



GOVERNMENT OF INDIA

**Outcome
Budget
2006 - 2007**

MINISTRY OF COAL

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OUTCOME BUDGET (2006-07)

CHAPTER-1

OBJECTIVES AND ORGANISATION

FUNCTIONS OF MINISTRY OF COAL

1.1 The Ministry of Coal is responsible for development and exploitation of Coal and Lignite reserves in India. The subjects allocated to the Ministry under the Government of India (Allocation of Business) Rules, 1961, as amended from time to time are as follows:

- Exploration and development of coking 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 the Department of Steel is responsible.
- Low Temperature carbonisation 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 Organisation.
- The Coal Mines Welfare Organisation.
- 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 despatched 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 as the said Act and Laws relate to coal and lignite and sand for stowing, business incidental to such administration including questions concerning various States.

ORGANISATION OF MINISTRY OF COAL

1.2 At the Secretariat level, the Ministry 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, nine Under Secretaries, eighteen Section Officers, One Assistant Director (Official Language) and one Deputy Controller of Accounts, and their supporting staff.

1.3 Besides, there are 2 subordinate Offices located at Kolkata, namely (1) Coal Controllers's Organisation (2) Office of the Commissioner of Payments. There is one autonomous body under the administrative control of this Ministry namely the Coal Mines Provident Fund Organisation with headquarters at Dhanbad. This organisation is headed by Coal Mines Provident Fund Commissioner.

COAL CONTROLLER'S ORGANISATION

1.4 The Coal Controller's Organisation is a subordinate office under the administrative control of Ministry of Coal, its headquarters being at Kolkata and field offices at Dhanbad, Ranchi, Bilaspur and Nagpur. The Coal Controller has certain statutory functions to perform:

Some of its major functions under various statutes are as below:

UNDER COLLIERY CONTROL ORDER, 2000:

- (i) Laying down the procedure and method of sampling and analysis of coal for declaration & maintenance of grade of coal mined in a colliery.
- (ii) Checking of quality of coal, its verification wherever necessary and acting as dispute settlement machinery regarding the declaration of grades.
- (iii) Regulation of disposal of coal stocks from coal mines or expected output of coal.
- (iv) Granting prior permission to open a coalmine, seam or section of a seam.

UNDER COAL (CONSERVATION & DEVELOPMENT) ACT, 1974 AND RULES MADE THERE UNDER:

Coal Controller being the Member Secretary performs all the secretariat work of the Coal Conservation and Development Advisory Committee. The work includes multi-level scrutiny of various claims and proposals of different Coal Companies for assistance towards Stowing and Protective Works, Road/ Rail development in coalfields, Research & Development in coal mines etc.

Collection and assessment of excise duties levied on raw coal despatched from the coal companies to consumers.

UNDER COLLECTION OF STATISTICS ACT, 1953

Functioning as Statistical Authority for collection & publication of statistical information on coal and lignite in the country.

UNDER COAL BEARING AREAS (ACQUISITION & DEVELOPMENT) ACT - 1957 AND RULES MADE THERE UNDER:

Functioning as Hearing Authority for disposal of objections to acquisition of Coal Bearing Areas.

1.5 Apart from the above statutory functions, Coal Controller also discharges the responsibility to look after the residual work of erstwhile Coal Board and other miscellaneous functions as assigned by the Ministry of Coal, time to time.

COMMISSIONER OF PAYMENTS

1.6 There were two offices of Commissioner of Payments, one for determining compensation etc., for nationalised coking coal mines, with headquarters at Dhanbad and

another for determining compensation etc. for nationalised non-coking coal mines with headquarters at Kolkata. As the work of Dhanbad office has been disposed of substantially, this office was wound up and the residual work has been transferred to the office of the Commissioner of Payments (non-coking) Kolkata. At present, Coal Controller is functioning as Commissioner of Payments.

COAL MINES PROVIDENT FUND ORGANISATION (CMPFO)

1.7 This is an autonomous body set up under the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948. CMPFO administers the Coal Mines Provident Fund Scheme, 1948, the Coal Mines Deposit Linked Insurance Scheme, 1976 and Coal Mines Pension Scheme, 1998. All these schemes have been formulated under the provisions of the Act of 1948.

COAL COMPANIES UNDER THE MINISTRY OF COAL

1.8 The Ministry has under its direct administrative control the Coal India Limited (Holding company) and Neyveli Lignite Corporation Limited.

1.9 Coal India Ltd., having headquarters at Kolkata, is the holding company of seven producing subsidiaries and one planning and design subsidiary, viz:-

- (i) Eastern Coalfields Limited (ECL), Sanctoria (West Bengal)
- (ii) Bharat Coking Coal Limited (BCCL), Dhanbad (Jharkhand)
- (iii) Central Coalfields Limited (CCL), Ranchi (Jharkhand)
- (iv) Northern Coalfields Limited (NCL), Singrauli (Madhya Pradesh)
- (v) Western Coalfields Limited (WCL), Nagpur (Maharashtra)
- (vi) South Eastern Coalfields Limited (SECL), Bilaspur (Chhatisgarh)
- (vii) Mahanadi Coalfields Limited (MCL), Sambalpur (Orissa)
- (viii) Central Mine Planning & Design Institute Limited (CMPDIL), Ranchi, (Jharkhand)

NEYVELI LIGNITE CORPORATION LIMITED (NLC)

1.10 Neyveli Lignite Corporation Limited with headquarters at Neyveli in Tamil Nadu is primarily engaged in the exploitation of lignite deposits in Tamil Nadu and generation of power from lignite based power projects.

SINGARENI COLLIERIES COMPANY LIMITED (SCCL)

1.11 The Singareni Collieries Company Limited incorporated as public limited company in 1920 became a Government company in 1956 with headquarters at Kothagudem in Andhra Pradesh. The company is a joint undertaking of Government of Andhra Pradesh and Government of India. The share capital of this company is held by the Government of Andhra Pradesh and Government of India in the ratio of 51:49 respectively. This company is engaged in the exploitation of coal reserves in the State of Andhra Pradesh.

