



GOVERNMENT OF INDIA

**Performance
Budget
2005 - 2006**

MINISTRY OF COAL

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PREFACE

Performance Budget presents the budget in terms of functions, programmes and activities and co-relates the physical and financial aspects of the individual schemes in order to facilitate a better understanding and fuller review of the budgetary allocations and the Ministry's working. It provides an indicator of the relationship between the estimated input and expected output, acts as a tool for management and serves as an instrument for evaluation of performance.

This document covers all developmental activities of the Ministry of Coal and is intended to highlight the objectives of the Ministry of Coal, the projects, programmes and activities designed to achieve them and the achievements against the targets set for 2005-06 as well as the targets set for 2006-07.

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| Chapter I | Gives a brief introductory note on the objectives of the Ministry of Coal and the organisational structure of the agencies connected with implementing these objectives. |
| Chapter II | Indicates the finance requirement (Budget). |
| Chapter III | Gives company-wise physical performance. |
| Chapter IV | Covers the performance of Coal Mines Provident Fund Organisation. |
| Chapter V | Covers details of actual achievements of plan outlay under various schemes. |

It may be added that there is no attempt in performance budgeting to quantify results where none is possible, nor is it intended that evaluation of performance or a judgment on the attainment of objective should be made in quantitative terms alone.

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 Calcutta, namely (1) Coal Controller's Organisation (2) Office of the Commissioner of Payments. There is one autonomous body under the administrative control of this Department 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 Calcutta 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:

- (A) Under Colliery Control 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.

(B) 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.

(C) Under Collection of Statistics Act, 1953

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

(D) 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 Calcutta. 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) Calcutta. 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 two public sector undertakings namely (i) Coal India Limited and (ii) Neyveli Lignite Corporation Limited.

COAL INDIA LIMITED (CIL)

1.9 Coal India Ltd., having headquarters at Calcutta, 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.

1.12 The broad programmes and schemes of Ministry of Coal are enumerated as under:

- (i) Production and dispatch of Coal and Lignite
- (ii) Power generation
- (iii) Regional exploration
- (iv) Information and Technology
- (v) Research and Development (Science & Technology)
- (vi) Environmental Measures and Subsidence Control
- (vii) Conservation and Safety in Coal Mines
- (viii) Development of Transport Infrastructure in Coalfields.

1.13 The Coal India Limited, Neyveli Lignite Corporation Ltd. and Singareni Collieries Company Ltd. are not provided any budgetary support and they operate through their internally generated resources but the same are approved by the Government.

ECONOMIC PROGRAMMES

1.14 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.

1.15 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)
1 Coking Coal					
i	Steel (Indigenous)	16.81	16.84	17.97	15.66
ii	Private Cokeries/Coke Oven	0.86	0.71	0.60	2.50
iii	Steel (Import)	12.95	12.99	16.05	23.89
iv	Sub-Total	30.62	30.54	34.62	42.05
2 Non-Coking Coal					
i	Power (Utilities) RC	252.78	268.13	285.19	303.56
ii	Power (Utilities) MID	(1.71)	(1.44)	(1.33)	(1.57)
iii	Power (Captive) RC	19.16	22.14	24.75	27.35
iv	Power (Captive) MID	(1.53)	(1.75)	(1.87)	(2.07)
v	Spong Iron/CDI	6.17	7.82	10.15	10.40
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)
vii	Loco/Railways				
viii	Cement	16.36	16.79	18.55	20.22
ix	Fertilizer	2.54	2.07	2.44	3.43
x	Export	0.01	0.04	0.02	0.02
xi	Colliery Consumption	1.48	1.33	1.33	1.29
xii	N.Coking Coal Import	0.00	0.00	0.00	0.00
	Sub-Total	332.72	350.37	380.20	403.47
	TOTAL RAW COAL	363.34	380.91	414.82	445.52
	MIDDLING	(3.25)	(3.19)	(3.20)	(3.64)

1.16 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)
COAL INDIA LIMITED	290.69	306.36	323.18	343.00
SCCL	33.16	33.85	35.00	36.00
OTHERS	17.38	20.83	22.91	26.38
TOTAL (ALL INDIA)	341.23	361.04	381.09	405.38

