

In the Jharia coalfield at the time of nationalization of coking coal mines in 1972, there were reportedly, 70 active mine fires in about 17 Sq.kms. Fire Projects were taken up from 1975 to 1988 for control of these fires at an estimated outlay of Rs.114.57 crores. 10 fire were extinguished. However, 6 more fires have been added during the period.

A diagnostic study was undertaken under the Jharia Mine Fire Control Technical Assistance Project with World Bank assistance of US \$ 12.00 million for developing a long-term plan for dealing with the problem of the Jharia Coalfield. The study, consisting of two components, development of fire fighting programme and preparation of environment monitoring plan, has been completed. The study brought out that fire area has reduced substantially to 8.9 Sq.K.M.

A High Level Committee under Chairmanship of Secretary(Coal) was formed in December, 1996 to examine subsidence and fire in Jharia and Raniganj Coalfields. The Committee has submitted its final report in December, 1997. The recommendation of the Committee are under various stages of implementation.

From 1997-98, Government of India introduced Environmental Measures and Subsidence Control (EMSC) schemes for control of fire and subsidence and other environmental measures.

To deal with the problem in a comprehensive manner, Committee of Secretaries in March'2003, decided that a total Action Plan delineating the time frame for completing various activities and the detailed rehabilitation plan would be prepared. Accordingly, Action Plans, based on the Master Plan of BCCL and ECL have been prepared delineating a time frame of 20 years for completion of all the activities involved in the Plan in phases. The detailed activities for the first 5 years have been set out and also the sites to be taken up in the

first phase of 5 years have been identified. Subsequently the Master Plan of BCCL and ECL had also been updated.

The Master Plan of BCCL envisages a capital outlay of Rs.5714.81 crores and that for ECL it is Rs.1769.40 crores. The funding of the various activities of the Master Plan is proposed from Plan Allocation made for Environmental Measures and Subsidence Control (EMSC) Schemes, stowing excise duty under Coal Conservation and Development Act and from internal mobilization of funds by Coal India Limited.

The updated Master Plans for ECL and BCCL to deal with problems of fire and subsidence, stabilisation, rehabilitation etc. were prepared in Dec., 2003 and April, 2004 respectively. The plans have been cleared "in principle" by the Planning Commission and they are under consideration for approval by the Government. Draft notes for the Public Investment Board have been prepared and are under process.

Various schemes as per priority given the Master Plans/Action Plans are being approved under Environmental Measures and Subsidence Control(EMSC) / Rehabilitation, Control of Fire and Subsidence (RCFS). The status of implementation of these schemes is as follows:

BCCL

Eight EMSC schemes were sanctioned for a capital of Rs.16.18 crores. Six schemes have been completed and two schemes are under implementation. Four RCFS schemes were sanctioned for a capital of Rs.25.60 crores. Two schemes are being revised and two schemes are under implementation. Seven new schemes were sanctioned by BCCL for a capital of Rs.115.00 crores. Some of the schemes have been started. Total expenditure incurred is about Rs.16.33 crores. A demonstration scheme of rehabilitation of endangered houses was approved under EMSC fund for shifting of 4600 houses (3100 non-BCCL unauthorised and 1500 BCCL),for capital investment of Rs. 61.09 crores and is under implementation. BCCL have constructed 344 houses and about 150 families have shifted. Further shifting is in progress. Tendering of another 1156 houses is under progress.

ECL

Total expenditure incurred so far is Rs.9.07 crores. In ECL, four stabilisation schemes have already been completed and six are under implementation under EMSC funds. In addition, two schemes were also completed under CCDA fund. Four rehabilitation (demonstration) schemes were also taken up for a capital outlay of Rs.33.52 crores. Demographic survey has been completed by Asansol Durgapur Development Authority (ADDA). Rs.19.22 crores have already been spent so far under stabilisation, rehabilitation and fire control measures.

A Monitoring Committee under the chairmanship of Secretary (Coal) with representatives from the State Governments, CIL BCCL, ECL and related Ministries/Departments of the Central Government has been constituted and is reviewing the progress of work periodically.

S&T Projects

The R&D activities in coal sector are administered through an Apex body namely, Standing Scientific Research Committee (SSRC) with Secretary (Coal) as its Chairman. The other members of this apex body include Chairman of CIL, CMDs of CMPDIL, SCCL and NLC, Directors of concerned Central Scientific & Industrial Research(CSIR) laboratories, representatives of Department of S&T, Planning Commission and educational institutions, amongst others. The main functions of SSRC are to plan, programme, budget and oversee the implementation of research projects and seek application of the findings of the R&D work done. For in house R&D work of CIL, R&D Board headed by Chairman, CIL is also functioning.

The SSRC is being assisted by three Standing Sub-Committees, each dealing with one of the three relevant major areas of research :-

- Production, Productivity & Safety
- Coal Beneficiation & Utilisation
- Environment & Ecology

The project are mostly implemented by research and academic institute either independently or in collaboration with coal & lignite mining companies.

CMPDI acts as Nodal Agency for co-ordination of research activities in coal sector, which involve identification of thrust areas for research activities, identification of agencies, which can take up the research work in the identified fields, processing the proposals for Government approval, monitoring the progress of implementation of the projects, preparation of budget estimates, disbursement of funds etc.

As on 15th December 2005, 56 S&T projects are on-going. During the period from Jan. 2005 to December 2005, a total of 7 S&T projects have been completed and 3 projects are on final stage of completion.

WASHING OF COAL

The production of supply of washed coal during 2004-05 (provisional) vis-a-vis 2003-04 is as under:

Item	2004-05 (m.t.)	(m.t.)	2003-04 (m.t.)	(m.t.)
	Production	Supply	Production	Supply
Coking coal	48.55	48.51	45.45	45.69
Non-coking coal	94.32	96.80	77.63	75.90
Total	142.87	145.31	123.08	121.59

Coal India Limited operates 19 coal washeries with a total throughput capacity of 39.88 MTY out of which there are 12 coking coal washeries with total throughput capacity of 19.68 MTY and 7 non-coking coal washeries with a throughput capacity 20.2 MTY, details of which are appended below. Many of the coal washeries are very old and have outdated lives. In India, coal washing had been undertaken only for coking coal since early 1950s. The reserve of coking coal in the country is only about 14% of the total reserve and is very limited. Most of the coking coal washeries, at present, are suffering from inadequate quantity and inferior

quality of coal feed due to depletion of good quality upper seam coal resulting poor utilisation level.

S1. no.	Washery	Capacity (Mty)	Year of Comm.l Conversion	S1. no.	Washery	Capacity (Mty)	Year of Comm.l Conversion
	Coking Coal:						
1.	Dugda-II	2.00	1969	1.	coal Non-coking: Dugda-I	1.00	1961/1999*
2.	Bhojudih	1.70	1962	2.	Lodna	0.48	1991/2002*
3.	Patherdih	1.60	1964	3.	Madhuband	2.50	1999/2003*
4.	Moonidih	1.60	1983		BCCL	3.98	
5.	Sudamdih	1.60	1980	4.	Gidi	2.5	1970/1998*
6.	Mahuda	0.63	1989	5.	Piparwar	6.5	1997
7.	Barora **	0.42	1982	6.	Kargali	2.72	1958/1999*
	BCCL	9.13			CCL	11.72	
8.	Kathara	3.00	1969	7.	Bina, NCL	4.5	1997
9.	Swang	0.75	1970		CIL	20.20	
10.	Rajrappa	3.00	1986				
11.	Kedla	2.60	1997				
	CCL	9.35					
12.	Nandan, WCL	1.2	1984				
	CIL	19.68					

.. Converted to non-coking coal washery.

** Not in operation since August'2003 for non availability of required feed.

In order to keep the coal washeries in proper working condition, action has been taken to renovate/modernize some old washeries. Renovation/modernization of washeries calls for substantial investment, which the coal company like BCCL is not in a position to incur at present because of paucity of fund.

Since nationalization of coal mines, the demand of non-coking coal for power sector and cement sector has grown phenomally and as such the coal production of CIL has increased to about 323.6 MT during 2004-05 from a level of 75 MT during the time of nationalization. This sharp rise in the growth of coal production has been achieved due to large scale mechanisation of mines and high capacity open cast mines.

In recent years, the demand for superior or washed non-coking coal mainly from power sector has picked up substantially because of stricter law and growing awareness against environment pollution. The present capacity of non-coking coal washeries in the country is about 69.15 MTY out of which CIL operates 20.2 MTY and private sector operates 48.95 MTY. Few more non-coking coal washeris in private sector are either under construction or under proposal stage.

In the present scenario the performance of the coal Washery of CIL is improving which can be seen from the details given below:

Highlights of performance:

- ? Increase in washed coking coal production in 04-05 over last year -3.10 lakh ts.
- ? Increase in yield of coking coal washeries in 04-05 over last year -1.56%
- ? Increase in utilisation of coking coal washeries in 04-05 over last year -2.89%
- ? Increase in washed non-coking coal production in 04-05 over last year -16.69 lakh ts.
- ? Increase in Yield of non-coking coal washeries in 04-05 over last year -2.82% · Increase in utilization of non-coking coal washeries in 04-05 over last year 7.41 %

Initiatives taken by CIL for setting up of coal Washeries:-

1. Coal India Limited (CIL) encourages linked consumers as well as private entrepreneurs to set up non-coking coal washeries for supply of washed coal to the linked consumers by providing infrastructural facilities, as available, on lease/chargeable basis. Two such Washeries have been constructed and are in operation (present throughput capacity 10 Mty) in Korba coalfield on CIL's land since end of 1999.

Land has also been leased to APGENCO in May' 2004 to set up its 11 Mty non-coking coal washery in Talcher coalfield of MCL under BOO Scheme. The land to set up 3.5 Mty washery at NK area of CCL by PSEB under BOO scheme will be provided shortly.

2. Draft agreements are under negotiation for finalisation with MSEB for supply of washed coal from the proposed Dipka washery (6.0 MTY) of SECL and R&S Engineering (India) Pvt. Ltd., the washery operator, to construct and operate the washery under BOO Scheme.

3. CIL, as a facilitator, invited Expression of Interest (EOI) to set up non-coking coal washeries under BOO scheme for the linked consumers and the responses received in this regard were very high. Intending washery investors/operators were advised to have tie up with the linked coal consumers for washing the coal on their behalf and avail the infrastructural facilities from the subsidiary companies of CIL. The major power sector consumers were also informed about the EOIs received to facilitate selection of the washery operators for washing their coal. But no tie up between utility and their investor did materialize so far for construction of the washery as well as supply of washed coal to the linked consumers.

4. CIL is also in the process of identifying locations to install few non-coking coal washeries under BOO scheme without consumer tie-up for supply of washed coal at a price to be notified by coal companies.

5. MCL is exploring the possibility to provide land to NTPC in Orissa for its 6.0 Mty washery under BOO scheme.

For simplification of procedures with respect to allocation of coal companies land for setting up of washery in private sector, necessary guidelines in this regard have already been issued by the Ministry for expediting clearances by the coal companies.

SAFETY

Primary importance is given to safety in operations by the Coal India Ltd. This is evident from the Mission of Coal India Ltd where CIL is committed to continue coal mining operations “with due regard to Safety and Conservation”. With this in view a Safety Policy of Coal India Ltd has been formulated and implemented. CIL has also created a structured Internal Safety Organisation (ISO) in each subsidiary as well as at the holding company level at CIL to implement the Safety Policy and other safety measures. This has resulted in substantial improvement in the safety scenario of coal mining activities since Nationalisation of coal mines.

As a result of the safety measures being taken with vastly increased production it has been possible to reduce the trend of fatalities and fatality rates in CIL from 233 fatalities in 1975 to 70 fatalities in 2004 . A comparison of accident statistics of CIL in the year 2005(Upto Sept.) as compared to 1975 is shown in the table below :-

YEAR	FATAL ACCIDENTS		SERIOUS ACCIDENTS		FATALITY RATE		SERIOUS INJURY RATE	
	ACCIDENTS	FATALITIES	ACCIDENTS	INJURIES	PER M.T.	PER 3 LAKH MANSHIFTS	PER M.T	PER 3 LAKH MANSHIFTS
1975	177	233	1456	1515	2.62	0.52	17.03	3.41
2002	62	69	375	397	0.24	0.19	1.37	1.09
2003	56	60	339	354	0.20	0.17	1.18	1.00
2004	66	70	384	396	0.22	0.20	1.23	1.12
2005 (Up to Sept.)	49	65	262	271	0.21	0.20	1.10	1.05

Note:-Subject to reconciliation with DGMS

SAFETY MEASURES

The following broad safety measures were pursued in the year 2004 for reduction of accidents in coal mines of CIL:-

- Thrust on conducting Safety Audits of mines by expert Mining/Mechanical/Electrical Engineers for assessment of threat of major accidents like inundation, fire or explosion and implementation of results of the same.
- Risk Assessment as a tool for improvement of safety was continued.
- Thrust was given on inspections of mines, including surprise back-shift inspections, by senior officers like Area GMs, Agents/Sub-Area Managers/Project Officers, Colliery Managers and officers of the Internal Safety Organisation.
- As a measure of precaution against in-rush of water the following measures were pursued:
 - Assessment of danger of inrush of water from surface as well as underground source was done for each mine and action programme drawn up and implemented.

- Extensive check surveys were undertaken either by teams of surveyors within the Area or by external agencies.
- Thrust on measures for prevention of roof/side fall accidents was maintained through
 - Drawing up Support Plans for each mining district based on scientific Rock-Mass-Rating and implementation of the same.
 - Thrust on use of steel roof bolts /steel rope roof stitching using quick setting cement capsules.
 - Resin grouting has been introduced in some highly watery mines.
 - Training of support personnel, dressers and supervisors.
- For reduction of accidents in opencast mines the following measures were taken:
 - Implementation of Codes of Practice and Traffic Rules and monitoring implementation of the same.
 - Examination of contractor's vehicles/equipment by the company's engineers.
 - Conducting on-site training programmes for contractor's employees.
 - Training and retraining of Heavy Earth Moving machinery operators in modern training institutes.
 - Conducting of slope stability studies.
- Efforts towards reduction of exposure of workmen to risks through mechanisation were continued.
- In UG mines: by replacement of manual loading by mechanised loading by Side-Discharge-Loaders, Load-Haul-Dumpers, Powered Support Longwall technology, Continuous Miner technology.
- Regular Basic and Refresher Training was imparted to workmen and supervisors. Special on-site training programmes were conducted for contractor's workers. Regular retraining programmes were conducted for special categories of employees like support-men, dressers and supervisors.
- Audio-visual training films on various subjects have been prepared for imparting standardized training in each Vocational Training Centre in each coal producing country.
- Thrust on Emergency preparedness was maintained through:
 - Preparation of Emergency Action Plans.
 - Demarcation of Escape Routes belowground as well as on plans.
 - Conducting of Mock Rehearsals, monitoring failure points for further improvement.

Thrust on training and retraining of workmen, supervisors to increase safety awareness of the workmen. CIL has taken up a programme of preparation of Video films for imparting standardized training in all its training centres and 33 out of 58 planned films have been completed.

REVIEWING OF SAFETY STATUS OF COAL MINES

The safety status of coal mines is being continuously monitored at different levels. At the mine level the Safety Committees, where workmen are represented, review the safety status of every mine. Workmen's Inspectors make inspections of the mines and the reports of the inspections are rigorously acted upon. Bipartite Committees of management and workmen's representatives review the safety status of each and every Area. At the subsidiary company headquarters level Tripartite Committees which include representatives of the Directorate General of Mines Safety (DGMS) also review the safety performance of the company and suggest measures for

further improving the safety standards. The Coal India Safety Board, comprising representatives of the coal companies, the workmen, DGMS, the Department of Coal review and deliberate on safety measures to be taken for improving the safety performance of CIL bi-annually. To arrest the rising trend of fatal accident a meeting of 39th CIL Safety Board was held on 12th June,2004 at Kolkata. The safety situation of the coal mines is also reviewed bi-annually by the Standing Committee on Safety in Coal Mines chaired by the Hon'ble Minister in-charge for Coal. Last such meeting was held under the chairmanship of Minister of State for Coal & Mines on 13.9.2005.