ECONOMIC PROGRAMMES AND ACTIVITIES

1.12 The Ministry and its undertakings are primarily oriented towards production of coal and lignite to meet the growing demand. At the same time, due and timely action is also required to be taken on all the project cycle activities like coal beneficiation / washing, loading and despatch facilities and measures for workers' safety and welfare. Other ancillary/ value addition activities like production of soft coke, low temperature

carbonisation of coal for smokeless fuel, coal gasification are also undertaken. Exploration for new deposits and research and development projects also are important activities under the Ministry. In addition, Neyveli Lignite Corporation is engaged in the exploitation of lignite deposits and generation of power etc. from lignite based power projects.

1.13 Coal is most important source of energy for electricity generation in India. Bulk of Electricity is generated from the thermal power stations which depend upon coal as feed stock. In addition, other industries like Steel, Cement, Fertilizers, Chemicals, Paper and thousands of medium and small industries are dependent on Coal for their process and energy requirements. In transport sector, though direct Consumption of coal by the railways is nominal on account of phasing out Steam locomotives, the increasing electrified traction of railways is dependent on coal converted to electric power. The Ministry of Coal is, therefore, engaged in developing coal resources of this country in a manner that requirements of coal of different consuming sectors are met in full and their dependence on oil/imported coal is minimised. All India Sector-wise coal demand is given below:

All India Sector-wise Coal Demand

		(in Million Tonnes)					
S. No	Sector	2002-03 (Actual)	2003-04 (Actual)	2004-05 (RE)	2005-06 (BE)	2005-06 (RE)	2006-07 (BE)
1	Coking Coal						
i	Steel (Indigenous)	16.81	16.84	17.97	15.66	18.91	18.51
ii	Private Cokeries/Coke Oven	0.86	0.71	0.60	2.50		
iii	Steel (Import)	12.95	12.99	16.05	23.89	23.89	24.19
	Sub-Total	30.62	30.54	34.62	42.05	42.80	42.70
2	Non-Coking Coal						
i	Power (Utilities) RC	252.78	268.13	285.19	303.56	316.96	332.52
ii	Power (Utilities) MID	(1.71)	(1.44)	(1.33)	(1.57)		
iii	Power (Captive) MID	(1.53)	(1.75)	(1.87)	(2.07)		
iv	Power (Captive) RC	19.16	22.14	24.75	27.35	25.00	28.26
v	Spong Iron/CDI	6.17	7.82	10.15	10.40	13.32	7.00
vi	BRK & Others/LTC/SSF/ NLW Cokeries/ C. Ovens	34.22 (0.01)	32.05 (0.00)	37.77 (0.00)	37.33 (0.00)	37.28	40.20
vii	Loco/Railways	0.00	0.00	0.00	0.00	0.01	0.00
viii	Cement	16.36	16.79	18.55	20.22	19.37	26.90

ix	Fertilizer	2.54	2.07	2.44	3.43	2.58	3.52
x	Export	0.01	0.04	0.02	0.02	0.02	0.10
xi	Colliery Consumption	1.48	1.33	1.33	1.29	1.19	2.50
	Sub-Total	332.72	350.37	380.20	403.47	415.73	441.00
	TOTAL RAW COAL	363.34	380.91	414.82	445.52	458.53	483.70
	MIDDLING	(3.25)	(3.19)	(3.20)	(3.64)	(including Outstaning)	(including Outstaning)

* Abbreviation used – RC- Raw Coal, MID - Middling, BRK - Brick Kilns, SSF – Special Smokeless Fuel, NLW – Non Linked Washeries.

1.14 Through a sustained programme of investment and greater thrust on application of modern technology, it has been possible to raise the production of coal from a level of about 70 million tonnes at the time of nationalization of coal mines in early seventies to about 381.85 million tonnes (all India) by 2004-05. Coal Production will be 424.27 million tonnes in the year 2006-07.

Details of All India Coal production are given below:

ALL INDIA COAL PRODUCTION

		(In million tonnes)					
		2002-03 (Actual)	2003-04 (Actual)	2004-05 (RE)	2005-06 (BE)	RE 05-06	BE 06-07
COAL	INDIA	290.69	306.36	323.18	343.00	345.81	363.80
	LIMITED						
	SCCL	33.16	33.85	35.00	36.00	36.00	37.50
	OTHERS	17.38	20.83	22.91	26.38	22.97	22.97
	TOTAL (ALL INDIA)	341.23	361.04	381.09	405.38	404.38	424.27

1.15 With a view to meet the increased demand of coal, new coal mining projects and welfare activities are proposed to be taken up.

LIGNITE

1.16 The production programme for NLC for 2004-05 (actual), BE 2005-06, RE 2005-06 and BE 2006-07 are given below:

Item	2004-05 (Actual)	2005-06 (BE)	2005-06 (RE)	2006-07 (BE)
1.Lignite (MT)	21.57	20.40	20.40	20.40
2.Power (MU)	16746	15705	15705	15705

CHAPTER-II

DETAILS OF BUDGET ESTIMATES

2.1 This chapter relates to Non-Plan and Plan Budget of the Ministry of Coal. Details of Budget Estimates are given in **Annexure-I**.

Non-Plan Budget.

2.2 The Non-Plan Budget (2006-07) of Rs. 37.00 crores mainly comprises of Secretariat (Economic Services), Coal Controller's Organisation, Commissioner of Payments, payment of Government contributions statutorily required under Coal Mines Pension Scheme, 1998 and Coal Mines Deposit Linked Insurance Scheme, 1976 framed under Coal Mines Provident Fund and Misc. Provisions Act, 1948. Further an amount of Rs. 30.00 crores have been kept for payment of compensation for acquisition of coal bearing areas under Coal Bearing Areas (Acquisition and Development) Act, 1957. This amount is paid back to Coal India Limited after the same is deposited by it with Government in advance. It does not entail any cash outgo. The Non-Plan Budget can not be linked to deliverable output. The details of the Non Plan provisions is given in **Annexure II** in the prescribed format.