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

COAL DESPATCHES AND PIT-HEAD STOCKS

1.18 The despatches of coal in respect of CIL had reached a level of 303.24 million tonnes in 2003-04 and 320.51 million tonnes in 2004-05 and the anticipated despatches during 2005-06 is around 342.99 million tonne. Railways constitute the major system of coal transportation in India. Other important modes of transport of coal are merry-go round system, conveyor belts, road and rail-cum-sea route. Details of despatches of coal by CIL are shown below. At the end of March'04, vendible coal stock was 21.33 million tonne. It has become 23.34 million tonne at the end of March'05. It is anticipated that it will come down to 22.24 million tonne at the end of March '06

1.19 All India figures of despatches for 2003-04(Actual), 2004-05(Actual)and 2005-06(BE) and Stock (Vendible) at the end of March'04 ,March'2005 and March '2006(Anticipated) are Shown below:-

COMPANY WISE COAL DESPATCHES & STOCKS (Vendible)

Company	Coal Despatches			Coal Stock (Vendible)		
	2003-04	2004-05	2005-06	March'04	March'05	March'06
	Actual	Actual	BE	Actual	Actual	Anticipated
ECL	26.91	26.67	29.34	2.89	2.94	2.94
BCCL	23.39	22.08	24.12	2.97	2.85	2.55
CCL	36.20	35.74	40.80	5.08	6.62	6.12
NCL	46.49	50.12	51.00	1.77	1.60	1.40
WCL	39.16	40.28	41.88	1.10	2.19	2.19
SECL	70.87	78.76	82.91	3.99	3.74	3.74
MCL	59.35	66.29	71.99	3.20	3.01	3.01
NEC	00.87	00.57	00.95	0.33	0.39	0.29
Total CIL	303.24	320.51	342.99	21.33	23.34	22.24

Distribution of Coal

1.20 Government of India has replaced Colliery Control Order, 1945 with the new Colliery Control Order, 2000 according to which the price and distribution of all grades of coal have been deregulated with effect from 1.1.2000. Consumers drawing coal and classified into two broad groups namely, Core Sector and Non-Core Sector.

1.21 For Power (Utility and Captive) and Cement plants, Standing Linkage Committee (short term), an interministerial body approves monthly allocations of quarterly basis based on Long-term linkages. For Steel and sponge iron plants, supply of coal is as per monthly /quarterly allocations based on Annual contact quantity and Long-term linkages respectively.

In case of Fertiliser Plants, Ministry of Chemical and Fertiliser sponsors yearly requirement for each plant and on the basis of sponsorship thus accorded, coal is supplied by coal companies. As regards Defence, supplies is as per monthly allocation issued by Defence Coal Cell (Ministry of Defence).

In case of Paper and Aluminium units, Central PSUs which have been recently inducted into core sector, coal is being supplied on the basis Maximum Permissible Quantity (MPQ) which is determined on the basis of highest booking made during the 3 preceding years. With the inclusion of such priorities under core sector, concept of MPQ stands withdrawn and their past MPQ is now taken as Linked Quantity for such newly inducted units.

System of sale of coal to Non-core Sector Consumers:

Supply of coal to valid non-core sector linked consumers was being done based on the linkage granted by the erstwhile Non-Core Linkage Committee of Coal India Limited and sponsorships of State Govts. Pursuant to High Court of Kolkata order, Ministry of Coal/Coal India Limited is formulating new policy for sale of coal to non-core consumers. With this in view, Govt. has decided to start sale of coal to non-core consumers through electronic bidding on the Internet in BCCL to its valid linked consumers on trial basis. The expansion of this e-auction scheme would be reviewed after receiving feedback from BCCL and the experience gained thereof.

COKING COAL/ SOFT COKE

1.22 The coking coal to be supplied to the steel plants is required to be washed to ensure better and uniform quality of coal. Towards this purpose, at present 11 washeries are operating in CIL. The coking coal availability to the Steel Plants (including Durgapur Coke Oven Plant) was 10.51 m.t in 2004-05. The anticipated availability for 2005-06 will be 11.93 m.t. Target set for the year 2006-07, is 12.81 m.t.