MINES RESCUE SERVICES

Six mine rescue Stations (RS), eighteen Rescue Rooms with Refresher Training Facilities (RRRTs) have been established and are functioning in various subsidiaries of Coal India Limited.

Modern Equipment have been provided to rescue Stations (RS), Rescue Rooms with Refresher Training Facilities (RRRTs). There are 1080 nos. of Self Contained Breathing Apparatus (SCBA), 180 nos. of reviving Apparatus and 102 nos. of Short duration Breathing Apparatus (SDBA).

In addition some Chemical type Oxygen self rescuers have also been provided and kept in different rescue stations.

Several incentives have been introduced for attracting suitable persons to serve in the Rescue Services. Shortage of field volunteers have been made up by and large.

New technology equipment like infra-red imager, paging system, etc. have been introduced. Trial is under way for development of cordless radio-communication system for use by Rescue Teams in rescue/recovery work below- ground.

One large diameter drill machine for evacuation of miners trapped below-ground has been procured from abroad and supporting equipment have been procured from indigenous sources. The machine is kept in readiness at Sitarampur Rescue Station of ECL.

CHAPTER - III

PRODUCTION, DISTRIBUTION & COAL SALE DUES

COAL PRODUCTION

The target and the coal production for last five years are at Annexure-I. (figures including Meghalaya)

Coking and Non-coking coal production during last Five years

(in million tonnes)

Year	Coking	Non-Coking	Total
1999-2000	33.25	266.72	299.97
2000-2001	30.90	278.73	309.63
2001-2002	28.67	293.97	322.64
2002-2003	30.49	306.30	336.87
2003-2004	29.40	326.32	355.72
2004-2005	30.22	352.40	382.62

(figures excluding Meghalaya)

DETAILS OF COAL STOCKS WITH COAL COMPANIES

The vendible stocks available with coal companies in the last five years are shown in the table below:

(In million tones)

Company	31.3.00	31.03.01	31.3.02	31.3.03	31.3.04	31.3.05*
ECL	3.06	2.32	2.55	2.33	2.90	2.968
BCCL	3.28	2.22	2.35	4.14	2.92	2.790
CCL	4.35	3.18	3.77	3.89	4.66	6.133
NCL	1.44	0.77	0.56	1.22	1.77	1.606
WCL	2.32	2.19	1.11	0.77	1.09	2.187
SECL	7.09	6.66	5.67	3.91	3.99	3.739
MCL	5.49	2.93	1.68	2.52	3.14	3.012
NEC	0.58	0.46	0.48	0.47	0.33	0.388
CIL Total	27.61	20.73	18.17	19.25	20.78	22.823
SCCL	1.21	0.95	0.58	0.28	0.27	0.733
Captive Colliery	0.20	0.16	0.13	0.17	0.23	0.22
Grand Total	29.02	21.84	18.88	19.70	23.28	23.578

* PROVISIONAL

The above table gives the details of vendible coal stocks with different companies and not the closing/book stocks. Closing stocks are different from vendible stocks. While vendible stocks are such which can be sold, the closing stocks are basically book stocks.

E-Marketing Of Coal By CIL

Trial e-marketing proposal has been primarily initiated as a result of orders of Calcutta High Court which whilst setting aside the system of coal supplies to non-core sector consumers based on distinction of linkages and sponsorships, had directed that coal to such consumers should be sold through Open Sales Scheme. Subsequent to the SLP filed by CIL against the last order of Calcutta High Court, CIL had submitted an undertaking in the Supreme Court that a transparent marketing policy would be evolved. Trial e-marketing is an endeavour in that direction. By this initiative, it is also envisaged that black marketing of coal, which is a frequent complaint, will stop and premium now being cornered by unscrupulous traders and bogus industries will accrue instead to Coal Companies enhancing their profitability/viability. Further, genuine non-linked consumers who have no official source of coal supply and have to access the black market, will now have an official channel of supply.

Two trial e-marketings were initially conducted in Bharat Coking Company Limited between November 04 and March 05 and two trials were also held in North Eastern Coalfields in March 05. These e-marketings were conducted by the Metal Scrap and Trading Corporation (MSTC) and Metal Junction and the IIM, Calcutta was asked to concurrently evaluate the outcome of these marketings.

The Government approved the sale of 10 Million Tonnes of coal by Coal India Limited through e-marketing on trial basis during 2005-06 providing for review of the scheme at the end of the year. CIL has accordingly held e-marketing in all of its eight subsidiaries. Based on the experience gained in the process a coal sales policy is being evolved as per directions of the Court.

Subsequently another 10 million tonnes coal was approved by the Government for E-Marketing.

The details of cumulative results of e-marketing held during April-November, 2005 are summarized below:-

Number of Bidders	17403
Number of successful Bidders	10525
Total Quantity Offered	11.967 million tonnes
Total Quantity allocated	10.212 million tonnes
Notified price of total allocated Quantity	1042.600 crores
Bid price of total allocated Quantity	1607.966 crores
% increase over Notified price	54.2%
% increase over Floor price	27.9%

M/s National Cooperative Consumers' Federation of India(NCCF), an apex body under Ministry of Consumer Affairs and Public Distribution, which is distributing coal to SSI and tiny units is to be supplied coal by the subsidiary companies of CIL at the floor price(i.e. 20% above the notified price of a particular grade) instead of the weighted average e-marketing price. The State Governments have also been allocated a quantity to the tune of 3 million tonnes per annum to distribute the coal amongst their respective consumers at the price applicable to NCCF.

Demand Supply Scenario of coal sector in Xth (2006-07) and XIth Plan (2011-12)

Although domestic coal production especially in CIL subsidiaries have registered a growth of 5.40% in the recent past, the gap between demand and indigenous supply does not appear to have eased and is projected to increase in the coming years. As per the revised Mid-Term Appraisal(MTA) of Planning Commission the demand of coal during the terminal year of Xth Plan(2006-07) has been projected at 473.18 and for the terminal year of XIth plan the demand has been projected at 620 million tonnes respectively. Supply of coal is expected to be 431.50 million tonnes and 525 million tonnes respectively during the same period. The projected gap by the end of 10th Plan (2006-07) would be 41.68 million tonnes and this would go up to a level of 95 million tonnes in the terminal year of 11th Plan.

IMPORT OF COAL

Government do not import coal directly. As per the present Import Policy, coal can be freely imported (under Open General Licence) by the consumers themselves considering their needs and exercising their own commercial judgments.

Coking coal is being imported by Steel Authority of India Limited (SAIL) and other Steel Sector manufacturers mainly to bridge the gap between the requirement and indigenous availability and to improve the quality of overall blend for technological reasons. Coal based power plants, cement plants, captive power plants, sponge iron plants, industrial consumers and coal traders are importing non-coking coal on consideration of transport logistic and commercial prudence as well as against export entitlements. Coke is imported mainly by Pig-Iron manufacturers and iron & steel sector consumers using mini-blast furnace.

Details of import of coal and coal products during the last Four year(as reported by Coal Controller's Organization) are as under:

(In Million Tonnes)

Coal	2001-02	2002-03	2003-04	2004-05
Coking Coal	11.11	12.95	12.99	14.57
Non-Coking Coal	9.44	10.31	8.70	11.56
Coke	2.28	2.25	1.90	2.51
Total Import	22.83	25.51	23.59	28.64

Reasons for import of coal

Indian coal is traditionally high ash coal and of low calorific value, because of mixing of extraneous material in its geological formation itself. The extraneous material is difficult to remove because of its intimate mixing with the coal material. Hence on quality consideration, some consumers are importing coal. Further, for the last some years, import of coal, particularly non-coking coal is being resorted to by the consumers like cement plants on account of cost consideration.

The Import Duty /Quantity of imports

Year	Coking			Non-coking		Total Quantity (in million tonnes)
	Import duty		Quantity (in million tonnes)	Import duty	Quantity (in million tonnes)	
	Less than 12% ash	More than 12% ash				
1992-93	5%	85%	6.32	85%	0.42	6.74
1993-94	5%	85%	6.82	85%	0.57	7.39
1994-95	5%	35%	10.15	35%	1.24	11.39
1995-96	5%	35%	9.37	35%	3.14	12.51
1996-97	5%	22%	10.62	22%	2.56	13.18
1997-98	5%	15%	11.74	15%	4.70	16.44
1998-99	9.2%	19.6%	10.02	19.6%	6.51	16.53
1999-00	9.72%	21.16%	10.99	21.16%	8.71	19.70
2000-01	9.72%	21.16%	11.06	32.6%	9.87	20.93
2001-02	9.2%	19.6%	11.11	30%	9.44	20.55
2002-03	9.2%	19.6%	12.95	30%	10.31	23.26
2003-04	0%	15.0%	12.0	5.0%	9.50	21.50
2004-05	0%	5%	14.83	5%	10.47	25.31

OUTSTANDING DUES FROM SEBS TO COAL INDIA LIMITED

The total outstanding dues to CIL from all sectors as on 31.10.2005 are Rs.3226.65 crores. Out of this, Rs. 1300.39 crores are disputed, while Rs.1926.26 crores are *undisputed* dues. The total dues recoverable from power sector are Rs. 2844.43 crores. The disputed amount from power sector is Rs. 895.39 crores, while the balance amount of Rs. 1949.04 crores is undisputed. Details of Sector-wise and company wise dues are given in the Statement (Annexure-II).

Huge amounts of outstanding dues are affecting the generation of internal resources of coal companies impeding implementation of projects and forcing companies to borrow funds from open market. Such an adverse impact on coal companies becomes more pronounced as the budgetary support is no more being given to them.

STEPS TAKEN TO RECOVER THE DUES

The following steps have been taken by the Government/Coal India Limited to recover the outstanding dues from the State Electricity Boards:

- i) Coal India Limited (CIL) has been advised to supply coal to power utilities only against advance payment or letter of credit. (Cash and Carry)
- ii) Coal India Limited and its subsidiary coal companies have been persistently following up with the consumers in diverse sectors for settlement of dues.

- iii) Recovery of dues by way of adjustment against power bills is also being done in respect of certain power utilities.
- iv) Umpires have been appointed for resolving the disputed dues between the coal companies and SEBs.
- v) **Deductions from Central Plan Assistance** Government has also decided to deduct the outstanding dues of Coal India Ltd. as on 31.12.1996 through the mechanism of cuts from the Central Plan Assistance to the State Governments, subject to certain ceilings. Upto January,2002 total recovery has been Rs.946.17 crores. (**Annexure -III**).

SUPPLY OF COAL TO POWER HOUSES:

Coal India Limited(CIL) is supplying coal more than the Annual Action Plan(AAP) targets as set out by Planning Commission in consultation with CEA and Ministry of Power and Railways. Ministry of Coal and Coal India Limited through concerted efforts ensured that no outage occurred for want of coal. To co-ordinate and monitor the coal supply and movement to power houses, a sub group under chairmanship of Joint Secretary(Coal) was constituted by Secretary(Coord.), Cabinet Secretariat which included members from Ministry of Power, CEA, Railways, Coal Companies and MMTC. The sub group held so far 55 meetings to review and take stock of the coal supply position to the critical power houses. The sub group also intervened wherever there were bottlenecks in loading and unloading of coal to critical power houses through appropriate directions and instructions

Coal stock at power plants as on 13.12.2005 was 14.03 MT which is about 3.6 million tonnes more than 10.43 MT as on 1.4.2005. Coal stocks were relatively comfortable as compared to corresponding period of last year, which was 8.12 MT. The Sub-group also noted that the number of critical and super critical plants had also reduced to 8 and two respectively as compared to 19 and 7 as on 1.4.2005. As on 13.12.2004, it was 23 and 11 respectively. However, due to special efforts the number of critical & super critical Power Stations were reduced to zero. It is first time since 1998 that Power Stations now have adequate coal stocks.

NOTE ON COAL DISTRIBUTION POLICY.

Coal is supplied to Core and Non-core sector consumers. Core sector consists of Power including Captive Power Plants (CPPs) , Steel, Cement, Defence, Fertilizer and Railways. Paper and Aluminium have subsequently been added. Power and Cement sectors are allocated coal through Standing Linkage Committee (SLC) operating in the Ministry of Coal.

Linkage Committee

Two types of linkage committees function for deciding the coal linkage to the core sector consumers –

- (i) Standing Linkage Committee (Long-term)
- (ii) Standing Linkage Committee (Short-term)

STANDING LINKAGE COMMITTEE(LONG-TERM)

SLC(Long-term) considers requirement of coal of power, cement and sponge iron consumers at the planning stage and links the requirement in the long-term perspective from a rational source after examining the factors like quantity and quality required, time frame, location of the consuming plants, transport logistics, development plan for the coal mine etc. These Committees for Power, Cement and sponge iron function in the Ministry of Coal.

The Long-term Linkage Committee is chaired by Additional Secretary, Ministry of Coal and has representatives from Ministry of Power, Ministry of Railways, Ministry of Surface Transport, Planning Commission, Central Electricity Authority, Coal India Limited, CMPDIL and SCCL for deciding long-term coal linkage for power plants. Similarly for deciding long-term coal linkage for cement plants the committee is chaired by Additional Secretary, Ministry of coal and representatives from Ministry of Railways, Ministry of Surface Transport, Planning Commission, Ministry of Commerce and Industry, Department of Industrial Policy and Promotion, Coal India Limited, Central Mine Planning & Design Institute Limited, Chairman of coal producing companies and SCCL. Similarly for deciding their linkage for sponge iron units, the long-term committee is chaired by AS(Coal), MOC and representative from Planning Commission, Ministry of Railways, Ministry of Steel, Chairman, CIL, CMD/SCCL and CMD's of coal producing companies.

STANDING LINKAGE COMMITTEE(SHORT-TERM)FOR POWER AND CEMENT

SLC functioning in Ministry of Coal, under the chairmanship of Additional Secretary has representatives from Railways, Ministry of Power, Central Electricity Authority, CIL, SCCL, coal companies, Department of Industrial Policy & Promotion, Cement Manufacturers' Association etc. SLC(ST) meetings are held on quarterly basis, to decide the coal movement plan of consumers in power and cement sectors holding long-term coal linkage. SLC also considers mid-term corrections of planned linkages and movement of coal. Although price and distribution of all grades of coal have been deregulated with effect from 1.1.2000, SLC still continues as an administrative mechanism, and provides a common platform to the coal producers, consumers as well as the transporters.

Linkages of coal to thermal power stations are sanctioned by the Standing Linkage Committee on quarterly basis on the basis of recommendation made by the Central Electricity Authority(CEA). The CEA recommendation is based on the power generation programme, ground stock with individual power houses etc. Factors for deciding the linkages are power generation programme, availability of coal and carrying capacity of Railways as well as feasibility of movement by other modes.

NON-CORE SECTOR COAL SUPPLIES:

Coal to valid non-core linked consumers is supplied on the basis of past linkages and sponsorship and Maximum Permissible Quota.