Plan Budget.

2.3 Details of Plan outlay for the year 2006-07 are given in the following table.
(Rs. In Crores)

Company/Schemes	2005-06 (BE)	2005-06 (RE)	2006-07 (BE)
CAPITAL SECTION	2814.35	2224.00	3063.70
CIL			
SCCL	395.00	395.00	577.09
NLC (Coal)	274.44	250.70	531.00
NLC (Power)	365.56	117.30	459.00
NLC (TOTAL)	640.00	368.00	990.00
TOTAL	3849.35	2987.00	4630.79
REVENUE SECTION	49.88	49.88	60.00
Regional Exploration			
EMSC	44.86	28.64	55.90
Information Technology	3.00	1.00	3.00
Research & Development (Science & Technology)	20.08	14.84	21.09
Detailed Drilling	18.81	18.81	11.61
Coal Controller	0.22	0.22	0.22
Lump Sum provision for NE Region	15.20	25.50	16.87

Conservation and safety in Coal Mines	0.00	66.11	0.01
Development of Transport Infrastructure in coal fields	0.00	50.00	0.01
TOTAL	152.05	255.00	168.71
GRAND TOTAL	4001.40	3242.00	5054.50

2.4 The project are implemented by Coal PSUs of the their own Internal and Extra Budgetary Resources (IEBR) and the Government does not provide any Budgetary support to them. The statement showing company wise and project wise details costing Rs. 100 crore and above are given in the format at **Annexure -III**.

2.5 In the Plan outlay, provision has been made for (i) Regional Exploration (Rs. 60 crore), EMSC (Rs. 55.90 crore), Research and Development (S&T) (Rs. 21.09 crore) and detailed drilling (Rs. 11.61 crore). Provision of Rs. 3.00 crore has been made for information Technology. It is proposed to provide more IT equipments especially to cater the need for digital imaging solutions so that more and more work assigned through IT. The Budget provision will also be utilized for further strengthening the IT infrastructure of the Ministry for creating more online working environment. The amount of Rs. 16.87 crore being 10% of the Plan outlay has been kept as mandatory requirement for development of NE Region. This amount can be spent only when there is any scheme of CIL for development of this Region otherwise this will be transferred to the Non-Lapsable Pool.

2.6 A substantial portion of the non-plan outlay of the Ministry of Coal was earlier meant for schemes which are financed from the excise duty levied under the provisions of Coal Mines (Conservation and Development) Act, 1974 and can, therefore, be termed as self financing. However, in the pre budget discussion for BE 2005-06 Ministry of Finance decided that funds to these two schemes be discontinued from non-plan and Planning Commission may provide funds under plan schemes. However, des pite perusing with Planning Commission by Ministry of Coal the former did not accept to provide funds for these two schemes under Plan schemes. As a result , Ministry of Finance provided Rs. 1 lakh as token grant for each two schemes so that Supplementary Grants could be sought in 2005-06. Subsidy to coal companies towards reimbursement of part expenditure for conservation and protective measures and development of roads, railways and transport infrastructure in coalfield areas are funded out of these receipts. In Supplementary Demand for Grants for 2005-06, the Ministry of Finance approved an Outlay of Rs 116.11 crore for these two schemes as Plan expenditure. However, in BE 2006-07, the Planning Commission has made a token provision of Rs 1.00 lakh each for these two schemes under Plan expenditure.

The details of the Plan provisions and their Outcome are given in **Annexure IV** in the prescribed format.

CHAPTER III

REFORMS MEASURES AND POLICY INITIATIVES

(A) E-auction/E-marketing

The present e-auction/e-marketing scheme is open to consumers (core and non-core sectors) and traders who can participate and bid for the quantity as per their requirement from their preferred sources, through internet electronic auction. At present, Metal Scrap Trading Corporation (MSTC), a Govt. of India Undertaking and Metal Junction Services (a joint venture of SAIL and Tata Iron & Steel Company Limited), specialized agencies in conducting electronic auction, have been engaged to conduct sale of coal through e-auction by coal producing companies of CIL. Under the scheme, the interested buyers are required to initially register themselves with the above said auctioneering agencies. All information related to auction are placed on the website of the subsidiary companies and the auctioneering agencies and are also published for information to all concerned, well in advance. The information displayed in advance about an action includes details of the source, quantity, grade, size, mode of transport as well as the floor price. E-auctions are conducted for each of the Subsidiary companies separately under this scheme. Each subsidiary company conducts on an average four auctions every month, except Northern Coalfields Limited (NCL), which conducts atleast two auctions in a month.

Consequent to High Court of Kolkata order dated 13.5.2004 setting aside the existing policy of Govt. on sale of coal to non-core sector consumers based on the linkages and sponsorship, the Govt. had approved, in principle, sale of 1.64 Lakh Tonnes of coal to non-core sector through electronic marketing on Internet on trial basis in BCCL during November, 2004. 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-auction is an endeavour in that direction. 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.

After an extensive campaign covering road shows in 11 cities, two trial e-auctions were held in Bharat Coking Company Limited between November 04 and March 05 and two trials were also held in North Eastern Coalfields in March 05. A total quantity of around 9 LTs was auctioned in BCCL which fetched a net surplus of Rs.28.6 crores over the floor price to this Coal Company which was otherwise a loss-making company. Similarly, in North Eastern Coalfields, trial e-auctions were conducted on the basis of experience gained in BCCL. The net

surplus from e-auction conducted in NEC generated over floor price was Rs.4.75 crore on the sale of 1 LT of coal till Oct, 05.