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

PRODUCTION PROGRAMME FOR NLC

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

EXPLORATION

1.24 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 the potential Coal bearing areas on a continuous basis. In order to supplement the efforts of the GSI for Regional Exploration, services of CMPDIL, GSI and Mineral Exploration Corporation (MECL) have been engaged for carrying out Promotional (Regional) Exploration in Various parts of country. Ministry of Coal has made a separate provision for this under the plan scheme "Regional Exploration for coal and Lignite". The Sub Committee on Coal and Lignite(Group III of Central Geological Programming Board) with representatives of GSI, CMPDIL, Singareni Collieries Company Limited (SCCL), Neyveli Lignite Corporation (N L C), CFRI etc, coordinates and reviews the Regional Exploration Work. CMPDIL acts as a nodal agency for disbursement of funds to the exploration agencies besides supervising the work of MECL in the area of Promotional Exploration for Coal.

1.25 In the second stage, Detailed Exploration is carried out in potential blocks identified through regional /promotional exploration in consultation with coal companies. The blocks for detailed exploration are prioritised taking into account the demand of consumer and their location, availability of infrastructure for coal evacuation, techno-economics of the mining project, coal quality and problem associated with land acquisition, forest clearance, rehabilitation etc. The detailed exploration is funded by coal companies from the capital budget and is executed by CMPDIL and SCCL directly as well as through State Govts in limited manner. After completion of the detailed exploration Geological Reports, Mines Feasibility Studies and Project Reports are prepared. The reports are used for exploitation of coal reserve for meeting the demand of coal in the country.

1.26 Till 1997-98, coal companies had been funding for detailed exploration in all the blocks. After finalization of the list of the blocks to be retained by CIL for its production needs, the coal companies stopped funding of exploration in Non-CIL blocks from 1998-99. At this moment, CMPDIL proposed to carry out exploration in Non-CIL blocks from Govt. fund, so as to maintain the pace of exploration in such areas and provide adequate information to private entrepreneurs for Captive Coal Mining. MOC approved the proposal of CMPDIL and provided funds for detailed exploration in Non-CIL blocks during IX th Plan. Many of the Non-CIL blocks have been allotted to private entrepreneurs for Captive Mining use while process of exploration and allotment is going on for remaining blocks.

In November 2003, MOC decided that henceforth all exploration in the Captive Blocks would be done by CMPDIL or under its direct supervision. No allocation of a captive block will be done unless a block has been explored enough to base a mining plan on the so available data (including assessment of extractable reserves)

1.27 Ministry of Coal has also approved the continuation of scheme of Promotional Exploration for Coal and Lignite in X Plan .This includes creation of Coal & Lignite Resource Information System and CBM Studies in association with Promotional Exploration.

REGIONAL EXPLORATION.

1.28 GSI, MECL and CMPDI are continuing the promotional exploration in Xth Plan also. The details of promotional drilling carried out in Coal and Lignite sector in 2004-05 and programme for 2005-06 and 2006-07 are given below:-

Command Area	(In meters)			
	2004-05 Actual	2005-06 BE	2005-06 RE	2006-07 BE
A. Physical				
1. Drilling in CIL command area	62426	48300	64150	62225
2. Drilling in SCCL command area	15110	17000	25000	24000
3. Drilling in Lignite Areas	57026	47700	69200	68100
TOTAL	134562	113000	158350	154325
B. Financial (Rs.Cr.)				
Promotional Exploration	32.68	40.04	48.80	48.64
Coal Resource Information System	4.54	4.87	2.59	5.25
Lignite Resource Information System	3.46	2.02	1.50	2.54
Associated CBM studies in Coal & Lignite	2.32	2.95		3.57
Grand Total	43.00 *	49.88 *	49.88 **	60.00 **
		* 4.97 for NE	* 10.20 for NE	*10.52 for NE

* Released by MOC ** To be released by MOC excluding provision for NEC.

DETAILED EXPLORATION

1.29 CMPDI is continuing the detailed exploration in CIL blocks as per the programme. Apart from it, CMPDI is also conducting exploratory drilling in Non-CIL blocks/Captive Mining blocks as per the RCE of detailed drilling in Non-CIL blocks. A total of 32,000m of detailed drilling is proposed to be carried out in Non-CIL blocks/Captive Mining blocks in 2005-06 (RE) and a sum of Rs.22.76 crore will be required from MOU fund. The programme of drilling in CIL blocks will require Rs. 67.77 crores from CIL subsidiaries for 151200m of drilling during the same year.