FUEL SUPPLY AGREEMENTS

Most of the coal supplies being made by the coal companies are based on linkages granted by the competent authorities. Based on the linkages, the consumers draw their coal from the linked Coal Company. However, it had been observed in many cases that the consumers were not lifting the linked quantities and as a result linkages were rendered as only paper linkages. There was no obligation or a legal binding either on supplier of coal or on the linked consumer to lift the linked quantity. As a result there was a mismatch between the total linked quantities and the actual off-take for many consumers. To tide over this problem, the coal companies have been insisting on firm commitment FSAs to be signed with the consumers. Though the efforts have been made in the past several years, considerable progress has been achieved only in the last couple of years.

Separate FSAs for Independent Power Producers (IPPs), State Electricity Boards and others have been finalized and CIL/Coal companies are in the process of finalizing FSAs with all the consumers. The last date for conclusion of FSAs has already been extended upto 31.12.2005.

Annexure -I

COMPANY-WISE COAL PRODUCTION DURING LAST FIVE YEARS

(In million tonnes)

Company	2000-2001		2001-2002		2002-03	
	Target	Actual	Target	Actual	Target	Actual
ECL	28.00	28.03	20.50	28.55	29.00	27.18
BCCL	29.50	25.97	30.00	25.25	28.00	24.15
CCL	34.00	31.75	36.00	33.81	34.25	36.98
NCL	39.00	41.40	41.50	42.46	44.00	45.10
WCL	33.00	35.20	35.00	37.01	37.00	37.82
SECL	60.00	60.33	63.00	64.12	65.25	66.60
MCL	43.00	44.80	44.50	47.81	48.00	52.23
NEC	0.50	0.66	0.50	0.64	0.50	0.63
Total CIL	267.00	268.14	279.00	279.65	286.00	290.69
SCCL	31.67	30.27	32.38	30.81	32.50	33.24
Captive Collieries	9.40	11.22	11.35	12.18	13.10	12.94
Grand Total	308.07	309.63	322.73	322.64	331.60	336.87

Company	2003-04		2004-05		2005-06 (April-November,2005)	
	Target	Actual	Target	Actual	Target	Actual
ECL	29.00	28.00	27.30	27.25	16.82	17.46
BCCL	27.50	22.70	22.40	22.31	15.63	13.45
CCL	35.50	37.33	37.40	37.39	24.27	22.66
NCL	46.50	47.03	49.68	49.95	31.92	32.04
WCL	37.25	39.53	41.00	41.41	25.99	26.56
SECL	69.00	71.01	78.40	78.55	51.94	52.18
MCL	53.10	60.05	66.40	66.08	45.60	44.07
NEC	0.65	0.73	0.60	0.63	0.45	0.49
Total CIL	298.50	306.38	323.18	323.58	212.62	208.91
SCCL	33.50	33.85	35.00	35.30	22.54	20.93
Captive Collieries	13.05	15.49	22.91	23.74	17.58	16.17
Grand Total	345.05	355.72	381.09	382.62	252.74	246.01

Do not include Meghalaya Coal

The coal produced by CIL, SCCL and other as on 30.11.2005 (April-November,2005) is 246.01 million tonnes. Despatch to power sector by CIL and SCCL during April-November,2005 was 181.83 million tonnes as against 176.64 million tonnes for same period last year representing a growth of 3%.

Annexure -II

OUTSTANDING DUES COAL COMPANY WISE

<i>Company</i>	As on 1.4.1999			As on 1.4.2000			As on 1.4.2001		
	<i>Disputed</i>	<i>Un-disputed</i>	<i>Total</i>	<i>Disputed</i>	<i>Un-disputed</i>	<i>Total</i>	<i>Disputed</i>	<i>Un-disputed</i>	<i>Total</i>
<i>ECL</i>	380.00	269.97	649.97	329.31	659.01	988.32	287.75	959.21	1246.96
<i>CCL</i>	649.51	622.79	1272.30	622.13	495.04	1117.17	519.39	695.15	1214.54
<i>WCL</i>	315.87	310.37	626.24	449.04	346.13	795.17	251.58	515.42	767.00
<i>SECL</i>	235.64	979.06	1214.70	185.09	1231.72	1416.81	144.74	1586.46	1731.20
<i>MCL</i>	289.98	241.19	531.17	408.61	212.63	621.24	363.21	387.48	750.69
<i>BCCL</i>	717.94	451.87	1169.81	456.95	438.46	895.41	386.54	502.97	889.51
<i>NCL</i>	20.95	254.17	275.12	16.40	211.48	227.88	10.63	168.54	179.17
<i>DCC</i>	6.57	29.94	36.51	2.01	32.04	34.05	0.39	32.60	32.99
<i>NEC</i>	5.57	18.06	23.63	2.53	1.91	4.44	2.53	30.71	33.24
<i>Total (CIL)</i>	2622.03	3177.42	5799.45	2472.07	3628.42	6100.49	1966.76	4878.54	6845.30
	As on 1.4.2002			As on 1.4.2003			As on 1.4.2004		
<i>Company</i>	<i>Disputed</i>	<i>Un-disputed</i>	<i>Total</i>	<i>Disputed</i>	<i>Un-disputed</i>	<i>Total</i>	<i>Disputed</i>	<i>Un-disputed</i>	<i>Total</i>
<i>ECL</i>	276.83	1059.74	1336.57	254.73	896.86	1151.59	301.82	536.31	838.13
<i>CCL</i>	538.46	644.63	1183.09	549.10	692.04	1241.14	315.12	582.67	897.79
<i>WCL</i>	385.21	482.82	868.03	398.20	417.16	815.36	433.22	235.03	668.25
<i>SECL</i>	342.75	395.10	737.85	256.27	617.80	874.07	270.44	548.02	818.46
<i>MCL</i>	292.22	1208.54	1500.76	284.52	1121.60	1406.12	164.68	255.79	420.47
<i>BCCL</i>	365.55	341.65	707.20	369.68	229.39	599.07	204.87	52.34	257.21
<i>NCL</i>	7.05	144.85	151.90	7.97	136.56	144.53	12.18	145.44	157.62
<i>DCC</i>	-	23.10	23.10	0	0	0	0	0.00	0.0
<i>NEC</i>	2.53	26.63	29.16	2.52	-11.02	-8.5	2.52	-19.53	-17.01
<i>Total (CIL)</i>	2210.60	4327.06	6537.66	2122.99	4100.39	6223.38	1704.85	2336.07	4040.92

<i>Company</i>	As on 1.4.2005			As on 30.11.2005		
	<i>Disputed</i>	<i>Un-disputed</i>	<i>Total</i>	<i>Disputed</i>	<i>Un-disputed</i>	<i>Total</i>
<i>ECL</i>	353.55	232.00	585.55	248.18	211.53	459.71
<i>CCL</i>	323.99	577.22	901.21	279.77	619.87	899.64
<i>WCL</i>	82.00	546.01	628.01	128.47	406.62	535.09
<i>SECL</i>	162.91	190.39	353.3	138.85	142.08	280.93
<i>MCL</i>	220.06	19.78	239.84	170.65	92.76	263.41
<i>BCCL</i>	440.84	213.09	653.93	296.34	225.98	522.32
<i>NCL</i>	10.94	124.11	135.05	11.50	77.94	89.44
<i>NEC</i>	2.52	-9.62	-7.1	2.52	-16.68	-14.16
<i>Total (CIL)</i>	1596.81	1892.98	3489.79	1276.28	1760.10	3036.38

OUTSTANDING DUES

(SECTOR WISE)

(In rupees Crores)

As on 1.4.99				1.4.2000			As on 1.4.2001		
Sector-wise	Disputed	Un-disputed	Total	Disputed	Un-disputed	Total	Disputed	Un-disputed	Total
Loco	34.72	2.85	37.57	34.89	-0.17	34.72	31.29	2.05	33.34
Power	1919.41	2886.67	4806.08	2020.40	3397.86	5418.26	1513.92	4638.06	6151.98
Steel	611.18	234.19	845.37	363.18	212.43	575.61	373.57	205.06	578.63
Others (Govt.)	35.79	51.06	86.85	38.52	36.87	75.39	39.95	20.73	60.68
Others	20.93	2.65	23.58	15.08	-18.57	-3.49	8.03	12.64	20.67
Total	2622.03	3177.42	5799.45	2472.07	3628.42	6100.49	1966.76	4878.54	6845.30

As on 01.04.2002				1.4.2003			As on 1.4.004		
Sector-wise	Disputed	Un-disputed	Total	Disputed	Un-disputed	Total	Disputed	Un-disputed	Total
Loco	16.63	-2.80	13.83	6.44	-4.11	2.33	5.83	-5.17	0.66
Power	1751.80	4160.35	5912.15	1657.63	4060.45	5718.08	1217.64	2351.85	3569.49
Steel	416.36	145.70	562.06	433.06	92.51	525.57	457.31	34.49	491.8
Others (Govt.)	21.36	41.67	63.03	21.41	43.22	64.63	19.62	20.71	40.33
Others	4.45	-17.86	-13.41	4.45	-91.68	-87.23	4.45	-65.81	-61.36
Total	2210.60	4327.06	6537.66	2122.99	4100.39	6223.38	1704.85	2336.07	4040.92

As on 01.04.2005				As on 30.11.2005		
Sector-wise	Disputed	Un-disputed	Total	Disputed	Un-disputed	Total
Loco	5.86	-7.79	-1.93	5.80	-8.70	-2.9
Power	1114.59	1914.42	3029.01	865.57	1778.19	2644.16
Steel	438.60	38.51	477.11	370.03	57.22	427.25
Others (Govt.)	34.92	10.81	45.73	32.04	33.61	65.65
Others	2.84	-62.97	-60.13	2.84	-100.22	-97.38
Total	1596.81	1892.98	3489.79	1276.28	1760.10	3036.78

Annexure -III

RECOVERY OF OUTSTANDING DUES OF CIL THROUGH CENTRAL APPROPRIATION.

(Rs. in crores)

States	Amount released 1997-98	Amount released 1998-99	Amount released 1999-2000	Amount released 2000-01	Amount released 2001-02 upto 31.01.2002	Total Amount released
Andhra Pradesh/ APSEB	1.31	1.89	3.80	4.81	5.92	17.73
Bihar/BSEB	1.62	16.14	0.00	0.00	0.00	17.76
Gujarat/GEB	14.51	16.25	17.68	17.76	14.20	80.40
Haryana/HSEB	0.00	3.42	4.70	2.96	2.44	13.52
Karnataka/KPCL	0.97	-0.17	3.10	3.12	2.48	9.50
Madhya Pradesh /MPEB	11.52	7.45	8.63	8.81	7.25	43.66
Maharashtra/ MSEB	51.48	60.32	65.95	65.94	72.22	315.91
Punjab/PSEB	13.85	13.16	15.00	14.85	9.10	65.96
Rajasthan/RSEB	4.97	3.04	0.00	0.00	0.00	8.01
Tamilnadu/TNEB	41.50	22.64	0.00	0.00	0.00	64.14
Uttar Pradesh/ UPRVUNL	39.49	31.78	35.76	37.58	31.72	176.33
West Bengal/ WBSEB	23.95	17.74	0.00	0.00	0.00	41.69
Chattisgarh	0.00	0.00	0.00	0.00	2.44	2.44
Uttaranchal	0.00	0.00	0.00	0.00	3.88	3.88
Total	205.17	193.66	154.62	155.83	151.65	860.93
NTPC	15.47	0.00	0.00	0.00	0.00	15.47
DVC	9.23	15.57	18.74	26.23	0.00	69.77
GR.TOTAL	229.87	209.23	173.36	182.06	151.65	946.17

CHAPTER-IV

IMPLEMENTATION OF PROJECTS IN THE COAL SECTOR

Coal Projects Appraisal & Monitoring

As per the present delegation of power approved by Coal India Limited (CIL) Board on 29th December, 1997, coal projects costing up to Rs.100 crores can be sanctioned by the Board of Directors of Coal India Limited (CIL), and coal projects costing up to Rs.50 crores can be sanctioned by the Board of Directors of Northern Coalfields Limited (NCL), Western Coalfields Limited (WCL), South Eastern Coalfields Limited (SECL), and Mahanadi Coalfields Limited (MCL) subject to the condition that the project should be included in the approved Five Year and Annual Plans and outlays provided for the required funds can be found from the internal resources of the company and the expenditure is incurred on schemes included in the capital budget approved by the Government. The Board of Directors of ECL, BCCL, CCL and CMPDIL can, however, sanction coal projects up to Rs.20 crores. SCCL Board can sanction coal projects up to Rs.50 crores.

Projects costing more than Rs.100 crores are sanctioned by the Government.

In pursuance of the decision taken by the Cabinet in its meeting held on 11th august 2005, the requirement of obtaining 'in-principle approval' of the Planning Commission in respect of power and coal projects is dispensed with. If the project is considered feasible, it is recommended for consideration of Expenditure Finance Committee/ Public Investment Board depending upon the capital investment of the project. Environmental clearance is mandatory before the project proposal is posed to EFC/PIB. After clearance from EFC/PIB, it is posed to Cabinet Committee on Economic Affairs for approval. Proposals of revised cost estimates of coal projects are also processed in the Ministry for obtaining approval of competent authority.

Coal projects are monitored in the coal companies at colliery level, area level and HQ level. Remedial actions, wherever warranted, are taken. Quarterly Project Monitoring Reports of projects costing Rs.20 crore and above are submitted by all coal companies to this Ministry as well as Ministry of Programme Implementation. In the Ministry of Coal, major coal projects costing above Rs. 100 crores are monitored at the level of Secretary (Coal) on quarterly basis. In this meeting members from Planning Commission, Department of Expenditure, Ministry of Statistics & Programme Implementation and MoEF also participate. Such meetings are taken on the basis of inputs furnished by the coal companies indicating various problems encountered by them in implementation of projects under their jurisdiction and command. Based on the decision taken in the review meetings, appropriate follow up action is taken both in the Ministry of Coal and by the coal companies concerned. This apart, whenever coal companies approach the Ministry for extending Governmental support for resolution of any pending issues affecting implementation of coal projects, the matter is taken up by the Ministry at the appropriate level with the concerned authorities.

ABSTRACT DETAILS OF PROJECTS UNDER IMPLEMENTATION

As on 31.12.2004 out of total 450 mining projects of CIL each costing Rs. 2 Crs. & above, 332 projects stand completed (including projects where coal reserves have since been exhausted). Out of the remaining 118 projects under various stages of implementation, 81 are on schedule and 37 are delayed. In Singareni Collieries Company Limited (SCCL), out of total 90 mining projects, 46 projects have been completed; and out of the remaining 44 projects, 40 are on schedule and 4 are delayed. The company-wise position is as follows:

Company	Total No. of projects	No. of completed projects	Ongoing projects		
			Total	On Schedule	Delayed
ECL	61	45	16	12	4
BCCL	70	62	8	5	3
CCL	63	46	17	2	15
NCL	19	12	7	6	1
WCL	102	84	18	18	0
SECL	104	64	40	27	13
MCL	31	19	12	11	1

CIL	450	332	118	81	37
SCCL	90	46	44	40	4

As of 1.4.2005 there are 102 on –going projects in the coal sector costing Rs.20 crores and above, (CIL-70 and SCCL-32), out of which-16 have been delayed (CIL – 11 and SCCL-5).

Company	Category	Status	No. of projects	Total capacity Mty
CIL	Project costing Rs.100 crores and above	On schedule	7	46.90
		Delayed	1	0.68
			1	2.00
			Sub Total Delayed	2
		Sub Total		9
	Project costing Rs.20 crores to 100 crores	On schedule	43	54.78
		Delayed	2	1.16
			1	0.30
			2	1.07
			1	0.47
			1	0.44
			1	0.90
			1	0.50
			Sub total delayed	9
		Sub total		52
TOTAL CIL			70	109.20

Company	Category	Status	No. of projects	Total capacity Mty	
SCCL	Project costing Rs.100 crores and above		NIL		
		On schedule	27	17.31	
	Project costing Rs.20 crores to 100 crores	Delayed		1	0.29
				1	0.31
				1	0.61
	Sub total delayed		2	1.32	
			5	2.53	
TOTAL SCCL			32	19.84	

The Ministry of Coal has approved following coal and lignite projects with the following details in last one year.