Govt. decided to initially sell 10 million tonnes of coal by CIL subsidiaries through e-marketing for the year 2005-06. This was in addition to the quantity sold to non-core sector consumers during 2005-06 which would be available for non-core consumers based on their past linkages and Maximum Permissible Quantity(MPQ) at average e-marketing price of the preceding month. After watching the performance of sale of coal through e-marketing, another 10 million tonnes had been allocated under this for the remaining period of the current financial year, thereby allocating a total of 20 MT for 2005-06 for e-auction.

The details of cumulative results of e-auction held during April, 2005 to January, 2006 in the coal subsidiaries are summarized below:-

Number of Bidders	23246
Number of successful Bidders	16050
Total Quantity Offered	19.72 Million tonnes
Total Quantity allocated	14.83 Million tonnes
Notified price of total allocated Qty (Rs.in crores)	1475.934
Floor price of total allocated Qty (Rs. in crores)	1778.245
Bid price of total allocated Qty. (Rs. in crores)	2214.074
% increase over Notified price	50.0
% increase over Floor price	24.5

The performance of e-marketing of raw coal in CIL during April,2005 to January, 2006 as shown in the above table shows that Coal companies have so far allocated 14.75 MT of coal and gained 50% of profit over the notified price of coal. A total of 23246 bidders participated and 16050 bidders are found successful. In terms of rupees, CIL has gained about Rs. 739 crores over the notified price, as a result of e-auction of about 14.75 MT of coal.

As regards pricing of coal is concerned, the notified price of a particular grade of coal is more or less uniform in all the subsidiaries and the difference in price of a particular grade may be the auction floor price of various subsidiaries which is based on the demand and supply and market forces. The floor price of coal would be limited to 20% above the notified price of coal.

The Indian Institute of Management, Kolkata has been entrusted to concurrently evaluate the e-marketing scheme and submit its recommendations. Based on the experience gained in the process, a coal sales policy would be made as per directions of the Court. The matter is under judicial review in Supreme Court and at various High Courts where Writ Petitions are pending for final disposal in the Hon'ble Supreme Court.

Projected Benefits of E-marketing:

- (i) Elimination of differences between linked and non-linked consumers as directed by Kolkata High Court.
- (ii) There will be a large number of outlets for the small consumers to draw their coal.
- (iii) Coal price will be determined by the demand and supply situation rather than the current system of price notification by Coal India Ltd.
- (iv) Genuine non-linked consumers who have no official source of supply of coal and have to solely depend upon black market will have an official channel of supply of coal.
- (v) Black marketing of coal will stop and premium now being cornered by unscrupulous traders and bogus industries will accrue to coal companies, enhancing their profitability and in case of loss making companies, their viability.
- (vi) Criticism that Coal Companies and the Govt. receive on account of malfunctioning of current marketing system will be substantially reduced.
- (vii) Any consumer of coal of non-core sector including SSI units can avail of this opportunity by payment of a little more than the notified price. This scheme is not aimed to get more price from the market for CIL which would only be incidental to the issue but to create an equal opportunity for coal consumers in non-core sector as well as to have a minimum assured supply to the sector. It will also ensure that by and large there is no resale of coal by a consumer in the market.

(B) Measures being taken to increase coal production

CIL has taken up the following steps to reduce the gap between demand and indigenous supply in the short and medium term:-

1. 100 mining projects have been considered to be taken up during Tenth plan

2. Improvement in equipment utilization
3. Mechanization/ modernization of existing mines
4. Timely implementation of projects

(C) Emergency Coal production Plan

In view of increase in demand of coal, CIL has prepared an Emergency coal production plan. Salient features of this plan are given below:-

- 16 opencast projects/mines have been identified (4 in MCL, 3 in SECL, 3 in CCL and 6 in NCL) where production from the existing mines/projects can be enhanced at a higher level yielding additional 71.3 Mt. Production.
- The identified projects/mines have adequate reserves, mine capacity and mine geometry for enhancement of production.
- The estimated investment for the increased production is Rs. 5319.94 crores, out of which Rs. 2629.14 crores have already been sanctioned in the respective project reports (with lower production capacity) and additional sanction required is Rs. 2690.80 crores.

The built up of incremental production will be 18 Mt. for the 1st year and progressively reaching to 71.3 Mt. in 8th year. The increased coal production and overburden removal have been envisaged to be effected through departmental equipment as well as by outsourcing at different projects depending on present operating conditions.

(D) Coal Videsh

The demand for coal in India has been outpacing its supply from indigenous sources. While efforts are being made to enhance coal production from indigenous sources, it may not be possible to bridge the entire shortfall of coking coal and high-grade low ash thermal coal indigenously, primarily because of limited availability of techno-economically recoverable coking coal reserves and near absence of high-grade low ash thermal coal reserves in the country. Coking coal import is projected at about 24 MT in 2006-07, while non-coking coal import is projected to be about 30 MT.

With global coal prices showing a steep increase, from the perspective of country's energy security, it is essential to secure resources abroad from where long term supply of coal at reasonable prices can be secured. Coal India Limited (CIL), the major coal supplier in the country with core competence in entire coal business value chain, has taken initiatives for acquiring coal equities abroad. Also, with greater globalization of the Indian economy, it is felt prudent that CIL should leverage its core competence in coal business in the international market in order to develop "transnational" business competence to compete with other Multi-National Companies whose produce is imported to India. Such exposure will also help CIL in imbibing the best practices prevailing in the global mining industry.

Accordingly, CIL Board in its 219th meeting held on 08.01.2005 resolved to form a new wholly owned subsidiary company of CIL with the name, Coal Videsh for venturing into coal business opportunities abroad. The proposal is under consideration in the Ministry for obtaining approval of the Cabinet.

Coal India Limited (CIL) has taken initiatives to pursue overseas opportunities in coking coal and low ash thermal coal, both of which have limited domestic reserves that can be techno-commercially exploited. The initiative is at a very nascent stage. The possible destination countries are Australia, South Africa, Zimbabwe, Indonesia, Russia etc.