1.30 The details of actual drilling carried out in 2004-05 in CIL command areas for BE/RE 2005-06 and BE 2006-07 is given below:-

**DETAILED EXPLORATION PROGRAMME OF COAL
(CIL/Non-CIL/Captive Mining Blocks in CIL Command Area)**

Company	(In meters)							
	2004-2005		2005-2006		2005-2006		2006-2007	
	Funded by CIL	Funded by MOC	Funded by CIL	Funded by MOC	Funded by CIL	Funded by MOC	Funded by CIL	Funded by MOC
CMPDI	117674	48058	142350	38350	144200	32000	144600	30500
MECL		10835						
Others	8193		7000		7000		7000	
Total CIL	125867	58893	143950	38350	151200	32000	151600	30500
Budget Provisions (Rs. Crore)	61.50	*22.5	65.89	**18.81	67.77	**18.81	70.18	**11.61

* Released by MOC. ** To be released by MOC excluding provision for NE Region.

COAL RESOURCES

As a result of Regional, promotional and Detailed exploration carried out down to a depth of 1200m by the GSI, MECL, CMPDI, SCCL and other agencies a cumulative total of 247847 million tonnes of coal resources have been established in 1.1.2005. The estimates in 1.1.2006 are under preparation at GSI.

The state-wise distribution of resources and its categorization are as follows :-

State-wise Resources Of Coal in India

State	Coal Resources in Million Tonnes			Total
	Proved	Indicated	Inferred	
Andhra Pradesh	8263	6079	2584	16926
Arunachal Pradesh	31	40	19	90
Assam	279	27	34	340
Bihar	0	0	160	160
Chattisgarh	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

The Type-wise and Category-wise Resources of coal in India as on 01.01.2005 are given below :-

TYPE WISE RESOURCES OF INDIAN COAL

(In million tonnes)

Type of Coal	Proved	Indicated	Inferred	Total
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
Non-Coking	7647	103623	35686	215756
Total (Coking & Non-coking)	92960	117090	37797	247847

(including all coals of North Eastern Region)

ENVIRONMENTAL MEASURES AND SUBSIDENCE CONTROL

1.31 Environmental upgradation and associated mitigational measures for pollution control are ongoing process. Preparation and approval of Environmental Management Plans(EMP) are a pre-requisite for sanction of a coal mining project by Government. Accordingly, implementation of Environmental Control Measures, as laid down in the EMPs are taken up simultaneously for implementation of the project. Details of Budget provision for the above scheme is as under:

(Rs in crore)

Actual 2004-05	BE (2005-06)	RE 2005-06	BE 2006-07
48.50	44.86	28.64	55.90

1.32 Major thrust areas in Environmental Management during the Xth Plan period have been the following:

- Control of subsidence in the old, abandoned waterlogged workings in Raniganj Coalfield.
- Control of mine fires and subsidence in Jharia Coalfield.

(C) Reclamation of mined out areas in older coalfields like Raniganj, Jharia, Bokaro, Karanpura etc.

1.33 The problem of subsidence in the old, abandoned and water logged workings has arisen due to unscientific mining carried out under shallow cover in the past and is mainly confined to Raniganj coalfield of West Bengal.

1.34 For this problem of Raniganj Coalfield, an Apex Monitoring Committee consisting of representatives of coal company, District Administrator, Director General of Mines Safety, Central Mining Research Institute and people representatives (M.P., M.L.A. etc.) was constituted by CIL in 1990.

1.35 Occurrence of fires in coal mines is due to the phenomenon of spontaneous combustion which is inherent in Indian coals. The first occurrence of coalfield fire in Jharia was reported in 1916. At the time of nationalisation of coking coal mines in 1971 there were 70 active fire sites spread over an area of about 17 sq.km. Out of these, 10 fires have been extinguished so far. Further work is in progress.

1.36 For dealing the problem of subsidence and fire in Raniganj and Jharia Coalfields in a comprehensive manner, a committee was constituted by Govt of India in December, 1996 with Secretary(Coal) as Chairman and representatives of Planning Commission, Ministry of Labour, Govt of West Bengal, Govt of Bihar, Director General Mines Safety, CIL, CMPDIL, BCCL and ECL as members. The committee submitted its report in December 1997. The recommendations of the committee have been accepted by the Government. Accordingly, Master Plans for rehabilitation of unstable and fire affected areas have been drawn for Jharia and Raniganj Coalfields. In first stage, two schemes, one each in BCCL and ECL command areas with estimated cost of Rs. 33.88 crores and Rs 32.52 crores respectively for BCCL and ECL have been sanctioned. The status of the schemes under implementation by ECL and BCCL are as follows:-