Sl No.	Name of the Project	Capacity	Sanction cost (Rs. Crores)	Dt. of Sanction
1	Dipka Expn. OC, South Eastern Coalfields Limited	20.00 Mty	856.59	07/2005
2	Gevra Expn. OC, Mahanadi Coalfields Limited.	20.00 Mty	1339.69	07/2005
3	Bhubaneswari. Opencast, Mahanadi Coalfields Limited	10.00 Mty	336.68	01/2005
4	Kaniha Opencast, Mahanadi Coalfields Limited	3.50 Mty	96.18	01/2005
5	Kulda Opencast, Mahanadi Coalfields Limited	10.00 Mty	302.96	01/2005
6	Rajasthan Lignite Project, Neyveli Lignite Corporation	2.10Mty	254.07	12/2004
7	Rajasthan Power Project, Neyveli Lignite Corporation	2X125MW	1114.18	12/2004
8	Mine-II Expansion, Neyveli Lignite Corporation	4.50Mty	2161.28	10/2004
9	TPS-II Expansion, Neyveli Lignite Corporation	2X250MW	2030.78	10/2004

MAIN REASONS FOR SLIPPAGE IN THE IMPLEMENTATION OF PROJECTS ARE :

- (i) Delay in acquisition of land and associated problems of rehabilitation,
- (ii) Delay in supply of equipment and turn-key execution,

- (iii) Delay due to adverse geo-mining conditions and
- (iv) Shortage of funds and other miscellaneous reasons.

STEPS TAKEN TO IMPROVE PROJECT IMPLEMENTATION

a) Land acquisition and rehabilitation :

- i) Vigorous follow up action with land acquisition officials of State Govts. are being actively done to expedite acquisition proceedings.
- ii) Regular meetings with State authorities viz. Land Revenue Commissioner, LR Secretary and Chief Secretary are held to sort out the acute problems.
- iii) To overcome the problem of acquisition of land, forestry and environmental clearance, "Advance Action" for projects costing Rs. 100.00 Crs. and above are being sanctioned upto Rs.20.0 Crs. in each case to help initiate processes involved for various clearances before sanction of the project by the Government.

b) Equipment supply and turn-key execution :

Regular follow-up with the representatives of the public sector mining equipment manufacturers through measures like :

- Posting of coal company officials at the works for expediting the supplies.
- Frequent Director/CMD level discussions.
- Regular review meetings at Secretary level where representatives of concerned Ministries / Departments are also present.

c) Geo-mining constraints:

Sophisticated geological and geo-physical exploration techniques adopted for advance forecasting of geo-mining conditions.

d) Project Management :

- i) Director (Projects & Planning) posted in each company with overall responsibility of implementation of projects.
- ii) Comprehensive guidelines for project formulation and monitoring issued by the Department of Coal.
- iii) The system of monitoring at various levels has been standardised.

e) Constitution of Committee for resolving resettlement, rehabilitation problems and environmental clearance

Ministry of Coal has already finalised an institutional mechanism for resolving land acquisition and Environmental & Forestry clearances problems with State Governments of Chattisgarh, Jharkhand, Andhra Pradesh, Maharashtra, Orissa and West Bengal. This committee for resolving problems of Forestry clearance, land acquisition, resettlement and rehabilitation etc. consist of representative from Ministry of coal, State Governments, Coal Company and Ministry of Environment & forests.

f) Guidelines by the Govt. on specific measures to cut delays in implementation of projects.

A Group of Ministers (GOM) was constituted under the directive of the PM in February, 1994 to suggest specific measures to cut delays in implementation of projects. The Group submitted its report. Main recommendations were identification of projects for shelving or transferring to Joint/Private sector and reprioritization of projects in view of resource constraints. The Govt. had accepted these recommendations. Ministry of Statistics and Programme Implementation is coordinating with all the concerned Ministries for implementation of these decisions. On the advice of the Department, coal companies are taking further necessary action in this regard. Planning Commission have also devised a mechanism for fixing responsibility where the project has suffered cost over-run and time over-run. In a meeting of Committee of Secretaries held on 25.11.2003 to review the measures to minimise cost and time overruns, it was observed that the existing instructions on project formulation, implementation and appraisal are adequate and should be followed strictly.

Assistance required in Project Implementation:

- i) State Government to assist in land acquisition and rehabilitation.
- ii) Ministry of Environment & Forest (MOEF) to ensure expeditious clearance of forest land and EMPs
- iii) Public sector equipment manufacturers to ensure timely supply and commissioning.

ENVIRONMENTAL AND FORESTRY CLEARANCES

As per instructions of the Ministry of Finance, all proposals to be submitted for approval of the Public Investment Board and Cabinet Committee on Economic Affairs should have prior environmental clearance. According to the Ministry of Environment and Forests policy of "single window" clearance, the environmental clearance is given only after the proposal has been cleared from environmental and forestry angles. Therefore, environmental clearance is contingent upon prior clearance from forestry angle. The environmental clearance is considered by an Expert Committee set up by the Ministry of Environment & Forests, which scrutinises the Environmental Management Plans of Coal Mining Projects.

The Forest Conservation Act 1980 came into force with effect from 24th October, 1980. The Act provides that no State Govt. or other authority shall derelict a reserved forest land or divert any forest land for non-forest purpose without prior approval of the Central Govt. While in the initial years (immediately after October, 1980), there was some ambiguity about the submission of proposals under Forest Conservation Act, 1980, a detailed set of guidelines have also been issued by Ministry of Environment & Forests clarifying all the procedural aspects relating to this Act. In respect of coal projects there being no locational option available, the diversion of forest land for mining purpose is inevitable. The application seeking forestry clearance is submitted by the coal company / project authority to the local DFO indicating, inter-alia, the area required, the type of mining project (opencast or underground), justification of the project alongwith its downstream linkage and the land

reclamation / afforestation programme to be undertaken by the company. There are a number of procedural aspects to be completed at the DFO level, before the application is finally recommended by the State Govt. to the Central Govt. The delay had been generally occurring due to enumeration of forestry wealth, fixing its values and identifying of non-forest land for compensatory afforestation.

MOEF takes review meetings from time to time for rationalizing the processes for environmental/ forestry clearances.

CHAPTER-V

COAL PRICING AND ROYALTY

PRICE OF COAL

Prior to 1.1.2000 the Central Government was empowered under section 4 of the Colliery Control Order, 1945, as continued in force by the Essential Commodities Act, 1955 to fix the grade-wise and colliery-wise prices of coal. The prices of the administered grades of coal were last revised w.e.f. 17.6.94. The price notification had been amended in December 1995, January 1996 and April 1996 to enhance the differential between run of mine, steam and slack coal, to increase the transportation charges and also to provide for additional prices for coal produced from Ramagundam OCP of SCCL and Rajmahal OCP of Eastern Coalfields Limited.

Following the recommendations of Bureau of Industrial Costs and Prices (BICP), a decision was taken by the Government to deregulate the prices of all grades of coking coal and A, B, & C grades of non-coking coal and this decision was implemented with effect from 22.3.96. Subsequently in consideration of a recommendation of the Committee on Integrated Coal Policy, the Government decided to de-regulate the prices of soft coke, hard coke and D grade of non-coking coal and this decision was implemented with effect from 12.3.97.

The Government also decided to allow CIL and SCCL to fix prices of E, F and G grades of non-coking coal once in every six months by updating the cost indices as per the escalation formula contained in the 1987 report of the BICP and necessary instructions to this effect were issued to CIL and SCCL on 13.3.97.

The pricing of coal has been fully deregulated after the Colliery Control Order, 2000 was notified with effect from 1st January 2000 in supersession of the Colliery Control Order, 1945. Under the Colliery Control Order, 2000 the Central Government has no power to fix the prices of coal.

However, the Ministry of Power has been writing to the Ministry of Coal that in the absence of a regulatory mechanism, the prevailing monopoly situation in the coal market will lead to arbitrary increase in price levels affecting adversely the cost of generation and thereby electricity tariff which has direct impact on the national economy. The Ministry of Power has been pressing for appointing an independent regulatory body for price determination. Several State Governments and State Electricity Boards/ Undertakings have also raised the issue.

The issue of pricing of coal was discussed in a meeting in the Prime Minister's Office and after deliberations it was decided that "the matter might be referred to the Tariff Commission to recommend the price of coal for the power sector and to suggest modalities for pricing of coal for other sectors". The Tariff Commission took up the study on 2.8.05 and has made field visits to study the issue. Questionnaires have also been circulated by the Commission to CIL and SCCL to collect information.

Legislative History of Coal Mining since 1971 and latest status

Coal mines were nationalized in early seventies in view of the then existing unsatisfactory mining conditions e.g. slaughter mining, violation of mine safety laws, industrial unrest, failure to make investments in mine-development, reluctance to mechanise etc. and in order to meet the long range coal requirements of the country.

The 1973 Act was amended on 27.5.1976 terminating all the mining leases on coal held by the private lessees to allow captive mining by private companies engaged in the production of iron and steel and sub-leasing to private parties of isolated small pockets not amenable to economic development and not requiring rail transport. In 1993 the Act was further amended to allow captive coal mining in the private sector for power generation, washing of coal obtained from a mine and such other end uses as may be notified by the Central Government from time to time. Cement production was subsequently notified as a specified end-use for the purposes of captive coal mining.

Status of the Coal Mines (Nationalization) Amendment Bill.

The Central Government decided to amend the Coal Mines (Nationalisation) Act, 1973 to allow Indian companies both in the public and private sectors to mine coal in the country without the existing restriction of captive mining and to be engaged in exploration of coal in the country in order to bridge the gap between demand and supply of coal. Accordingly a Bill, namely the Coal Mines (Nationalisation) Amendment Bill, 2000, was introduced in the Rajya Sabha on 24.4.2000 .

The Bill was referred to the Standing Committee on Industry on 27.4.2000 and then to the Standing Committee on Energy on 22.11.2000 for examination and report. The Committee, after having extensive and wide-ranging discussions and consultations with the State Governments, Trade Unions/Officers' Associations, apex Chambers of Trade and Commerce, and Central Ministries submitted its report which was tabled in both the Houses of Parliament on 31.8.2001. The Committee recommended that the Bill be passed to facilitate Indian private companies to explore and mine coal and lignite without the existing restriction of captive mining.

When the Bill was introduced in Rajya Sabha in April, 2000, a notice for strike was served by the five Central Trade Unions. The then Minister for Power and Coal late Shri P.R. Kumaramangalam held fresh discussions with the Trade Unions on 28.4.2000. A Memorandum of Understanding was signed, wherein, among other things, it was stated that regarding restructuring of coal industry, with a view to make it viable, joint discussions will be held with the Central Trade Unions working in JBCCI and to finalise it within 6 months, pending which the Bill introduced in Parliament will not be taken up for consideration by the Government. It was further followed up by a meeting with the then Minister of State for Coal, Shri N.T. Shanmugam on 13.12.2000 and then a meeting with the Group of Ministers headed by the Finance Minister Shri Yashwant Sinha on 14.12.2000. It was assured that all aspects of the matter about demand and supply of coal and restructuring of coal industry will be discussed with the Trade Unions represented in JBCCI before the amendment Bill is taken up for consideration in Rajya Sabha.

In response to a notice for strike given in November 2001, and also in continuance of the assurance given to the Trade Unions in various meetings that all aspects of the matter about demand and supply of coal and restructuring of coal industry will be discussed with the Trade Unions represented in JBCCI before the amendment Bill is taken up for consideration in Rajya Sabha, the matter was discussed in the meeting of the Group of Ministers (GOM) on 22.11.01. In the meeting it was held by the Trade Unions that their demand for withdrawal of the Coal Mines (Nationalisation) Amendment Bill, 2000 takes precedence over all other demands. While requesting the trade unions not to press for their notice for strike, it was stated by the Finance Minister that the Minister for Coal & Mines will be meeting the trade unions separately on 25.11.2001 and the unions can have more detailed deliberation then on the specific issues. It was also assured to the trade unions that when the dialogue ends and the GOM firms up its views, the trade unions will be informed of the decision taken and until then the amendment Bill would not be moved for consideration in the Parliament.

Minister for Coal & Mines had a meeting with the trade unions on 25.11.2001. The trade unions voiced their concerns on the Coal Mines (Nationalisation) Amendment Bill, 2000. They remarked, inter alia, that the private sector only seeks profits and would, therefore, not operate loss making mines which are at present being operated by Coal India Ltd. and its subsidiaries. The issues of revival of the sick companies also figured in the discussion and a time table was formulated by the Hon'ble Minister for taking on board the trade unions also at different levels from the mine levels upwards.

A Memorandum of Settlement has been signed between the Coal India Management and the five central trade union organizations representing the workers of the coal industry on 1.8.2002. Based on the assurance given in the said Memorandum a meeting between the representatives of the Trade Unions and the Government (Ministry of Coal) was held at the level of the then Minister for Coal and Mines on 27.1.2003. Further, another meeting was held between the representatives of trade unions and the Minister for Coal on 3.4.2003 in which it was demanded by the trade unions that the demand and supply gap be re-examined. The trade unions were assured that further discussions could be had with them on these issues. The meeting was followed up by a meeting held last on 10.6.2003 between Secretary (Coal) and the Trade Union leaders. The Group of Ministers has been reconstituted a number of times and it was reconstituted last on 14.2.2003.

Smt. Mamta Banerjee, the then Minister of Coal and Mines had taken a meeting with the representatives of Central Trade Unions on 12th January, 2004 at Kolkatta where Secretary (C), Chairman (CIL) and CMDs of other subsidiaries of CIL were present. In the said meeting it was decided that Coal Mines (Nationalisation) Amendment Bill, 2000 will not be moved in the Parliament without arriving a consensus with Trade Unions. As such the Bill is pending in the Rajya Sabha.

As for the Group of Ministers, which was considering the bill, with the installation of a new Government, the existing Group of Ministers will no longer be relevant and a new Group of Ministers will be required to be constituted. The Cabinet Secretariat has been requested to reconstitute the GOM.

WORKING RESULTS OF COAL INDIA LTD. FOR THE LAST THREE YEARS.

Company-wise position with regard to profit (+) earned or loss (-) incurred during the last three years is as under :-

(Rs. in crores)

COMPANY	2002-03	2003-04	2004-05 (Provisional)
ECL	- 338.78	-326.38	-15.51
BCCL	- 507.13	-569.85	-248.03
CCL	384.65	370.38	900.42
NCL	1293.01	1647.06	2020.39
WCL	472.52	743.60	1071.86
SECL	882.13	1314.22	1573.80
MCL	882.31	1418.60	1581.23
CMPDIL	1.99	1.76	- 58.62
NEC/CIL	280.08	1355.97	
Sub Total	3350.78	5955.36	6825.54
Less dividend from subsidiaries	(-)485.28	(-) 1066.20	--
TOTAL: CIL	2865.50	4889.16	--

Dividend income of CIL accounted for during the year 2003-04 based on the recommendations from four profit making subsidiaries namely, NCL, WCL, SECL and MCL was Rs. 1066.20 as against dividend of Rs.485.28 crores in previous year.