(E) Measures to improve financial viability of public sector enterprises

CIL and its subsidiaries have achieved collectively a pre-tax profit of Rs.4,801.52 crore in 2004-05 and a provisional profit of Rs. 5,122.99 crore in the year 2005-06 (upto December, 2005 – provisional). Four profit making subsidiaries, namely, NCL, WCL, MCL and SECL, paid an interim dividend income of Rs. 566.94 crore in the year 2004-05. CCL, which was earlier in the red, is now earning profits.

Eastern Coalfields Limited was referred to BIFR. A package for its revival was sanctioned by BIFR on 02.11.2004. This was referred to BRPSE for examination on 05.04.2005. The Board considered the revival proposal in its 19th meeting held on 29.8.2005 and recommended a revival package for ECL subject to ECL achieving the physical and financial projections from 2005-06 to 2009-10. The Committee of Secretaries (COS) in its meeting held on 13.01.2006 agreed to the recommendations of BRPSE. A proposal for consideration of CCEA is now under consideration.

Steps taken by ECL to improve its performance have resulted in 9.5% growth in coal production and 10.69% increase in overburden removal during April to December, 2005 compared to the corresponding period last year. Till December, 2005 Company has made a provisional profit of Rs.43.06 crore against the loss of Rs.242.06 crore incurred during the same period last year.

Bharat Coking Coal Limited was referred to BIFR in December, 2000. The rehabilitation scheme for BCCL was prepared and sent to BRPSE for examination on 17.05.2005. BRPSE considered the revival proposal of BCCL in its 19th meeting on 29.8.2005. The Board noted that the revival plan envisages fresh infusion of funds to the tune of Rs. 2014 crore and waiver/conversion/guarantee to the tune of about Rs. 3926 crore from CIL. The Board, therefore, advised the Ministry of Coal/BCCL to resubmit the revival proposal duly appraised by an independent consultant for its consideration and also to explore

the feasibility of placing BCCL on management contract to other public/private sector enterprises having synergy with BCCL. BCCL have appointed M/s. Credit Analysis and Research Ltd. (CARE) as a consultant for appraisal of the rehabilitation plan.

Meanwhile, BCCL's focus on revamping of departmental capacity combined with efforts to deploy hired HEMM in isolated patches has started yielding results with 9.1% growth in raw coal production and 12.5% increase in OB removal in April-December, 2005 over the same period last year. BCCL has earned a profit of Rs.1.51 crore, Rs.38.58 crore and Rs.40.59 crore in October, November and December, 2005 respectively. At this rate, BCCL is poised to post a profit in 2005-2006 for the first time since its inception.

(F) Captive Mining

- ❖ The Coal Mines (Nationalisation) Amendment Act, 1973 was amended from time to time to allow private sector participation in coal mining for manufacturer of steel and iron, generation of power, washing of coal obtained from a mine and for other end uses to be notified by Government from time to time in addition to the existing provision for the production of iron and steel.
- ❖ Subsequently, captive mining of coal for production of cement has also been permitted vide notification dated 15.03.1996.
- ❖ In order to implement the aforesaid framework, an administrative mechanism was devised whereby a 'Screening Committee' was constituted in the Ministry of Coal
- ❖ The Screening Committee is headed by the Secretary (Coal). It is an inter-Ministerial and inter Governmental body by nature.
- ❖ The Committee comprising representatives from the concerned State Governments, concerned nationalized Coal Companies, Central Ministries/ Department etc.
- ❖ It does the selection of companies eligible for allocation of coal blocks for captive blocks.
- ❖ It follows the process of discussion and deliberation and decides allocation on relative merits of the applicants.
- ❖ As on date, there are 148 coal blocks identified for captive mining lists 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.
- ❖ So far production has commenced in 8 blocks.

(G). Measures to address environmental concerns

Obtaining EMP clearance is mandatory before a coal project is approved. Strict compliance of environmental mitigation measures as laid down in the EMP are being imposed. Massive plantation of saplings in an around mining areas and monitoring of ambient air and water quality, land reclamation etc. are being taken up on continuous basis. Treatment of effluent from mines is also being done on continuous basis before the water is let out. Environmental Awareness Programmes are also carried out for educating the work force and various stake holders. Special emphasis is being laid to address the issues of mine fires and land subsidence in Jharia and Raniganj coalfields caused due to unscientific mining by the erstwhile mine owners before nationalization.

(H) Measures for Welfare of Employees and Project affected population

Welfare Measures	At the time of Nationalisation	As on 31.03.2005
No.of houses available	118366	410675
Housing satisfaction(%)	21.07%	87.66%
Population covered under water supply scheme	227300	2280278
Hospitals (Nos.)	49	86

Dispensaries (Nos.)	197	430
Ambulance (Nos.)	42	673
Hospital Beds	1482	5875
School & Colleges functioning in and round coalfield area(nos.)	287	675
Canteens(Nos.)	210	467
Co-operative(Nos.)	177	326

CIL has a well defined Resettlement and Rehabilitation policy which has provision of Employment against land acquired in exceptional circumstances only to fill vacancies subject to the land losers meeting the eligibility criteria and further subject to approval of the Board of Directors of the subsidiary company concerned.

CIL has proposed revision in the existing of R&R Policy which is under consideration in the Ministry in consultation with the Committee of Secretaries.