Status of the scheme "Stabilisation of four unstable locations in ECL"

Sl. No.	Name of Unstable Locality	Status as on 31.10.2005
1	Samdih Village (Salanpur Area)	Village committee, constituted. Videography of the affected site as well as taking of photograph of the head of the household completed. Demography survey, land record verification and assessment of valuation of the dwellings completed. Issue of identity card to the head of the family is in process. Proposed rehabilitation site selected.
2	Kenda Village (Kenda Area)	Village committee constituted. Videography of the affected site as well as taking of photograph of the head of the house-hold completed. Demography survey completed. Land record verification and assessment of valuation of the dwellings is in progress. Issue of the identity card to the head of the family is in process. Proposed rehabilitation site selected.
3	Bangal Para (Pandaveswar)	Village committee constituted. Videography of the affected site as well as taking of the photograph of the head of the household completed. Demography survey and land record verification completed. Assessment of the valuation of the dwellings is to be completed soon. Issue of identity card to the head of the family is in process. Proposed rehabilitation site selection is in process.
4	Harishpur (Kajora Area)	Village committee constituted. Videography of the affected site as well as taking of the photograph of the head of the household completed. Demography survey completed. Land record verification and Assessment of valuation of the dwellings is in progress. Issue of identity card to the head of the family is in process. Proposed rehabilitation site selected.

Status of the EMSC-24 "scheme for shifting of people from the most endangered areas of BCCL" :-

The scheme envisages 4600 houses (1500 for BCCL employees and 3100 for Non BCCL persons) construction of 344 houses for BCCL families has been completed out of which 157 families have been shifted. For construction of houses for 1152 BCCL families, finalization of tender is awaited. For construction of 3100 non-BCCL houses, a committee was constituted vide order No.BM/17/96/980/M dt 2.3.98 by the Govt of Bihar to deal with the matter of construction of 3100 houses for non-BCCL families. The committee was headed by commissioner, North Chhotanagpur division of Jharkhand State. During the detailed deliberations of the above committee, on the subject of rehabilitation of non-BCCL personnel from the endangered areas, it was found that there was several inherent shortcomings on the basic features of the conventional Indira Awas Yojna type houses. The Philosophy behind such conventional type of units has been construction of housing units primarily for rural people whereas in the present situation rehabilitation relates to the urbanized section of people, even though economically they are very poor. As a result of which, it is felt that this type of houses may not be liked by the people and they will be reluctant to shift in such houses at a place which is away from their existing habitat. Therefore, the committee suggested to provide Visthapit Awaas with better facilities meeting basic requirements. Hence the scheme was to be revised. The original scheme has been revised to a capital cost of Rs. 61.09 crores in Feb,2003 A fund of Rs.203.15 lakhs has been released to State Govt for construction of Non-BCCL houses. Jharia Rehabilitation and Development Authority is doing the job of construction of houses at Belghori Mouza.

Demographic Survey of Non-BCCL houses is to be conducted by Jharkhand State Govt for this purpose, Rs.5.40 lakhs have been released to the state government by BCCL Demographic Survey of BCCL houses is to be conducted by CMPDIL.

1.37 In the older coalfields, like Ranigunj, Jharia, Bokaro and Karanpura, mined out areas, both due to underground mines and opencast mines were left unreclaimed specially during the pre-nationalisation period. To reclaim these degraded areas, reclamation schemes have been prepared in the command areas of ECL, BCCL and CCL. Two schemes in BCCL, one each in ECL and CCL are under implementation. One reclamation scheme in ECL has been implemented, completion report of which is awaited.

1.38 The actual disbursement under the EMSC Schemes excluding NE Region till 15-12-2000 is Rs. 93.50 crores including four RCFS schemes sanctioned in 2001-02. RE 2005-06 and BE 2005-06 are Rs.30.41 crores and Rs.44.86 crores respectively whereas BE for 2006-07 is proposed to be Rs. 55.92 crore.

RESEARCH & DEVELOPMENT PROJECTS

1.39 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 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 implementations of research projects and seek application of the findings of the R&D work done. For in-house R&D work of CIL, an R&D Board headed by Chairman, CIL is also functioning.

