

CHAPTER I

THE YEAR 2003-04 AT A GLANCE

PREAMBLE

1.1. 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. The Department of Coal was placed under the charge of one Cabinet Minister and one Minister of State.

1.2. The Department 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 and Neyveli Lignite Corporation Limited and Singareni Collieries Company Limited, which is a joint sector undertaking of Government of Andhra Pradesh and Government of India with equity capital in the ratio of 51:49

1.3. The coal reserves of India up to the depth of 1200m, have been estimated by the Geological Survey of India at 245.69 billion tonnes as on 1.1.2004

1.4. Currently, lignite reserves in the country have been estimated at around 35636 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

COAL PRODUCTION

1.5. Coal production achieved in the country (excluding Meghalaya) during the year 2003-04 has been 355.72 million tonnes (provisional) as compared to the production of 336.87 m.t. achieved during same period of the previous year i.e. 2002-2003 showing a growth of 5.6%.

Company-wise details are given below:

(In million tonnes)

Company	Target	Actual Production *	Actual Production
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	(2003-04)	(2003-04)	(2002-03)
CIL	298.50	306.38	290.69
SCCL	33.50	33.85	33.24
OTHERS	13.05	15.49	12.94
TOTAL	345.05	355.72	336.87

* Provisional
(figures excluding Meghalaya)

1.6 About 86% of the total coal production in the country comes from the collieries of Coal India Ltd. CIL is also the biggest supplier of coal in the country.

DEMAND AND SUPPLY

1.7 During the year 2003-04, CIL and SCCL supplied the following quantities of coal to various consumers:

COAL INDIA LTD.

(Million Tonnes) (Provisional)

Sector	Target Offtake	Actual Offtake	Supply % against Target
Power	223.50 (3.01)	233.06 (1.45)	104
Steel	13.51	11.42	85
Loco	0.00	0.00	-
Cement	8.51	8.87	104
Fertilizer	3.14	2.30	73
Others	49.67	47.45	96
Colly.Cons.	1.52	1.19	78
Total	299.85	304.29	101

(figures in bracket indicate middlings)

SINGARENI COLLIERIES COMPANY LTD.

(Million Tonnes) (Provisional)

Sector	Target Offtake	Actual Offtake	Supply % against Target
Power	25.73	25.65	100
Loco	0.00	0.00	-
Cement	4.90	4.55	93
Fertilizer	0.00	0.02	-
Others	2.75	3.61	132
Colly.Cons.	0.12	0.12	98
Total	33.50	33.95	101

During 2003-04 off-take of coal from SCCL has been 33.95 million tonnes against target of 33.50 million tonnes.

NEYVELI LIGNITE CORPORATION

1.8 The table below indicates the major products of Neyveli Lignite Corporation and their respective targets for the year 2003-04 and actual performance **up to the end of March 2004**

Product		Target for 2003-2004	Achievement April'03 to March' 04
Lignite	LT	209.00	205.57
Power Generation	MU	15006.00	16388.21

PRICE OF COAL

1.9. 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.

1.10. 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.

1.11. 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.

1.12. 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.

LEGISLATION

Legislative History of Coal Mining since 1971 and latest status

1.13. 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.

1.14. 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. 143 captive blocks (136 of CIL plus 7 of SCCL) have been identified, out of which 50 blocks stand allotted so far, and 4 blocks have started production.

Status of the Coal Mines (Nationalization) Amendment Bill.

1.15. 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. Accordingly a Bill, namely the Coal Mines (Nationalisation) Amendment Bill, 2000, was introduced in the Rajya Sabha on 24.4.2000 .

1.16. 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.

1.17. 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.

1.18. 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. 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.

1.19. The 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.

1.20. A Memorandum of Settlement has been signed between the Coal India Management and the five central trade union organization 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 then Minister for Coal and Mines on 27.1.2003 and 3.4.2003. The Group of Ministers has been reconstituted a number of times and it was last reconstituted on 14.2.2003. With the recent change in the incumbency of the Minister of Coal, the GOM is required to be reconstituted. Action is being taken in this regard.

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