ROYALTY ON COAL

Legal provisions on Royalty

Royalty is an amount payable by a lessee to the lessor for removing or consuming a mineral. Section 9 (1) of the Mines and Minerals (Development & Regulation) Act requires the holder of a mining lease or his agent, manager, employee, contractor or sublessee to pay royalty in respect of any mineral removed or consumed from the leased area at the rate specified in the Second Schedule of the Act. Section 9(3) of the MMRD Act empowers the Central Government to enhance or reduce the royalty rates in respect of any mineral by notification in the Official Gazette with effect from such date as may be specified in the notification. This revision is done by amending the particular entry of the royalty rate for the respective mineral in the Second Schedule of the Act. The proviso to Section 9(3) of the Act prevents the Central Government from enhancing the rate of royalty in respect of any mineral more than once during any period of three years. The Act also does not mandate that royalty on coal should be revised after every three years.

Coal royalty rates during 1971-2002

The coal royalty rates fixed in 1971 ranged from Rs. 1.50 per tonne for low quality coal to Rs. 2 per tonne for high quality coal. The royalty rates on coal were subsequently

revised in July, 1975, February, 1981, August, 1991, October, 1994. and August, 2002 . A Committee has been constituted by the Government on 02.06.2005 to look into the matter of revision of rate of royalty on coal and lignite. A comparative statement of coal royalty rates fixed on 13.2.81, on 1.8.91, 11.10.94 and the existing royalty rates fixed on 16.08.02 is given below :-

(Rs. per tonne)

Coal Group	Coal Royalty Rates w.e.f. 13.2.81	Coal Royalty Rates w.e.f. 1.8.91	Coal Royalty rates w.e.f. 11.10.94	Coal Royalty rates w.e.f. 16.8.2002
Group-I Coking Coal SG-I,II WG-I	7.00	150.00	195.00	250.00
Group-II Coking Coal WG-II,III Non-coking A,B Semi-coking Gr.-I Semi-coking Gr.-II	6.50	120.00	135.00	165.00
Group-III Coking Coal WG-IV, Non-coking-C	5.50	75.00	95.00	115.00
Group-IV Non-coking D,E	4.50	45.00	70.00	85.00
Group-V Non-coking F,G	2.50	25.00	50.00	65.00
Group-VI Coal produced in A.P.	5.00	70.00	75.00	90.00

(* the 1981 coal royalty rates are still continuing for the State of West Bengal on the ground that the Government of West Bengal is continuing to levy cesses on coal which have been withdrawn by other State Governments.)

Methodology for fixing royalty Rates

For fixing the rate of royalty on coal/lignite, the Department of Coal constitutes a Study Group headed by the Additional Secretary. The Study Group interacts and takes views of all the stakeholders, viz., the producing states, the consuming states and the consumer sector like power, iron and steel, cement etc. After taking into account views of all the stakeholders and other relevant factors, the Study Group makes its view to the Department. The Department after considering the recommendations moves a proposal for Government decision (CCEA). The consequent decision is then notified and the new rates of royalty come into effect from the date of such notification. The above process is objective, transparent and has served well.

Recommendations of 1997 Study Group on Royalty

Section 9(3) of MMDR Act empowers the Central Government to enhance or reduce the royalty rates in respect of any mineral by notification in the Official Gazette with effect from such date as may be specified in the notification. The proviso to section 9(3) of the Act prevents the Central Government from enhancing the rate of royalty in the respect of any

mineral more than once during any period of three years. Thus, there is no compulsion to revise royalty rates every three years. The Central Government has the option to keep the royalty rates unchanged as was done during 1981-91. A Study Group under the Chairmanship of Additional Secretary of the Ministry of Coal was set up on 28.1.97 to consider all aspect relating to revision of rates of royalty on coal and made recommendations to the Government. The Study Group recommended that royalty rates on ad-valorem basis, i.e., as a percentage of base prices of coal per tonne as fixed from time to time may be adopted and the various Groups of Coal may be divided into two groups for the purpose of fixing coal royalty rates. The recommendations of the 1997 Study Group were, however, never implemented.

Recommendations of Study Group 2000 on royalty

Due to consistent demand from coal producing States, a Committee was set up in July, 2000 under the Chairmanship of Additional Secretary (Coal) to look into the matter of revision of royalty on coal. The Committee submitted its report in December, 2000 and recommended the adoption of tonnage basis for fixation of royalty rates on coal in preference to ad-valorem rates and increase in royalty rates of all grades of coal. However, this increase has been only marginal. The revised rates of royalty on coal have been notified w.e.f. 16.8.2002

In this regard, it is stated that a Committee has been constituted on 2.6.2005 to consider revision of rates on royalty on Coal and Lignite. The Committee has sought the views and comments of the States, both through Questionnaires as well as formal interactions. Their interests as well as suggestions would be taken on board by the Committee, while finalizing its report. The Central Government would also take these into account while taking a final views on the matter. The present Committee has members from the Ministry of Coal, Power and Mines. To represent the industrial sector, there are representatives of FICCI and FIMI. The Committee would be at liberty to interact with all the stakeholders as well as expert/specialist agencies, and to benefit from their views/suggestions.

In the meantime PMO, in their UO note dated 7.7.05 informed that in view of the complexities involved, the issue of payment of royalty on coal on ad-valorem basis vs tonnage basis is being examined by the Economic Advisory Council (EAC) to the Prime Minister. Specific recommendations of the Council have been received and Prime Minister has agreed to the following:-

- i) The royalty on coal has to be determined so as to take care in a balanced way of the interests of both the producers and the consumers. Accordingly, the royalty may be shifted from specific levy to a combination of specific and ad valorem levies.
- ii) It was noted that our royalty rates are already high relative to those in other countries. This should be kept in view in fixing the royalty rates.
- iii) The formula for determining royalty may have a fixed and a variable component as shown below:

$$R = a + bP$$

where R = Royalty (Rs/ ton)
a = specific (fixed) component (Rs/ ton)
b = ad valorem (variable) component (Rate of royalty)
P = price of coal (Rs/ ton)

A formula as above will provide a certain minimum royalty under the specific component plus a share in the price as a variable component. The parameters 'a' and 'b' have to be set so as to keep the overall rate at the appropriate level while allowing for moderate variation in royalty on account of changes in price. The precise calibration of the formula is to be determined by the Government.

- iv) The price (P) for determination of royalty may be the actual invoice price.
- v) Any revision in royalty should not be made applicable automatically to states which levy their own cesses. The royalty to be allowed to such states should be adjusted for the local cesses so as to limit the overall revenue to the formula based yield.

The aforesaid Committee shall take into consideration the recommendation of EAC before finalizing its report.

NEYVELI LIGNITE CORPORATION LIMITED

Neyveli Lignite Corporation is a miniratna company under this Ministry and is engaged in lignite mining-cum-power generation. NLC has been making significant contribution to energy requirements of all the four Southern States. The production performance of NLC is given in the following table :-

Product	Unit	2004-05	2005-06 (upto October, 2005).
Lignite	Lakh Tonnes	215.67	126.86
Power (Gross)	Million Units	16746.38	10336.53

CHAPTER – VI

CAPTIVE COAL MINING BLOCKS

Under the Coal Mines (Nationalisation) Act, 1973 coal mining was mostly reserved for the public sector. By an amendment to the Act in 1976, two exceptions to policy were introduced viz., (i) captive mining by private companies engaged in production of iron and steel and (ii) sub-lease for coal mining to private parties in isolated small pockets not amenable to economic development and not requiring rail transport. 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 9th June, 1993 to allow coal mining for captive consumption for generation of power, washing of coal obtained from a mine and other end uses to be notified by Government from time to time, in addition to the existing provision for captive coal mining for production of iron and steel. Under the powers conferred on the Central Government by Section 3 (3) (a) (iii)(4) of the Act, another Gazette Notification was issued on 15.3.96 to allow captive mining of coal for production of cement.

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 Government-owned Coal Companies such as CIL and SCCL and the Mineral Development Corporations of the State Governments.

The eligibility to do coal mining in the country has been laid down in the provisions in Section 3 (3) of the Coal Mines (Nationalisation) Act, 1973. The parties eligible to do coal mining in India without the restriction of captive consumption are:-

The Central Government, a Government company (including a State Government company), a Corporation owned, managed and controlled by the Central Government.

A person to whom a sub-lease has been granted by the above mentioned Government company or corporation having a coal mining lease, subject to the conditions that the coal reserves covered by the sub-lease are in isolated small pockets or are not sufficient for scientific and economic development in a coordinated manner and that the coal produced by the sub-lessee will not be required to be transported by rail.

As per the provisions in Section 3 (3) (a) (iii) of the Coal Mines (Nationalisation) Act, 1973, a company engaged in the following activities can do coal mining in India only for captive consumption: -

- i) production of iron and steel
- ii) generation of power
- iii) washing of coal obtained from a mine, or
- iv) such other end use as the Central Government may, by notification, specify.

Under the powers vested with the Central Government by virtue of Section 3 (3)(a) (iii)(4) of the Coal Mines (Nationalisation) Act, 1973, a Gazette Notification was issued on 15.3.96 to provide cement production as an approved end-use for the purpose of captive mining of coal. Therefore, the cement producing companies are now eligible for undertaking coal mining for captive consumption.

Any of the companies engaged in any of the approved end-uses indicated in paras 2 and 2.1 above can itself mine coal from a captive coal block. Some of the private companies who were offered captive coal blocks expressed their difficulties to do coal mining in the country on the ground of lack of experience in coal mining. Keeping in view the difficulties experienced by such companies, the Government have allowed the following dispensations: -

(a) A company engaged in any of the approved end-uses can mine coal from a captive block through an associated coal company formed with the sole objective of mining coal and supplying the coal on exclusive basis from the captive coal block to the end-user company, provided the end-user company has at least 26% equity ownership in the associated coal company at all times.

(b) There can be a holding company with two subsidiaries i.e. (i) a company engaged in any of the approved end-uses and (ii) an associated coal company formed with the sole objective of mining coal and supplying the coal on exclusive basis from the captive coal block to the end-user company, provided the holding company has at least 26% equity ownership in both the end-user company and the associated coal company.

The allocation of coal blocks to private parties is done through the mechanism of an inter-ministerial inter-governmental body called the Screening Committee. The Screening Committee is chaired by the Secretary (Coal) and has representation from Ministry of Steel, Ministry of Power, Ministry of Industry and Commerce, Ministry of Railways, Coal India Limited, CMPDIL and the concerned State Governments. The application is received from the applicant in the Ministry of Coal along with its enclosures and is then sent to the concerned administrative Ministry for their scrutiny and recommendations. It is also sent to CIL/CMPDIL for their scrutiny and recommendations. In the Screening Committee, the applicant is given an opportunity to present his case before the full Screening Committee. Allocation of coal block is decided on merits through consultation/discussions in the Screening Committee. Guidelines for allocation of coal blocks both for the use of the Screening Committee and guidance to the applicants have been framed and necessary changes are made in the same from time to time based on experience gained and views of the Screening Committee. The same are displayed on the website of the Ministry of Coal.

As on date, there are 148 coal blocks identified and on display in the website of Ministry of Coal. Out of the 148 blocks identified for allotment for captive mining, 89 coal blocks have so far been allocated/decided for allocation. Since the captive blocks are allocated for meeting the fuel requirement of specified users industries such as production of iron and steel, cement and generation of power, allotment of captive coal blocks help in augmenting the production of these basic inputs to the economy besides contributing to the Central and State Government exchequers by way of revenue from taxes, royalty etc. So far production has commenced in 8 blocks.

A large number of applications for coal blocks for captive mining was pending in the Ministry prior to 28.06.2004. In order to clear the backlog, the Government decided in October, 2004 that only applications received up to 28.06.2004 would be considered for

allotment of captive blocks. Further allotments shall be made under a new process of selection through competitive bidding. The competitive bidding process of selection could be more objective and transparent, considering the large number of applicants per block making selection a difficult task. However, subsequently it was felt by the Government that the competitive bidding process will require amendment to the Coal Mines (Nationalisation) Act, 1973, which will take time. Therefore, the position was reviewed and the Government has, for the time being, decided to continue allocation of coal/lignite blocks for captive mining under the existing process of allocation through the Screening Committee.

It had been decided in the Ministry of Coal that 20 coal blocks (from out of balance 59 of 148 blocks available for allocation) and 8 lignite blocks, which have been explored in detail and are available for allocation, would be offered for captive mining through the Screening Committee. This was notified by way of advertisement in the prominent national newspapers. The detailed guidelines with respect to making applications for these blocks were also posted on the website of the Ministry of Coal. The last date for receiving applications was 31st October, 2005. A large number of applications both for coal and lignite blocks have been received in the ministry in response to the advertisement. These are under process.

CHAPTER - VII

WAGE NEGOTIATION IN COAL INDUSTRY

The issue of finalization of National Coal Wage Agreement V-II had been under discussion between the management and representatives of workers under the aegis of a Joint Bi-partite Committee for Coal Industry (JBCCI). However, in view of delay in reaching the agreement and various issues involved, Government constituted a Group of Ministers (GoM) on 16.11.2004 under the chairmanship of Hon'ble Defence Minister to look into the larger issues concerning the ongoing wage negotiations in the best interest of industry, labour and national economy. In the first meeting held on 24.03.05, the GoM gave an opportunity to the Management to present their views. In the next meeting held on 13.04.2005, Central Trade Unions presented their view to the GoM. In the third meeting held on 29.4.2005, the GOM considered various view points and advised MOS to hold further discussions with the representatives of Trade Unions and the Management. Accordingly MOS held discussions with these representatives on 3rd May 2005 and an understanding was reached on all the contentious issues. Both the management and Central Trade Unions agreed to hold Core Group Meeting on 18-19 May, and full JBCCI meeting on 29-30 May 2005 to finalize the agreement.

However the discussion between the management and trade unions failed at the last stage, on the contentious issue of (i) compassionate employment (ii) minimum guaranteed benefit and (iii) modality of arrear payment. The status was reported to GOM.

In the wake of notice of strike served by 5-Central Trade Union (from 18th to 24th July 2005), on 7-point demand, a meeting was convened by Minister of State (Coal) with five Central Trade Unions and management of CIL. After prolonged negotiations continuing through the night on 9th July 2005, an amicable settlement was reached.

In view of the consensus reached, the 5-Central Trade Unions decided not to go for a weeklong strike as proposed earlier. The GOM again met on 14.7.05 and endorsed the settlement. The final agreement on NCWA-VII was signed on 15th July, 2005 at New Delhi.

Ex-Servicemen Transportation Companies

Coal transportation by ESM was started in 1979 consequent to an agreement between Ministry of Energy and Ministry of Defence. The scheme was necessitated after large scale infiltration of Mafia related elements in coal transportation, cartel-formation and consequent rise in transportation charges. A Memorandum of Understanding (MoU) was signed between Coal India Limited and Director General Resettlement (DGR) in 1993. A revised MoU has been signed on 16 April, 1999 between Coal India Limited (CIL) and DGR to incorporate the changes necessitated with passage of time and the experience gained over the years.

The basic aim of the Scheme was two fold as follows:-

- 1) Provide union free transportation to Coal Subsidiaries.
- 2) Provide suitable rehabilitation avenues for Ex-Servicemen (ESM).

There are conflicting views with regard to achievement of the objectives for which the companies were raised. Over the past 2-3 years, there have been some references received from VIPs against the functioning of ESM companies. A major complaint was that these companies had come under *benami* ownership of private businesses. It was being contemplated that open tendering system will be introduced for award of the contract which was vehemently opposed by DGR.

Based on the request of DGR and recommendation of Chairman CIL, Minister for Coal in the year, 2003 directed that CIL should inter into fresh MOU with DGR and in the mean time status quo will be maintained with regard to off loading of ESM companies in surface to surface segment a new MOU is shortly expected to be approved by CIL Board. Ministry has meanwhile referred the issue to DGR to look into complaints of irregularity in functioning of ESM companies.