1.40 The SSRC is being assisted by four Standing Sub-Committees, each dealing with one of the four relevant major areas of research viz. (i) Production, Productivity & Safety (ii) Coal Beneficiation (iii) Coal Utilisation (iv) Environment & Ecology.

1.41 Central Mine Planning & Design Institute (CMPDIL) is the nodal agency for co-ordination and monitoring of the Coal S&T Projects funded by Ministry of Coal and also CIL R&D Board Projects funded by Coal India Limited. These projects have been carried out by various research and academic institute related to coal and allied industries with active participation of coal and lignite mining companies. CMPDI besides being the nodal agency in number of research projects have also been implemented/ being implemented by CMPDI.

1.42 The Status of Coal S&T projects funded by MOC under Coal S&T Grants during the Xth Plan Period is given below:-

Year	2002-03	2003-04	2004-05	2005-06 (till 10.12.05)	2006-07 (Projected)
A. Physical					
Project Sanctioned	10	18	8	9	10
Project Completed	10	10	10	6 (Total 10 expected)	15
Project Terminated	-	1	-	-	-
B. Financial					(Rs. In crores)
BE	7.55	22.48	9.88	20.08	21.09
RE	9.50	10.04	12.43	14.84 (Proposed)	- (Proposed)
Disbursement	6.04	9.82	12.73	10.51	-

1.43 The principal objective of collection of SED i.e., Stowing Excise Duty under the provisions of Coal Mines (Conservation & Development) Act 1974 through coal bills from the consumers, without affecting the coal producing companies, is to generate a fund from SEDs (levying & collection presently under section 6 of the said Act) for various works – all aimed towards conservation coupled with safety aspects related to production of coal. Current rate of such excise duty, effective from 26.06.2003 onwards, is @ Rs.10.00 /tonne (irrespective of class of coal whether coking or non-coking) of coal dispatches levied on the consumers by the coal companies in the coal sale bills under section 8(1) of CM(C&D) Rules, 1975. Within 90 days from the closure of the month during which dispatches are made, the payment of excise duty needs to be made to the Coal Controller followed by a statutory return within 30 days of such payment. Correct assessment of SED dues is finalised by the Coal Controller after taking into consideration all relevant documents and accordingly short/excess payment is adjusted. The amount so collected is sent to the Coal Controller who, in turn remits the amount to the Government. A total amount of Rs. 373.97 crores was collected towards Stowing Excise Duty during the last year period of Apr'04 – Mar'05 against RE of Rs. 365 crores. The collection during the current year period of Apr'05 to Nov'05 (8 months) is Rs.241.31 crores against BE of Rs. 383.46 crores and RE of Rs. 385 crores. The BE for 2006-07 has been estimated at Rs. 416.25 crores.

1.44 In each financial year, SED so collected is disbursed under clause 9 of CM (C&D) Act, 1974 by the Central Government to different coal companies for subsidising high cost stowing operation in Under Ground mines keeping pace with coal production and undertaking various protective works related to safety measures during production, stabilisation of various upper structures, research & development and also towards road/rail infrastructure development jobs to facilitate transportation of coal, sand, mining machinery etc. For the purpose of determining the procedure for the disbursement of the SED proceeds, Central Government has constituted an Advisory Committee called "Coal Conservation and Development Advisory Committee" (CCDAC) which advises the Government regarding the formulation and implementation of National Policy in relation to the conservation, development and scientific utilisation of coal seams of the country, rates of SED, disbursement of SED proceeds apart from other activities. The Committee assesses the actual expenditure incurred by the coal companies on sand stowing, protective works in coal mines & development of transport (Road/Rail) infrastructure in Coalfield areas. After such assessment, the Committee makes necessary recommendation to the Government for grant of assistance based on the guidelines framed by the Committee towards the actual expenditure incurred by the coal companies. Apart from the above mentioned three major fields including R&D schemes, CCDA assistance is also considered for other fields as detailed under six sub-clauses of clause 12 under chapter V titled "Grant of Assistance" of CM(C&D) Rules 1975.