Details of Budget Estimates

Annexure I

(Rs. In crore)

	2005-06 (BUDGET)			2005-06 (REVISED)			2006-07 (BUDGET)			
	PLAN	NON - PLAN	TOTAL	PLAN	NON - PLAN	TOTAL	PLAN	NON - PLAN	TOTAL	
	152.05	40.02	192.07	255.00	36.64	291.64	168.71	37.00	205.71	
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	152.05	40.02	192.07	255.00	36.64	291.64	168.71	37.00	205.71	
1	Secretariat - Economic Services	3.00	7.91	10.91	1.00	7.70	8.70	3.00	7.79	10.79
	LABOUR AND EMPLOYMENT									
	COAL MINES LABOUR WELFARE									
2	Contribution to Coal Mines Pension Scheme/ Deposit Link Insurance Scheme	0.00	29.15	29.15	0.00	26.15	26.15	0.00	26.00	26.00
	COAL AND LIGNITE									
3	Conservation and Safety in Coal Mines (met out of cess collections)	0.00	0.01	0.01	66.11	0.00	66.11	0.01	0.00	0.01
4	Development of Transportation Infrastructure in coalfields areas (Met out of cess collections)	0.00	0.01	0.01	50.00	0.00	50.00	0.01	0.00	0.01
5	Research & Development Programme	20.08	0.00	20.08	14.84	0.00	14.84	21.09	0.00	21.09
6	Regional Exploration	49.88	0.00	49.88	49.88	0.00	49.88	60.00	0.00	60.00
7	Detailed Drilling	18.81	0.00	18.81	18.81	0.00	18.81	11.61	0.00	11.61
8	Environmental Measure and Subsidence Control	44.86	0.00	44.86	28.64	0.00	28.64	55.90	0.00	55.90
9	Coal Controller	0.22	2.61	2.83	0.22	2.47	2.69	0.22	2.86	3.08
10	Commissioner of Payments	0.00	0.33	0.33	0.00	0.32	0.32	0.00	0.35	0.35
	Total Coal and Lignite	133.85	2.96	136.81	228.50	2.79	231.29	148.84	3.21	152.05
	EXPENDITURE MET FROM C.B.A.									
	ACQUISITION FUND									
11	11.01 Acquisition of Coal Bearing Areas	0.00	25.00	25.00	0.00	68.00	68.00	0.00	30.00	30.00
	11.02 Deduct Expenditure met from	0.00	- 25.00	- 25.00	0.00	- 68.00	- 68.00	0.00	- 30.00	- 30.00
	C.B.A. Acquisition Fund Lumpsum provision for North Eastern Areas	15.20	0.00	15.20	25.50	0.00	25.50	16.87	0.00	16.87
	Grand Total	152.05	40.02	192.07	255.00	36.64	291.64	168.71	37.00	205.71
		BUDGET SUPPORT	IEBR	TOTAL	BUDGET SUPPORT	IEBR	TOTAL	BUDGET SUPPORT	IEBR	TOTAL
	B. INVESTMENT IN PUBLIC ENTERPRISES									
13	Coal India Limited	0.00	2814.35	2814.35	0.00	2224.00	2224.00	0.00	3063.70	3063.70
14	Singareni Collieries Company Ltd.	0.00	395.00	395.00	0.00	395.00	395.00	0.00	577.09	577.09
15	Neyveli Lignite Corporation Limited (Mines)	0.00	274.44	274.44	0.00	250.70	250.70	0.00	459.00	459.00
	Neyveli Lignite Corporation Limited (Power)	0.00	365.56	365.56	0.00	117.30	117.30	0.00	531.00	531.00
	Neyveli Lignite Corporation Limited (Total)	0.00	640.00	640.00	0.00	368.00	368.00	0.00	990.00	990.00
	TOTAL	0.00	3849.35	3849.35	0.00	2987.00	2987.00	0.00	4630.79	4630.79
	C. PLAN OUTLAY									
16	POWER	0.00	365.56	365.56	0.00	117.30	117.30	0.00	531.00	531.00
17	COAL AND LIGNITE	0.00	3483.79	3483.79	0.00	2869.70	2869.70	0.00	4099.70	4099.70
	TOTAL PLAN OUTLAY (MOC)	0.00	3849.35	3849.35	0.00	2987.00	2987.00	0.00	4630.70	4630.79

NON PLAN

Annexure II

Sl No .	Name of Scheme/ Programme	Objective/ outcome	Outlay 2006-07	Quantifiable Deliverables/ Physical Outputs	Projecte d Outcome s	Process timelines	Remarks /Risk Factors
1	2	3	4	5	6	7	8
1.	Coal Mines Pension Scheme and Coal Mines Deposit Linked Insurance Scheme	Statutory contribution. a) Govt. contribution under CMDLI Scheme is Rs 1.37 crore b) Reimbursement of administrative charges for CMDLI Scheme is Rs 0.26 crore. c) Govt. contribution under CMP Scheme is Rs 20.00 crore. d) Reimbursement of administrative charges for CM P Scheme is Rs 4.37 crore	26.00 cr (Non-Plan)	The amount constitutes Statutory obligation on the part of Government under the two schemes which will become the part of the corpus. Further Government is also required to meet a portion of Administrative expenses of the two schemes.	Social Security Benefits to the employees	The benefits are payable after retirement/ exit from service.	
2.	Secretariat Economic Services	Payment of pay and allowances Expenditure on Office Expenses Expenditure on Medical treatment Expenditure on travel Expenditure on Publications	7.79 cr (Non Plan)	Can not be quantified being expenditure of administrative nature			

3.	Coal Controller's Organisation Office of Commissioner of Payments	Payment of pay and allowances Expenditure on Office Expenses Expenditure on Medical treatment Expenditure on travel Expenditure on Publications Payment of Pay and allowances Expenditure on Office expenditure Expenditure on Medical treatment Expenditure on travel.	Non Plan 2.86 cr 0.35 cr	Can not be quantified			
4.	Acquisition of Coal Bearing Areas	Payment of compensation to land oustees	30.00 cr (Non Plan)	Coal is extracted from land acquired under CBA Act.	This is a statutory requirement	2006-07	Payment is made after the same is deposited in advance with the Govt. by CIL