Meeting was held on 6th September 2005 between Minister of Defence and MOS (C). During the course of meeting Ministry of Coal suggest for introduction of tender system in transportation of coal with a specific quota of work reserved for ESM companies which was opposed by the Director General Resettlement DGR, Ministry of Defence. In this meeting, it was agreed that DGR would conduct investigation on all the complaints relating to malfunctioning of these companies.

Resettlement and Rehabilitation policy of Coal India Ltd

Coal India Limited has evolved a revised resettlement and rehabilitation policy in August 2000 with approval of its Board. This is based mainly on two aspects namely (i) economics of coal mining (ii) social security of the displaced family.

The salient features of rehabilitation and compensation contained in the existing R&R Policy of CIL are summarized in table below:

Category of Persons affected by the Project	Compensation and Rehabilitation entitlement option
	Provisions
A(i) Persons(including tribals cultivating land under traditional rights) from whom land is acquired.	<p>All land owners with titles will receive monetary compensation for the land acquired from them. <i>In addition to above the following shall apply.</i></p> <p><u>Employment in lieu of land</u></p> <p>Employment against land shall be considered in exceptional circumstances only to fill vacancies subject to the land losers meeting the eligibility criteria <i>and further subject to approval of the Board of Directors of the subsidiary company concerned.</i></p> <p>The norms of employment will be as under:</p> <ol style="list-style-type: none"> 1. The subsidiary companies shall offer employment to land losers as per the norms announced by the concerned State Government. 2. In case there is no norm of the State Government for offer of employment, the same shall be regulated as under: One employment for every 2 acres of land. However, the subsidiaries who are granting one employment against 2 acres of irrigated land or 3 acres of non-irrigated land will continue the same policy. 3. The offer of employment will be given subject to the candidates meeting the minimum eligibility criteria and they will be required to undergo minimum two years training in any trade as may be decided by the management. After successful completion of training and subject to qualifying in the trade test, the candidates will be offered employment against vacancies in any of the subsidiaries in appropriate grade. During the period of training, the candidates will be entitled to a stipend of Rs. 2000/- per month in the first year and Rs. 2500/- per month in the second year (all inclusive). In case the land owner is offered employment as piece rated worker (UG Loader), the stipulation of 2 years training will not be applicable to him. <i>In case the candidate fails to qualify in the trade test he would be eligible for monetary compensation in lieu of employment as stated above minus the stipend paid.</i> <p>The rate of monetary compensation will be reviewed once in three years.</p> <ol style="list-style-type: none"> 4. In case it is not possible to offer employment due to lack of vacancies, the candidate shall continue to be paid

subsistence allowance @ Rs. 2500/- per month till the time he is offered employment against vacancy in any subsidiary company. During the intervening period, i.e. till he is appointed against vacancy, he will be required to undergo an alternate training in any subsidiary as may be considered necessary.

One time cash grant/monetary compensation in lieu of employment for acquisition of land is on following basis:

- 1. The subsidiary companies shall offer monetary compensation/one time cash grant/ financial package as announced by the concerned State Government.**
- 2. In case there is no policy of the State Government for monetary compensation/financial package in lieu of employment against land, the monetary compensation shall be paid on the following basis:**

- i) Rs. 1,00,000/- (one lakh) only for first acre of land on pro-rata basis subject to a minimum Rs. 25,000/- only.**
- ii) Rs. 75,000/- only on pro-rata basis for 2nd and 3rd acre of land**
- iii) Rs. 50,000/- only on pro-rata basis for land beyond 3 acres.**
- iv)**

Note: *A person receiving a job forgoes all claims to above compensation and a person receiving above compensation forgoes all claims to employment.*

The R&R Policy of CIL envisages that over and above the monetary compensation paid for acquisition of land or homestead and alternative site for resettlement, the coal company would also provide either employment, wherever possible or monetary compensation in lieu of employment. Most Project Affected Persons (PAPs) want employment whereas the companies are not in a position to employ more people. This leads to a refusal by the PAPs to vacate the acquired plot and it delays the projects.

The policy proposed by the CIL was discussed in the Ministry and it was submitted for approval of Hon'ble Prime Minister. The Prime Minister's Office has observed that proposed policy deviates from the National Policy on Resettlement and Rehabilitation -2003 (NPRR-2003) of the Ministry of Rural Development which was approved by the Cabinet in its meeting held on 15.01.2004. The Prime Minister's Office has further noted that same segments of the proposed policy may be in conflict with policy prevalent in some states. Therefore it has been desired that Committee of Secretaries under the Chairmanship of Cabinet Secretary may examine the proposed policy and give its recommendation. Proposal has been circulated among Committee of Secretaries.

CHAPTER - VIII

WELFARE AND SOCIAL SECURITY SCHEME OF EMPLOYEES OF COAL INDIA LIMITED

The focus of our Welfare Activities is the welfare of our employees and their families. The coal companies are paying greater attention to the welfare of their workers. Every effort is being made to improve the living conditions of the coal miners. In order to create a sense of belonging and involvement of work, top priority is given by the management to provide housing, medical, educational facilities etc. The results of the welfare measures taken in different areas are as under:

(i) Housing

At the time of nationalization, in Coal India Ltd. and its subsidiaries there were only 1,18,366 houses including sub-standard houses. The availability of these houses has increased to 4,09,872 (up to 01.12.2004). The percentage of housing satisfaction has now reached 86.32%.

(ii) Water Supply

In Coal India Ltd. & its subsidiaries as against 2.27 lakh population having access to potable water at the time of Nationalization in 1973, presently a populace of 22.78 lakh (up to 01.12.2004) has been covered under water supply scheme.

(iii) Medical Facilities

The Coal India Ltd. and its subsidiaries are extending medical facilities to the employees and their families through various medical establishments from the Dispensary level to the Central and Apex Hospitals in different parts of the coalfields.

There are 1,705 Doctors including Specialists, 88 Hospitals with 5,921 Beds, 434 Dispensaries, 673 Ambulance in CIL and its subsidiaries to provide medical services to the employees. Besides, 15 Ayurvedic Dispensaries are also being run in the Subsidiaries of Coal India Limited to provide indigenous system of treatment to workers.

(iv) Educational Facilities

The primary responsibility of providing educational facilities lies with the State Governments. However, CIL on its part has been providing financial assistance to certain schools like DAV Public Schools, Kendriya Vidyalaya, Delhi Public School and other educational institutions run by the State Government to provide quality education to the employees children. In addition, financial assistance by way of grants-in-aid is also provided

to certain privately managed schools by the subsidiary coal companies functioning in and around coalfield areas.

PROBLEM OF PRIVATE SCHOOL TEACHERS IN CIL

Background of the dispute.

There are about 464 privately managed schools in various subsidiaries of CIL which are partially funded through grants-in-aid given by the PSUs. Teachers of these privately managed school under the umbrella of Koyala Khadan Shikshak Morcha have been agitating for getting status of employees of coal companies and demanding salaries at par with teachers of State Government. They have managed to get political pressure for acceptance of their demand. However Coal India and Ministry of Coal have been clarifying that no employer – employees relationship existed between the PSUs and such other teachers of private schools.

Schools in CIL fall in two broad categories of a) Project Schools and b) Privately managed schools. It was envisaged that a PSU will provide infrastructure, furniture etc. to the project schools and will bear all the running costs incurred over and above the fees and other charges taken by such schools. As regards **other privately managed schools**, a PSU gives some form of grants-in-aid as a means of financial assistance purely as a welfare measure so as to give easy accesses to the basic education for children of its employees. This under no circumstances should be construed to imply that these PSUs are running departmental schools and employing any teachers.

Over the years a phenomenon has been observed which is typical to ECL, BCCL and CCL which operate largely in slightly underdeveloped areas of Jharkhand and West Bengal where there is a lot of unemployment and underemployment. There is mushrooming of small schools which open up on the premises or land owned by these companies with the professed objective of providing schooling to children of coal miners. Initially, they only request for the use of some shed or structure but gradually their demands increase and they start seeking parity with privately managed schools receiving grants-in-aid from the coal companies. Not only that they also demand absorption in the PSU and payment of salaries at par with State Government teachers.

Quantum of Grants being given to these school have been enhanced time to time. Recently on the advice of Minister (C & M), Coal Companies have been advised to enhance grants from Rs. 2000 per month per teacher to Rs. 2500.

Legal Developments

Despite these steps taken by the PSUs, teachers of privately managed schools have not been satisfied. In writ petitions filed in High Court of Jharkhand, the teachers had, inter-alia demanded parity with the pay scale of teachers of Government of Jharkhand or clerks of BCCL and absorption in BCCL or taking over of all these schools by the State Government. The Hon'ble Ranchi High Court in its judgement dated 10.9.2002 in respect of CWJC No. 2226 of 2000 directed BCCL to pay teachers of schools aided by them a salary at par with equivalent clerical grade in BCCL.

Aggrieved by the above order, BCCL filed an appeal and the Ranchi High Court vide its order dated 12.12.2002 stayed its earlier order passed in CWJC No. 2226 of 2000. Subsequently, the matter was heard on 23.1.2003 and the court directed formation of a committee comprising

representatives of BCCL, State of Jharkhand and Director, Indian School of Mines, Dhanbad to look into the entire gamut of problems of school teachers in the context of BCCL. Among other things, the court also directed the committee to scrutinise the functioning of schools and to examine whether the number of schools and workforce needs to be drastically reduced so as to make them financially viable. The committee has submitted its report on 5.11.2003 and Ranchi High Court in its order dated 21st January, 2004 dismissed petition and upheld the appeal filed by BCCL.

In a similar writ petition filed by some teachers working in a privately managed school functioning in the command area of Mahanadi Coalfield Limited, Hon'ble Supreme Court in its order dated 3.12.99 directed Government of Orissa to take over the school and absolved MCL from the onus of taking over the school. The Supreme Court merely acknowledged the offer of MCL to continue giving some grants-in-aid to the said school.

Coal Mines Provident Fund Organisation

Introduction

The Coal Mines Provident Fund Organisation is an autonomous body set up under the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948. The Coal Mines Provident Fund Commissioner is the Chief Executive Officer of the Coal Mines Provident Fund Organisation. He administers the Organisation through 23 Regional Offices, situated in coal bearing States, employing 1350 personnel out of the sanctioned strength of 1603.

The Organisation administers the Coal Mines Provident Fund Scheme, 1948, Coal Mines Family Pension Scheme, 1971 since superseded by a new scheme namely Coal Mines Pension Scheme, 1998 which was brought into force w.e.f. 31.3.98 and the Coal Mines Deposit Linked Insurance Scheme, 1976 which are all framed under the aforesaid Act.

The Fund of the Organisation is administered by a tripartite body, called the Board of Trustees, consisting of representatives of (i) the Central Government/State Governments, (ii) the employers and (iii) the employees. The Board of Trustees functions under the overall administrative control of the Ministry of Coal. The Board reviews the functioning of the Organisation at every meeting.

One of the most important landmarks in the history of CMPF Organisation is the introduction of Coal Mines Pension Scheme, 1998 which has come into force w.e.f. the 31st day of March, 1998. This will benefit around 8 lakhs coal workers in the country. With the introduction of Coal Mines Pension Scheme, 1998 the erstwhile Family Pension Scheme, 1971 has ceased to operate. However, the Pensioners who were drawing benefits under the erstwhile Family Pension Scheme, 1971 will continue to draw Pension under the old Coal Mines Family Pension Scheme, 1971.

CHAPTER-IX

INTERNATIONAL CO-OPERATION

FOREIGN COLLABORATION

To meet country's growing demand for coal, foreign collaboration with the advanced coal producing countries are considered for:

- (a) Bringing in new technologies both in underground and opencast sectors for efficient management in the coal industry and skill development and training etc.
- (b) Seeking bilateral funds for import of equipment, which are not manufactured in the country.
- (c) Bringing foreign financial assistance to meet the investment requirement.

Keeping these objectives in view, Joint Working Group on coal had been set up with France, Germany, Russia, Canada, Australia and China. Ministry of Coal is also the nodal Department for the Joint Commission with Poland. The priority areas, inter-alia, include acquisition of modern underground mining technology, introduction of high productive opencast mining technology, working underground in difficult geological conditions, fire control and mine safety. Training of Indian personnel as well as assimilation of the technology are an important consideration. With the liberalization of the economy, greater thrust is being given to get the foreign investments /assistance on the basis of cost competitiveness.

The latest policy pursued by CIL is to encourage technology up gradation through Global Tender. Bilateral co-operation, although limited, continues to play an important role for search of new technologies and process improvement. Global tender approach has been used towards introduction of high productivity Continuous Miners at SECL and WCL. Bilateral co-operation mode has been adopted for the introduction of PSLW mining at 3 mines in SECL.

COOPERATION WITH FRANCE

France has developed expertise in thick seam underground mining with the introduction of advance technologies like Blasting Galleries and Longwall Sub-level Caving. It has assisted India in introduction of blasting gallery method at East Katras (Bharat Coking Coal Limited) and Chora (Eastern Coalfields Limited). France has also assisted in the introduction of sub-level caving technology at East Katras mine of Bharat Coking Coal Limited. France had also cooperated in the introduction of high face long wall mining technology in Kottadih Project of ECL. GDK-10 (Block B) and GDK-8 incline projects in SCL were taken up for introducing blasting gallery technology in collaboration with France. These two projects have already been completed. SCCL has signed another contract for introducing Blasting Gallery method at VK-7 project.

In order to strengthen the cooperation between two countries and broaden the scope of cooperation especially in coal industry, a Joint Working Group on coal was

constituted, which used to meet annually to address the various problems covering bilateral cooperation. In view of the declining cooperation with France in the field of coal, it has been decided to merge this Working Group with the proposed Working Group on Energy. Three meetings of Working Group on Energy have so far been held and the last meeting of the Working Group on Energy was held on 14th November, 2002 in New Delhi.

COOPERATION WITH U.K.

In January, 1997 an Indo-British Coal Forum (IBCF) was established to foster greater cooperation between the two countries in coal sector. The Forum provides a platform for mutual consultations and cooperation between the coal industries of both the countries under the auspices of the Govt. of the India and U.K.. The activities which are envisaged under the MOU include sharing of latest know-how technology, organization of meetings for exchange of information, identification of suitable projects as well as methods of funding, introduction of compatible technology for more efficient management in Indian Coal Industry and skill development etc. Eleven meetings have been held till now in pursuance of these objectives. Eleventh meeting of IBCF was held on 26th November, 2004 at Kolkata. For the next meeting mutually convenient date and venue will be decided in due course.

COOPERATION WITH POLAND

Prior to January 4, 2004, Ministry of Coal was acting as the nodal Ministry for Indo-Polish Joint Commission on Economic, Trade, Scientific and Technical Cooperation. The last meeting (14th) of the Joint Commission was held in January, 1996. The Commission has 4 sub-committee on (1) Coal Mining and power (2) Trade (3) Industry and (4) Science and Technology.

The Projects which were taken up earlier in the coal sector with Poland have since been completed. The Polish Coal Industry has offered their expertise in underground mining, Washery construction, Thermal Power Generation, mine safety and rescue. For furthering Indo-Polish Cooperation in the coal sector, it was decided by both sides to form a Working Group for coal sector. Two meetings of the Indo-Polish Working Group on Coal have so far been held and last meeting was held on 34th September, 2002 in New Delhi, India.

Ministry of External Affairs vide their D.O.No.184/FS/2004 dated January 14, 2004 has designated Ministry of Commerce and Industry (Department of Industrial Policy & Promotion) as nodal agency for Indo-Polish Joint Commission for Economic, Trade, Scientific and Technical Cooperation from Indian side. A meeting with the Polish delegation was held on 22nd November, 2004 in the Ministry of Coal. For the next meeting mutually convenient date and venue will be decided in due course.