1.45 The assistance towards the eligible activities as approved by the CCDAC is met out of the fund generated from SED collection under CM (C&D) Act 1974 detailed in para No. 2.31. The disbursement from the net proceeds as provided in the budget in the previous year vis-à-vis the current year are indicated below:

Description	2004-2005 Actuals	Rupees in Crores	
		2005-2006 RE (proposed)	2006-2007 BE (proposed)
Conservation including Stowing/ Protective Works/ R&D Schemes	100.03 (excluding Rs.35.04 cr spilled over to 2005-06)	Spill over of 2004-05 = 35.04 Claim of 2005-06 = 109.96 RE proposed = 145.00 RE under consideration = 66.10	Spill over of 05-06 = 75.00 Claim of 06-07 = 105.00 BE proposed = 180.00
Development of Transport Infrastructure in coal fields.	59.09	Claim of 2005-06 = 50.00 (Road = 7 & Rail = 43.00) RE approved = 50.00	Claim of 2006-07 = 75.00 (Road = 25, Rail = 50.00) CIL's Master Plan = 60.00 BE proposed = 135.00
Total	159.12	Total RE proposed = 195.00 RE approved = 116.10	Total BE proposed = 315.00

1.46 Under the extant guidelines, Government reimburses up to 75% (towards claim of April'2005 onwards against earlier rate of 60%) of the cost of stowing as derived through the revised normative cost of each mine (worked out by CMPDIL through a uniform methodology at a common time base) while the balance amount is to be borne by the concerned coal companies. The Government also reimburses a maximum of 90% (towards claim of April'2005 onwards against earlier rate of 75%) of the cost of protective work, while the concerned coal companies meet the balance cost. In case of stowing, the quantity of sand is related to the quantity of coal production from underground mines where stowing is carried out and estimate of the expenditure on this item is worked out.

1.47 Construction of road/rail and bridges is in general the responsibility of the state government. However the roads connecting the points of production, processing and dispatches to be used for transportation of sand, coal, machinery etc. relating to mining activity, may also be constructed/developed by the coal companies. The CCDAC approves assistance for construction of some of such roads as per the present policy. The CCDAC also considers the proposal for reimbursement of expenditure on railways related projects associated with coal projects/mines.

1.48 The Government bears normally 70% (towards claim of April'2005 onwards against earlier rate of 50%) of cost of construction of approved roads in coal field areas. The balance expenditure is met either by the concerned state government or the coal companies sponsoring such road construction. The assistance towards Rail infrastructure development is cent percent.

VOLUNTARY RETIREMENT SCHEME

1.49 Coal India Ltd. has formulated Voluntary Retirement Scheme (VRS) so as to reduce its surplus manpower based on the guidelines issued by the Department of Public Enterprises (DPE). For implementation of VRS in loss making subsidiaries ECL, BCCL and CCL, CIL has received the Grant of Rs 974.56 crore up to 2002-03. Grant utilised upto 2003-04 is Rs. 1009.74 crore. Rs 35.18 crore utilized by CIL from its internal resources. During the period from 1997-98 to 2003-04 total numbers of persons who received VRS grant in ECL, BCCL & CCL was 44033 Nos.

1.50 Further, in 2004-05, the Govt. indicated that for implementation of VRS, Loan at a concessional interest rate of 6.75% per annum shall be made available to CIL instead of grant. Further a sum of Rs 103.50 Crore have been released as loan to CIL during 2004-05. CIL No budget provision has been made in 2005-06.

COAL PRICE

1.51 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 has been amended in December 95, March, 96 and April, 96 to enhance the differential between run of mine, steam and slack coal to increase the transportation charges and also to provide for additional prices of coal produced from Rajmahal OCP of Eastern Coalfields Limited.

1.52 Following the recommendation of Bureau of Industrial Costs and Prices, 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 deregulate 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.

1.53 The Government also decided to allow CIL and SCCL to fix the 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. Following these instructions, CIL fixed their coal prices on 1.4.97, 1.10.97, 21.8.98, 5.1.99 and 31.5.99 and SCCL did so on 15.3.97, 29.8.98, 19.9.99, 10.4.01 and 14.9.2004. The latest average base price of SCCL coal as fixed on 14.9.2004 is Rs. 889.81 per tonne. The pricing of coal has been fully deregulated after the Colliery Control Order, 2000 was notified with effect from 1.1.2000 in super session of the Colliery Control Order, 1945.

Under the Colliery Control Order, 2000 the Central Government has no power to fix the prices of coal and CIL as the producer of coal automatically vests with the power of fixing the prices of coal depending on the economics of coal like the demand and supply, competitiveness of Indian coal over imported coal and the increase in the prices of inputs, required for producing the coal.