Annexure –III

DETAILS OF ONGOING / NEW PROJECTS COSING RS. 100 CRORES & ABOVE IN CIL

Name of Project/ Company and Location of the project	Capacity (Mty)	Sanctioned Cost (Rs. Crs)	Date of sanction Schedule of completion Anticipated Completion	Grade of Coal Linkage	Actual Prodn 2004-05 (Mte)	BE / RE 2005-06 (Mte)	BE 2006-07 (Prod.) (Mte)	Expd. till October 2005 (Rs. Crs)	BE 2006-07 (Rs. Crore)	Status (As on 31.12.2005)
Pootkee Ballihari (UG) BCCL, Dhanbad, Jharkhand	0.68	182.60	Apr-03 Mar-03 Mar-07	S-II & W-IV Washery & Steel Plants	0.167	0.33	0.544	174.38	3.95	The project is presently suffering due to adverse roof condition leading to frequent roof falls coupled with water problem. As per recommendations of the Committee, comprising of CMD, CMPDIL, CMD, BCCL & Director (T)/Opr. ECL, the present production level could be increased up to 1900 TPD by 2006-07 with further investment of Rs. 9.94 crores (with total investment being Rs. 181.66 crores). Anticipated date of completion is March, 07.
Jharkhand OC CCL, Hazariabag, Jharkhand	1.00	110.89	Oct-98 Mar-04 Mar-04	W-IV Kedla Washery	0.80	0.80	0.90	70.00	10.00	The project achieved more than 80% of PR capacity of coal during 2003-04. Completion Report as on March 2004 has not been accepted as the expenditure was less than 90% of sanctioned capital. Completion Report of the project in being reconsidered based on the requirement of CHP or otherwise the present situation.
Nigahi Expn. (OC) NCL Sidhi, MP	10.00	1846.49	Jul-97 Mar-04 Mar-04	C, D & E Vindhachal STPS	10.40	10.60	10.80	1470.39	195.77	The Project is completed. Completion Report (as on Mar-04) has not been accepted as the expenditure was less than 90% sanctioned capital. NCL has been

Name of Project/ Company and Location of the project	Capacity (Mty)	Sanctioned Cost (Rs. Crs)	Date of sanction Schedule of completion Anticipated Completion	Grade of Coal Linkage	Actual Prodn 2004-05 (Mte)	BE / RE 2005-06 (Mte)	BE 2006-07 (Prod.) (Mte)	Expd. till October 2005 (Rs. Crs)	BE 2006-07 (Rs. Crore)	Status (As on 31.12.2005)
										advised to submit RCE bifurcating the CHP from the project to MOC.
<u>Gevra Expansion</u> OC SECL	<u>13.00</u>	1339.69	Jul-05 Mar-10 Mar-10	F Bhilai TPS & CSEB	0.00	13.85	14.20	10.00	400.16	The project is on schedule.
<u>Dipka Expansion</u> OC SECL	<u>10.00</u>	856.59	Jul-05 Mar-10 Mar-10	F Scepat STPS	0.00	7.10	8.20	0.00	160.58	The project is on schedule.
Basundhara (W) OC MCL, Orissa	2.40	176.54	Oct-03 Mar-07 Mar-07	D-E & F Basket	0.47	2.46	1.80	28.45	12.00	The project is on schedule.
Bhubaneswari OC	10.00	336.68	Jul-05 Mar-12 Mar-12	D, E, F, G Power	0.00	0.00	0.00	10.90	20.00	The project is on schedule. Land acquisition is under progress.
Kaniha OC	3.50	96.18	Jan-05 Mar-09 Mar-09	E, F, G STPS of NTPC	0.00	0.00	0.00	15.93	35.00	The project is on schedule. Land acquisition is under progress.
Kulda OC	10.00	302.96	Jan-05 Mar-10 Mar-10	C, D, E, F, G NTPC & NLC	0.00	0.00	0.00	21.96	15.00	The project is on schedule.
TOTAL	60.58	5248.62								

* Abbreviation used - OC – Opencast, UG – Underground, TPD – Tonnes per day, PR – Project Report, CHP – Coal Handling Plant, STPS – Super Thermal Power Station, CSEB – Chattisgarh State Electricity Board, LOA – Letter of Authority, RCE – Revised Cost Estimates.

Annexure -III

NEW / ONGOING PROJECTS COST RS.100 CRORES AND ABOVE
NEYVELL LIGNITE CORPORATION LIMITED

Sl. No.	Name of Project/ Company and Location of the project	Capacity (in million tones per year) (MTY)	Sanctioned Cost (Rs. Crs)	Month & year of sanction Schedule of completion Anticipated Completion	Grade of Coal Linkage	BE	Expenditure up to March 2005**	Expnd. April-December 2005 (Rs. Crs)	BE	Status
						2005-06 RE 2005-06			2006-07 (Rs. Crore)	
	Mine II Expansion	4.5 MTPA	2161.28	18.10.2004	Lignite : TPS II Expansion	150.00 86.00	57.67	30.35	470.00	LOA issued for Major Mining equipment in Jan/Feb, 2005 and supplies for Major Mining equipment commenced in October, 2005
	TPS II Expansion	2 x 250 MW	2030.78	18.10.2004	Power: Mine II Expansion	150.00 150.00	5.80	26.89	250.00	Order for Main plant Package, Lignite handling system and switchyard have been placed. Tendering activities are in the advanced stage for other packages.
	Mine at Rajasthan	2.1 MTPA	254.07	15.12.2004	Lignite : TPS II at Rajasthan	38.69 5.00	35.34	0.05	40.87	LOA issue for Main Plant Package in December, 2005
	TPS at Rajasthan	2 x 125 MW	1114.18	15.12.2004	Power : Mine at Rajasthan	83.60 83.00	2.92	3.44	200.00	Tendering activities are in progress