CO-OPERATION WITH RUSSIA

The erstwhile USSR was assisting CIL in the implementation of the Nigahi Opencast Project (Northern Coalfields Limited), Khadia Opencast Project (Northern Coalfields

Limited), Jhanjra Underground Project (Eastern Coalfields Limited). The Cost of the imported equipment for these projects was funded from the credit, while the payment for deputation of experts for rendering technical assistance was made in Indian Rupees under the Bilateral Trade Plan.

India-Russian Working Group on coal has so far met 9 times. Master Planning of Talcher, Ib-valley and Korba Coalfields have been completed with Russian collaboration.

The cooperation between CMPDI and GIPROSHAKHT has been further strengthened by renewal of MOU between these Institutions and the same is going to be established between CMPDI and VNIMI.

Russian side has informed that they are in a position to consider mining of thick steeply inclined Indian coal seams on the basis of physiochemical loosening through a separate agreement if Indian side is interested and provide the necessary details of identified coal deposits. Indian side has desired to have more details of these methods.

CO-OPERATION WITH KAZAKHSTAN

A proposal has been received from embassy of the Republic of Kazakhstan regarding various projects for Industrial & Innovation development of Kazakhstan including coal projects.

CO-OPERATION WITH MOZAMBIQUE

Mozambique is keen to have an institutional frame- work through which continued technical co-operation and mutual assistance can be established in coal sector between the two Govts. Singareni Collieries Company Limited (SCCL), Central Mine Planning & Design Institute Limited (CMPDIL) and Neyveli Lignite Corporation (NLC) have offered to extend their services in exploration, preparation of plan / feasibility report / project report, survey, mining methods and in erection, commissioning, operation and maintenance of thermal power stations.

A Joint Working Group is being formed to look into the possibility of energizing the Joint Working Group with Mozambique so that investments opportunities could be translated into business ventures. Department of Economic Affairs also examine the possibility of including Coal Mining as a part of Indian Development initiative acquisition of mining concession of coal in Mozambique.

Further modalities are being worked out in Consultation with MEA.

ACQUISITION OF COAL PROPERTIES ABROAD

The team of Coal Videsh comprising of four officers visited Mozambique, Zimbabwe and Mozambique with a view to explore possibility of acquiring stakes in operating mines / new projects under implementation and also in green field coal blocks.

In South Africa, there are limited coking coal reserves and therefore opportunities exist in low ash thermal coal only. CIL is given to understand that the coal MNCs like BHP Billiton, Rio Tinto or Anaglo Coal do not have much resources for entering into a joint

initiative. Thus opportunities for strategic entry in South Africa exist through partnership with Black Economic empowerment (BEE) organization, which are working in coal sector. CIL had meeting with the major BEE coal companies like Kumba resources, Eyesizwe, shanduka who have expressed their intention to examine the issue for entering into partnership with CIL.

Coal India Limited is in a progressive stage for entering into partnership in exploration and development of two coal blocks under the concession M/s Zimbabwe Electricity supply Authority (ZESA) Holdings Pvt. Ltd., which is an undertaking of Zimbabwe Government organization.

Coal India Limited also is in the process of identifying a block for acquiring the exploration right, it has also started dialogue for partnership with several companies who have the exploration licenses in coal bearing Tete province.

COOPERATION WITH CANADA

The meeting of Indo-Canada Working Group on Coal was held in Canada during 24th –30th June, 2003. Indian delegation led by the then JS&FA and CMD, ECL discussed over Rajmahal Expansion Project of ECL during the meeting.

COOPERATION WITH CHINA

The 10th meeting of the Indo-China Joint Working Group on Coal was held during 10th – 11th November 2005 in Shanghai, PR China. Chinese delegation was led by Mr. Zhao Tiechui, Administrator of State of Administration of Work Safety (SWAS) State Administration of Coal Mines Safety (SACCS), PR China and Indian delegation led by Shri P.C. Parakh, Secretary (Coal). The following was the Agenda for the meeting.

1. Review of spill over issues of the 9th Indo-China Session.
2. Use of Longwall and Shortwall technology in Indian underground mines.
3. Adoption of Longwall/shortwall method of extraction of pillars.
4. Technology for Deep Shaft Sinking.
5. Joint research/pilot projects in CBM.
6. Joint research/pilot projects in UCG.
7. Cooperation in capacity building.
8. Investment opportunities.
9. Coal liquefaction.
10. Retraining and rehabilitation of mining workers.

CHAPTER-X

PLANNING

The aggregate raw coal demand for 2005-06 was originally assessed by Planning Commission at 445.65 million tonnes (3.64 million tonnes of middlings) and all India Coal Production target was fixed at 405.38 million tonnes (CIL – 343.00 million tonnes, SCCL – 36.00 million tonnes and Others – 26.38 million tonnes). During mid-term review the aggregate raw coal demand is anticipated to be 448.73 million tonnes (3.33 million tonnes of middlings) and all India coal production is anticipated to be 404.78 million tonnes (CIL – 345.81, SCCL – 36.00 Million tonnes and others – 22.97 million tonnes). The gap between supply and demand of coal will be met through drawdown of stocks and import of coal. Target for lignite production by Neyveli Lignite Corporation has been fixed at 20.40 million tonnes.

The Plan outlay for 2005-06 for coal and lignite was originally fixed at Rs. 4001.40 crores (including 10% of budgetary provision to be earmarked for NEC). During mid-term review it has been revised to be Rs.3164.76 Crs. The company-wise/scheme-wise break-up is given below:

(Rs. In Crores)

Company/Schemes	Amount	
	(BE)	(RE)
CIL	2814.00	2224.00
SCCL	395.00	395.00
NLC(Mines)	274.44	250.70
NLC(Power)	365.56	117.30
S & T	20.08	14.85
Regional Exploration	49.88	52.89
Environmental Measures	44.86	30.41
Subsidence Control		
Detailed Drilling	18.81	22.76
Coal Controller	0.22	0.22
Information Technology	3.00	3.00
Voluntary Retirement Scheme	0.00	35.85
Lump Sum provision for N.E. Region	15.20	17.78
Grand Total	4001.40	3164.76

CHAPTER-XI

BOARD LEVEL APPOINTMENT IN CIL & NLC

Board level posts in Coal India Limited, its subsidiaries and NLC Limited are filled on recommendations of the Public Enterprises Selection Board and with the approval of the ACC. Incumbency of CMDs/Functional Directors of Coal India Limited, its subsidiary companies and Neyveli Lignite Corporation Limited as on 17.11.2005 is given at Annexure -I

Position regarding vacancies in Board level posts in PSUs is indicated below:

As on 19.12.2005

S NO.	Name of post	Vacancy date	Status
1	Dir(Tech)CMPDIL	04.02.2005	Consequential vacancy vice Shri G.S. Chug Based on interview held on 2 nd -4 th May, 2005, PESB has recommended name of Sh R.P.Sinha. On 9.5.05, Vigilance Section requested to obtain CVC's clearance..CVC withheld vigilance clearance. PESB requested to disclose second name. PESB recommended name of Sh S.R.Ghosh. Information received from CIL. Vigilance clearance yet to be received.
2	Dir(Tech), BCCL	1.5.2005	PESB recommended on 19.11.04 name of Shri N.Prasad. Proposal was sent to ACC on 1.6.05. On the advice of ACC, PESB was requested to disclose the name of second candidate. PESB has suggested name of Sh R .P.Sinha. File submitted for approval of MOS to send proposal to EO along with necessary documents of Sh Sinha. Proposal again sent to EO on 22.9.05.DOPT scrapped the PESB panel dated 26.10.05. CIL requested to send names. PESB conducted interview on 22/11/05 and recommended Sh S.N.Katiyar, vide panel dated 24.11.05. Information sought from CIL and vigilance clearance from Vigilance Section. Information received from CIL.
3.	Dir(Tech),CMPDI	1.2.2006	Based on interview held on 2 nd -4 th May, 2005, PESB has recommended name of Sh S. Chakravarthy. On 9.5.05, Vigilance Section requested to obtain CVC's clearance.. CVC's clearance received. Proposal sent to EO on 6.7.05, which was returned with the remarks to send the case two months before occurrence of vacancy. Fresh vigilance clearance sought and is awaited.

4.	Dir(Fin),NCL	1.2.2006	PESB has circulated the vacancy on 14.2.05. Name of 22 candidates received from CIL has been sent to PESB. PESB conducted interview on 25-26 th July, 05. Panel received form PESB and vigilance clearance sought and documents sought from CIL in r/o Sh S.N.Choudhury. .File submitted to MOS(C).Proposal sent to EO on 15.9.05. Appointment order issued on 8.11.05., but he can join only on or after 1.2.06.
5.	Dir(Fin), ECL	1.4.06	PESB has circulated the vacancy on 21.4.05. CIL asked on 28.4.05 to send names. Names of 31 candidates sent to PESB on 26.5.05 PESB conducted interview on 25-26 th July, 05. Panel received form PESB and vigilance clearance sought and documents sought from CIL in r/o Sh A.K.Sinha. File to be submitted in Dec.05/Jan,06. Fresh vigilance clearance is being sought
6.	CMD, SECL	1.6.06	Consequential vacancy vice Sh M.K.Thapar intimated to PESB on 4.1.05. PESB has circulated job descriptions. CIL requested to send names of internal candidates Names of 30 candidates sent to PESB. PESB conducted interview on 22/11/05 and recommended Sh B.K.Sinha, vide panel dated 24.11.05. Information sought from CIL and vigilance clearance from Vigilance Section. Information received from CIL
7.	Dir(Tech), ECL	1.7.05	Consequential vacancy vice Sh D Chakravarthy. Vacancy intimated to PESB on 1.7.05 PESB circulated the vacancy. Names of internal candidates sought from CIL.40 names sent to PESB on 24.10.05. PESB conducted interview on 22-24/11/05 and recommended Sh A.K.Paul, vide panel dated 24.11.05.Information sought from CIL and vigilance clearance from Vigilance Section. Information received from CIL
8.	CMD, CIL	1.10.06	Vacancy intimated to PESB on 4.8.05 , vacancy occur due to superannuation of Sh Shashi Kumar on 30.09.06. PESB circulated vacancy on 20.10.05. CIL sent 2 names and information not yet received from NLC. Reminder sent to NLC.
9.	Dir(Fin),CIL	1.7.06	Vacancy intimated to PESB on 4.1.05 , vacancy occur due to superannuation of Sh D.K.Verma on 30.06.06.Names of internal candidates sought from CIL.Names of 4 candidates sent to PESB on 14/10/2005. PESB conducted interview on 22/11/05 and recommended Sh S Bhattacharya, vide panel dated 24.11.05. Information sought from CIL and vigilance clearance from Vigilance Section. Information received from CIL

10.	Dir(Pers),WCL	29.10.2006	Vacancy intimated to PESB on 2.9.05, vacancy occur due to completion of tenure of Sh S A Yusuf
11.	Dir(Tech),CIL	1.1.2007	Vacancy intimated to PESB on 2.9.05, vacancy occur due to retirement of Sh L.Jha
12.	Dir(P&IR),CIL	1.6.2007	Vacancy intimated to PESB on 2.9.05, vacancy occur due to retirement of Sh Md.Salim Uddin
13.	Dir(Tech),CCL	1.1.2007	Vacancy intimated to PESB on 2.9.05, vacancy occur due to retirement of Sh M.M.Singh
14.	Dir(Pers),CCL	1.6.2007	Vacancy intimated to PESB on 2.9.05, vacancy occur due to retirement of Sh Ajay Kumar
15.	CMD,ECL	1.4.2007	Vacancy intimated to PESB on 2.9.05, vacancy occur due to retirement of Sh D Chakraborti
16.	CMD, WCL	1.5.2007	Vacancy intimated to PESB on 2.9.05, vacancy occur due to retirement of Sh G.S.Chug
17.	Dir(Tech),SECL	1.5.2007	Vacancy intimated to PESB on 2.9.05, vacancy occur due to retirement of Sh T.P.Srivastava
18.	Dir(Per),SECL	1.10.2007	Vacancy intimated to PESB on 2.9.05, vacancy occur due to retirement of Sh K.K.Srivastava
19.	CMD, MCL	1.9.2007	Vacancy intimated to PESB on 2.9.05, vacancy occur due to retirement of Sh Abhiram Sharma
20.	Dir(Fin),MCL	1.2.2007	Vacancy intimated to PESB on 2.9.05, vacancy occur due to retirement of Sh B.M.Nag
21.	Dir(Tech),CMPDIL	1.8.2007	Vacancy intimated to PESB on 2.9.05, vacancy occur due to retirement of Sh P.K.Kanchan
22.	Dir(Tech),NCL	1.8.2006	Vacancy intimated to PESB on 2.9.05, vacancy occur due to retirement of Sh A.N.Singh. PESB circulated vacancy on 8.8.0516 Names sent to PESB on 24.10.05.PESB conducted interview on 22-24/11/05 and recommended Sh P.K.Saxena, vide panel dated 24.11.05. Information sought from CIL and vigilance clearance from Vigilance Section. Information received from CIL
23.	Dir(Tech), SECL	1.10.2006	Vacancy intimated to PESB on 2.9.05, vacancy occur due to retirement of Sh CL Srivastava. Vacancy circulated by PESB. Names sent to PESB. PESB conducted interview on 22-24/11/05 and recommended Sh V Sawhney, vide panel dated 24.11.05.Information sought from CIL and vigilance clearance from Vigilance Section. Information received from CIL.
24.	Dir(Fin), BCCL	4.10.2005	Vacancy intimated to PESB on 15.10.05, vacancy occur due to promotion of Sh K Ranganath as Dir(Marktg), CIL. PESB circulated vacancy on 25.10.05. Names of internal candidates received from CIL, sent to PESB. The interview by PESB is scheduled to be held on 26.12.2005.

REDUCTION OF STAFF IN COAL CONTROLLER ORGANISATION & COMMISSIONER OF PAYMENTS

Reduction of staff in Coal Controller Organisation

Expenditure Reforms Commission recommended that:

"With the considerable diminution of the functions of the Coal Controller, this office could be abolished straightway and the functions of the Coal Controller under the 'Colliery Control Order 2000' could be conveniently dealt with"

Ministry's views/comments:

In the event of withdrawal of Coal Controller Organisation the same may be converted into a Coal Development Authority. Section 7 of the Coal Conservation Development (CCD) Act empowers the Central Government to levy custom duty on all imported coal, hard coke and soft coke at the rate equivalent to the excise duty levied on indigenous coal under section 6 of the Act. At present no customs duty under Section 7 of the CCD Act is being levied. The Department of Revenue has advised the Department of Coal to set up its own agency to collect the customs duty under section 7 of CCD Act. Levy of customs duty under section 7 of the CCD Act by the proposed Coal Development Authority will be examined. The proposed authority may also be utilized for providing single window clearances for land acquisition, forest clearances and environmental clearance in coal and lignite projects so that the private companies do not have to pursue such matters in the concerned State and Central Government Departments.

Reduction of staff in COP:

The Expenditure Reforms Commission has recommended that:

"Ministry of Coal should plan to phase out the residual work of Commissioner of Payments within one year. Any remaining unsettled cases could be handled in the Ministry and finally closed after necessary consultation with the Law Ministry."

The Ministry is of the view that "There are still 204 Collieries for which accounts are to be closed. Besides, an amount of Rs. 10.20 crores is lying pending for disbursement. Apart from that there are a number of Court cases relating to disputes for payment of compensation to erstwhile colliery owners are also being dealt with by Commissioner of Payments. In view of this it is not possible to close down the Commissioner of Payments Office within one year as suggested in the Report".

A meeting under the Chairmanship of Additional Secretary (Exp) was held to review the implementation of recommendations of the Expenditure Reforms Commission (ERC) and the Department was advised to take up the matter with Committee of the Secretaries(COS) for not being able to implement fully ERC recommendations pertaining to abolition of posts in

the Office of the Coal Controller and Commissioner of Payments. The Cabinet Secretariat however observed that Ministry of Coal may take appropriate action as per decision/comments conveyed to them by Department of Expenditure. On our proposal in respect of recommendation No. 12 for grant of an exemption from abolishing the offices of CCO and COP and also allow reduction of staff strength of CCO from 217 to 177 by surrendering 40 posts and to allow further surrender 17 ministerial posts and simultaneously creation of 17 technical posts as pointed out in recommendation No. 12, Department of Expenditure has stated that they may not have objection to continuation of the office of Coal Controller provided that the staff strength does not exceed 177 posts. As regards recommendation No. 13, it was requested that continuation of office of Commissioner of Payments be allowed for two more years till the pending cases are reduced as pointed out in the recommendation, Department of Expenditure have stated that they have no objection provided the remaining work is completed within two years with the present staff strength of 22 posts and the residual work transferred to the Coal Controller after two years.

A revised proposal for restructuring of CCO has been sought from the Office of Coal Controller in view of conditional acceptance of the proposal by Deptt of Expenditure.

Annexure -I

**INCUMBENCY OF CMDS/FUNCTIONAL DIRECTORS OF
CIL, ITS SUBSIDIARIES AND NLC**

1. Coal India Limited, Kolkata

Sl. No.	Name of Post	Name of incumbent S/Shri	Date of Birth	Date of superannuation	Date of appointment	Tenure ending date
1.	CMD	Shashi Kumar	30.09.1946	30.09.2006	29.03.2005	30.09.2006
2.	Director(Technical)	L.Jha	19.12.1946	31.12.2006	10.3.2005 (AN)	31.12.2006
3.	Director(P&IR)	Md. Salimmudin	01.06.1947	31.05.2007	22.12.2003 (AN)	31.05.2007
4.	Director(Finance)	D.K.Verma	15.06.1946	30.06.2006	01.09.2002	30.06.2006
5.	Director(Marktg)	K.Ranganath	01.07.1952	30.6.2012	04.10.2005	03.10.2010

2. Bharat Coking Coal Limited

1.	CMD	P.S. Bhattacharyya	27.02.1951	28.02.2011	20.11.2003	19.11.2008
2.	Director(Technical)					
3.	Director(Technical)	D.K.Basu	10.05.1948	31.05.2008	12.08.05(AN)	31.05.2008
4.	Director(Finance)					
5.	Director(Personnel)	D.C.Garg	12.11.1954	30.11.2014	15.10.2004	14.10.2009

3. Central Coalfields Limited

1.	CMD	R.P.Ritolia	08.07.1948	31.07.2008	28.01.2005(AN)	31.07.2008
2.	Director(Technical)	M.M.Singh	18.12.1946	31.12.2006	28.10.2004	31.12.2006
3.	Director(Technical)	B.K.Sinha	10.7.1948	31.7.2008	13.3.2005(AN)	31.7.2008
4.	Director(Finance)	A.K.Sarkar	15.04.1951	30.04.2011	06.10.2004(AN)	6.10.2009
5.	Director(Personnel)	Ajay Kumar	06.05.1947	31.05.2007	16.12.03(AN)	31.05.2007

4. Eastern Coalfields Limited

1.	CMD	D.Chakraborty	16.03.1947	31.03.2007	30.06.2005	31.03.2007
2.	Director(Technical)	U.S.Upadhyay	25.01.1949	31.01.2009	14.08.2005	31.01.2009
3.	Director(Technical)					
4.	Director(Finance)	M.L.Sethia	03.03.1946	31.03.2006	31.07.1997 (AN)	31.03.2006
5.	Director(Personnel)	A.Chattopadhyay	5.1.1948	31.1.2008	19.10.2004	31.1.2008

5. Western Coalfields Limited

1.	CMD	G.S.Chug	30.4.1947	30.4.2007	4.02.2005	30.4.2007
2.	Director(Technical)	P.Nandan	03.07.1949	31.07.2009	01.05.2004	30.04.2009
3.	Director(Technical)	K.K.Sharan	01.06.1948	30.06.2008	12.08.05(AN)	30.06.2008
4.	Director(Finance)	S.Bhattacharya	4.1.1950	31.1.2010	6.10.2004(AN)	6.10.2009
5.	Director(Personnel)	S.A.Yusuf	14.12.1947	31.12.2007	29.10.2001	28.10.2006

6. Northern Coalfields Limited

1.	CMD	V.K.Singh	05.07.1948	31.07.2008	05.02.2004(A N)	31.07.2008
2.	Director(Technical)	R.N.Roy	4.12.1947	31.12.2007	1.11.2004	31.12.2007
3.	Director(Technical)	A.N.Singh	20.7.1946	31.7.2006	17.9.2004	31.7.2006
4.	Director(Finance)	A.K.Das	31.01.1946	31.01.2006	24.07.1998	31.01.2006
5.	Director(Personnel)	S.K.Bartiyal	1.1.1948	31.12.2007	9.11.2005	31.12.2007

7. South Eastern Coalfields Limited

1.	CMD	M.K.Thapar	30.05.1946	31.05.2006	1.10.2002	31.05.2006
2.	Director(Technical)	C.L.Srivastava	10.09.1946	30.09.2006	02.08.2003	30.09.2006
3.	Director(Technical)	T.P.Srivastava	3.04.1947	30.04.2007	01.03.2004	30.04.2007
4.	Director(Finance)	P.N.Das	21.4.1948	30.4.2008	31.10.2005(A N)	30.04.2008
5.	Director(Personnel)	K.K.Srivastava	12.9.1947	30.9.2007	23.9.2004	30.9.2007

8. Mahanadi Coalfield Limited

1.	CMD	Abhiram Sharma	06.08.1947	31.08.2007	01.3.2005	31.08.2007
2.	Director(Technical)	V.K.Jain	24.09.1948	30.09.2008	01.10.2005	30.09.2008
3.	Director(Finance)	B.M.Nag	16.01.1947	31.01.2007	01.08.2002	31.01.2007
4.	Director(Personnel)	G.D.Gulab	08.02.1949	28.02.2009	1.02.2004	31.01.2009

9. Central Mine Planning and Design Institute Limited

1.	CMD	S.Chaudhuri	16.12.1947	31.12.2007	9.03.2005(AN)	31.12.2007
2.	Director(Technical)	S.L.Soni	06.01.1946	31.1.2006	15.1.2004(AN)	31.1.2006
3.	Director(Technical)	P.K.Kanchan	05.07.1947	31.12.2007	8.8.2005	31.12.2007
4.	Director(Technical)					
5.	Director(Technical)	N.C.Jha	2.1.1952	31.1.2012	1.11.05	31.10.2010

10. Neyveli Lignite Corporation Limited

1.	CMD	S.Jayaraman	10.05.1948	31.05.2008	01.07.2002	30.06.2007
2.	Director(Mines)	K.S. Anandan	05.04.1948	30.04.2008	01.09.2002	31.08.2007
3.	Director(Finance)	J.N.Prasanna Kumar	04.09.1949	30.09.2009	07.03.2003	06.03.2008
4.	Director(P&P)	A.R.Ansari	01.07.1952	30.06.2012	19.09.2003(AN)	19.09.2008
5.	Director(Personnel)	R.Narasimhan	16.09.1947	30.09.2007	04.01.1996	03.01.2006
6.	Director(Power)	V.Sethuraman	17.03.1950	31.03.2010	01.05.2005	31.03.2010

CHAPTER-XII

PROGRESSIVE USE OF HINDI

Hindi Section of the Ministry is responsible for implementing the Official Language Policy of the Union and overseeing the progress made in this regard. Ministry of Coal alongwith all its Subordinate Offices, Autonomous Body and PSUs continued its efforts for propagating and spreading the progressive use of Official Language Hindi. Officers/officials of the Ministry as well as Subordinate Offices, Autonomous Body and PSUs under its control are committed to implement the statutory provisions of Official Language Policy of the Union and to achieve the targets fixed in the Annual Programme issued by Department of Official Language, Ministry of Home Affairs.

In order to increase the progressive use of Hindi in day to day work by officers/staff of the Ministry, many incentive schemes have been introduced and special appeal/circulars are also issued from time to time with a view to facilitate noting and drafting in Hindi, bilingual standard drafts, help books, dictionaries etc. have been distributed among all officers/officials of the Ministry.

Website of the Ministry has been prepared in bilingual form(Hindi/English) and it is updated from time to time.

The official Language Implementation Committee is working well in the Ministry as well as in all Subordinate Offices, Autonomous body and PSUs under its control. The meetings of said committee is being organized regularly and emphasis is given on increasing progressive use of Hindi in these meetings.

The meeting of prestigious high level Hindi Salahkar Samiti of the Ministry was convened on 18th November, 2005 under the Chairmanship of Hon'ble Minister of State for Coal & Mine. During this meeting, Hon'ble Minister inaugurated the 5th issue of inhouse Magazine 'KOYAL'. The members of the Committee appreciated the magazine and suggested to make it more meaningful.

Ministry continued to organize Hindi Pakhwada as per instructions of Department of Official language every year.

Hindi workshop is also organized from time to time in order to remove the hesitation of officers and employees to work in Hindi.

CHAPTER-XIII

VIGILANCE ACTIVITIES AND ACHIEVEMENTS

VIGILANCE SET-UP:

The Ministry of Coal exercises superintendence and supervision over the vigilance administration of 10 Public Sector Undertakings & one autonomous body under its jurisdiction as well as over the Ministry staff. The vigilance set up of the Ministry is headed by Joint Secretary (Coal)-cum-Chief Vigilance Officer who is assisted by a Director, an Under Secretary and a Section. The vigilance wings of Coal India Limited, its subsidiaries and Neyveli Lignite Corporation (NLC) are headed by full time Chief Vigilance Officers. The Coal Mines Provident Fund Organisation (CMPF) has a part-time CVO. These units have been structured in conformity with the guidelines of the Central Vigilance Commission and commensurate with the organisational requirements. The Vigilance set-up of CIL, its subsidiaries, NLC and CMPF is given in Annexure-I.

Being the watch-dog of Coal and Lignite PSUs, the Ministry pays due attention to streamlining the procedures and practices prevailing in these organisations so as to make their working more transparent and systematic thus minimising chances of corruption. For effective supervision and monitoring of the functioning of Vigilance Depts., interaction with CVOs of PSUs is maintained at the level of Joint Secretary/Chief Vigilance Officer.

The Ministry of Coal monitors the work of Vigilance Departments of Coal India Limited, its subsidiaries, Neyveli Lignite Corporation and Coal Mines Provident Fund Organisation. The Vigilance Department of CIL also coordinates the activities of the subsidiary vigilance wings and also acts as a nodal agency for compiling information/statistics, etc. for the Ministry of Coal and Central Vigilance Commission. The Vigilance Departments also do liaison with the Central Bureau of Investigation and other anti-corruption agencies and advise the Chief Executives of coal and lignite companies on all aspects of preventive and punitive vigilance.

PREVENTIVE VIGILANCE:

In order to bring transparency, uniformity and streamlining of the procedures and practices in sensitive areas of working of the PSUs, the following measures were taken for system improvement: -

- a) In pursuance of directives from CVC, all the Subsidiary Companies have implemented publication/uploading of tender documents in the website.
- b) The Purchase Manual, Contract Manual and the Civil Manual of Coal India Limited have been revised and published. These reviews were made in order to identify and remove the lacunae and loop-holes of the previously published manuals. Further, the Sales & Marketing Department has been advised by the Vigilance Division of CIL (Hqrs.) to compile a Compendium of all the relevant circulars and guidelines issued by the Ministry of Coal/CIL in order to facilitate greater transparency in its transactions.

- c) The Vigilance Department of CIL(Hqrs.) constituted a team of vigilance officers in line with the CTE and after necessary interaction of these officers with CVC, have started conducting studies and inspections. The core group conducted studies and inspections and submitted its reports on (i) award and execution of haul road construction, (ii) contractual coal transportation system and (iii) procedures adopted by the Departmental Promotion Committee.
- d) Quarterly review of disciplinary proceedings pending for more than one year.
- e) Identification of sensitive departments and transfer of personnel occupying the sensitive posts for a long period.
- f) Surprise checks to unearth the intentional lapses, manipulations, mal-practices, dereliction of duty etc.
- g) Workshops are conducted by CIL Vigilance and guidelines framed/revised with a view to strengthening preventive vigilance.
- h) Vigilance inspections in corruption prone areas of the industry like diesel dispensing units in the open cast mines, explosive consumption, civil works, road sale of coal and procurement of spares have been intensified.

Guidelines are issued from time to time in different branches of functioning of coal companies to bring in more transparency and bring down areas of discretion or patronage.

An exercise has been carried out in the Ministry also to identify the sensitive positions. Action has been initiated to rotate the officials working in sensitive posts and as part of this exercise, some transfers have since been effected.

PUNITIVE ACTION:

Complaints received from various sources against the officials of the Ministry and Board Level Officers of PSUs are processed in the Ministry. Based on the findings, departmental proceedings were initiated during the current year by the Department against a Board Level Executive of Coal Company. In two cases penalties have also been imposed.

A brief of the cases taken up for investigation, departmental inquiry, cases in which penalty was imposed, number of officials placed under suspension, number of regular cases registered by CBI and number of officials transferred from sensitive posts by the coal companies, NLC and CMPF (upto October 2005) is given in Annexure-II.

Annexure -I

SET UP OF THE VIGILANCE ORGANISATION:

	<u>Executives</u>	<u>Non- Executives</u>	<u>Total</u>
1. Eastern Coalfields Limited	13	15	28
2. Bharat Coking Coal Limited	11	28	39
3. Central Coalfields Limited	19	15	34
4. Western Coalfields Limited	08	11	19
5. South Eastern Coalfields Limited	11	10	21
6. Northern Coalfields Limited	08	07	15
7. C.M.P.D.I.L.	05	05	10
8. Mahanadi Coalfields Limited	05	04	09
9. Coal India Limited (HQ)	12	19	31
10. Neyveli Lignite Corporation	14	47	61
11. Coal Mines Provident Fund Organisation	1	3	4

Annexure-II

2005-2006 (upto October - 2005)

	<u>ECL</u>	<u>BCCL</u>	CCL	WCL	SECL	<u>NCL</u>	CMPDIL	MCL	CIL(HQ)	TOTAL FOR CIL	NLC	CMPF	TOTAL
(a) (i) No. of cases taken up for investigation	21	40	27	10	31	04	05	14	04	156	71	06	233
(ii) No. of investigation completed	32	48	29	17	47	02	-	13	06	194	88	03	285
(b) (i) No. of cases taken up for Departmental Inquiry	04	11	11	20	30	03	-	04	03	86	29	01	116
(ii) No. of inquiries completed	04	12	06	12	22	-	-	04	04	64	41	01	106
(c) No. of cases in which penalty imposed													
(i) Major Penalty	05	09	10	02	10	04	01	02	-	43	19	-	62
(ii) Minor Penalty	02	25	22	14	20	04	02	04	01	94	21	-	115
(d) No. of officials placed under suspension	01	05	-	-	01	-	-	01	-	08	-	03	11
(e) No. of Regular cases registered by CBI.	-	06	04	-	-	-	-	03	-	13	1	03	17
(f) No. of officials transferred from sensitive posts.	21	443	142	187	250	77	-	75	11	1206	185	27	1418