** Since inception

PLAN

Annexure IV

(Rs in crore)							
Sl No	Name of Scheme/ Programme	Objective/ outcome	Outlay 2006-07	Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Process timelines	Remarks /Risk Factors
1	2	3	4	5	6	7	8
1	S&T Programmes	Development of Technology /System and its successful transfer for commercial application	21.09 (Plan)	(i) 30 S&T Projects have been completed since 01.04.2002 to 31.03.2005 (ii) As on 28.11.2005, there are 56 on going S&T Projects	10 Projects expected to be sanctioned and 15 Projects are expected to be completed.	10 Projects expected to be sanctioned and 15 Projects are expected to be completed.	A research work. Life of the project varies and normally extends beyond one year. Progress of implementation is monitored during Annual Plan Exercise.
2	Regional Exploration	To add additional resources of Coal and Lignite to the National Inventory, preparation of Coal/Lignite Resources Information System and CBM studies.	60.00 (Plan)	(i) 1.54 lakh meter of drilling (Coal=0.86, Lignite =0.68) (ii) Creation of Coal & Lignite Resource Information System. (iii) CBM studies of 20 Boreholes.	(i)Drilling Annual targets. (ii)Associated studies (iii)GR preparation (iv)Computerization of old GRs/models for development of Resources Information system (v)Desorption,	1.54 Lakh meter of drilling	(i)Development of coal resources info system will spill over to Xth Plan due to late start /approval of project in Xth Plan. (ii)Facilities of CMRI will be utilized for CBM testing due to delay in establishment of facilities at CMPDIL.

					absorption, cleat, rock mechanics studies for assessment of CBM resources Progress of implementation is monitored during annual plan exercise.		
3	Detailed Drilling	To prove the indicated /inferred resources identified during Regional Exploration and Generate data for use in preparation of Geological Reports leading to Feasibilities studies and formulation of project reports.	11.61 (Plan)	0.30 Lakh meter of drilling in non CIL block.	(i)Drilling Annual targets. (ii)GR preparation Progress of implementation is monitored during annual plan exercise	0.30 Lakh meter of drilling in non CIL block.	RCE of Rs. 93.84 crore for taking up 0.5 lakh meter of additional drilling is under process of approval.
4.	Environmental Measures and Subsidence Control	(i) Dealing with fire and subsidence and reclamation of degraded land. (ii) Stabilisation of inaccessible waterlogged voids beneath villages (iii) Shifting of people from most endangered areas of BCCL and rehabilitation of unstable localities in ECL (iv) Dealing with fire and	55.90	(i)Two schemes for dealing with fire and subsidence and one scheme for reclamation of degraded land in BCCL. (ii)Eight schemes for stabilization of	Control of subsidence in the old, abounded waterlogged working in Ranigunj Coalfield, control of mine fires and subsidence in Jharia Coalfields.	(i)One scheme of item (i) under Col.3. is scheduled to be completed in 2005-06 and remaining two schemes are expected to be completed in 2006-07 and 2008-09 (ii)One scheme of	

		control of fire and subsidence for protection of railway lines and jores		inaccessible waterlogged voids. (iii)One scheme for shifting of people and one scheme for rehabilitation of four unstable localities. (iv)Three scheme for dealing with fire.	Reclamation of mined out areas in older coalfields like Ranigunj, Jharia, Bokaro, Karanpura etc. Construction of 4600 houses for shifting of people from the most endangered areas of BCCL.	item (ii) under Col.3 is scheduled to be completed in 2005-06, four schemes in 2007-08, one scheme in 2008-09 and three scheme in 2009-10. (iii) One scheme of item (iii) under Col.3 is scheduled to be completed in 2005-06 and second scheme is to be completed in 2007-08. (iv)All schemes of item (iv) under Col.3 are scheduled to completed in 2005-06	
5.	Coal Controller	Discharging various statutory functions derived from different legislations such as Colliery Control Order 2000 etc. and collection of coal statistics.	0.22	Ongoing process	Data collection and analysis for Publication of Coal Directory of India on yearly basis.		

6.	Secretariat Economic Services	Providing IT support in the office.	3.00	Ongoing process	To provide more IT equipments especially to cater the need for digital imaging solutions..	It will strengthen the IT infrastructure of the Ministry for crating more online working environment	
7.	Lump-sum provision for NE and Sikkim		16.87	Not quantified	Drilling 3725 mts.	Coal Exploration in North Eastern States & Sikkim	
8.	Investment in Public Enterprise	CIL –Production 363.80 MT SCCL—Production 37.50 MT NLC-Production Lignite-20.40 MT Power=15705 MU	IEBR CIL=3063.70 SCCL 577.09 NLC 990.00	Implementation of projects. Production of Coal, Lignite, Overburden Removal and Generation of Power	.Coal production is projected at 421.27 MT, Lignite production 20.40 MT and Power Generation 15705 MU.	A. Completed and ongoing projects i. Lignite production ii. Electricity generation iii. Coal production iv. Overburden removal v. dispatch. B. New projects Implementation as per the sanctioned PR Yearly production targets monitored quarterly during QPR and projects costing more than Rs. 100 crore are being monitored quarterly.	Industrial relation, Law and Order. Land acquisition, rehabilitation, forestry and environmental clearances, evacuation system(Railways), unforeseen geological disturbances, mine accidents and disasters and delay in procurement of equipments

9.	Conservation and safety in coal mines	To reimbursement partially stowing/protective work	0.01	Can not be quantified.	Stowing ensures enhanced coal production	Stowing ensures enhanced coal production and subsistence is controlled.	In the supplementary Demand for Grant, the Ministry of Finance has approved an amount of Rs. 66.11 core in RE 2005-06.
10.	Development of Transport Infrastructure in coal fields.	To reimbursement partially development of Transport infrastructure.	0.01	Can not be quantified.	Coal/Sand transport facilitated.	Coal/Sand transport facilitated.	In the supplementary Demand for Grant, the Ministry of Finance has approved an amount of Rs. 50.00 core in RE 2005-06.