Price and distribution of coking coal and non-coking coal of grades A, B & C were deregulated. Subsequently grade D coal had also been deregulated and the GOI allowed Coal PSUs to notify prices of the regulated grades i.e. E, F & G coals on the basis of BICP formula. Subsequent revision based on the same formula has been allowed at intervals not less than six months till 1st Jan 2000.

The pricing of coal has been fully deregulated from 1.1.2000 in suppression of the Colliery Control Order, 1945. The details of price revision since deregulation are as follows:

Date of Revision	Type of Coal	Name of Coal Companies
12.04.2000	Coking & Non-Coking	BCCL
21.04.2000	Coking & Non-Coking	ECL (Raniganj, S.P. Mines, Mugma, Rajmahal)
15.07.2000	Coking & Non-Coking	CCL
26.11.2000	Non-Coking	NEC

01.02.2001	Coking & Non-Coking	ECL (Ranigunj, S.P. Mines, Mugma, Rajmahal), BCCL,CCL,MCL,WCL,SECL,NCL
23.05.2001	Non-Coking	NEC
11.09.2001	Coking & Non-Coking	ECL (S.P. Mines, Mugma)
18.08.2002	Coking & Non-Coking	ECL (Ranigunj), BCCL,CCL,WCL,SECL
16.05.2003	Non-Coking	BCCL
01.10.2003	Non-Coking	NCL
16.06.2004	Coking & Non-Coking	All companies incl. NEC

ROYALTY AND SALES TAX/ CESS TO STATE GOVERNMENT

1.54 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 provision 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.

LEGAL PROVISION ON ROYALTY

1.55 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 comparative statement of coal royalty rates fixed on 12.2.81, on 1.8.91, 11.10.94 and the existing royalty rates fixed on 16.08.02 is given below :-

Coal Group	(Rs. per tonne)			
	Coal Royalty Rates w.e.f. 12.2.81	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-1 Coking Coal SG-I,II WG-I	7.00	150.00	195.00	250.00
Group - II Coking Coal WG – II, III Non-coking AB 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	4.30	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 Andhra Pradesh	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

1.56 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

1.57 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

1.58 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 a marginal. The revised rates of royalty on coal has since been notified w.e.f. 16.08.2002.

CHAPTER - II

FINANCE REQUIREMENT (BUDGET)

BUDGET OUTLAY

2.1 The following are the provisions sought and included in the Demands for Grants for 2006-2007 pertaining to the Ministry of Coal:

(Rs. in crore)

	Plan		Non Plan		Total	
	Gross	Net	Gross	Net	Gross	Net
Revenue Section (Voted)	168.71	168.71	37.00	37.00	205.71	205.71
Capital Section (Voted)	0.00	0.00	30.00	30.00	30.00	30.00
TOTAL	168.71	168.71	67.00	67.00	235.71	235.71

Budget outlays at a glance are reflected at Table 2.1.

PLAN OUTLAY

2.2 The Capital Plan outlay of the Ministry is substantially to meet the financial requirements of the three Public Sector Undertakings viz. Neyveli Lignite Corporation Limited, Coal India Limited and Sigareni Collieries Company Limited for plan investments in new mining projects. The plan outlay of the companies are being financed through their internal resources or through extra budgetary resources. The budgetary support outlay as well as the sources of funding of the plan outlay of the three PSUs are indicated in Table-2.2.

2.3 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, despite 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.

2.4 In addition to this, provision for the plan schemes of Information Technology, Research and Development, Regional Exploration, Environmental Measures, and Subsidence Control, Detailed Drilling and Voluntary Retirement Scheme in PSUs are also made under Revenue and capital Plan outlay.

2.5 The Indian coal industry at present gets technical and financial co-operation from France, Germany, United Kingdom, Australia, Russia, Belarus, Czech Republic and China. Assistance is also received from multilateral agencies like World Bank. External credit which was earlier routed through budget is now mostly available directly from foreign agencies to the Public Sector Undertakings.

NON-PLAN OUTLAY

2.6 Major segment (70.27%) of the non-plan outlay is to meet the statutory obligations of the Government under the provisions of Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948, contribution to Coal Mines Pension Scheme, 1998 and Coal Mines Deposit Linked Insurance Scheme, 1976. Only 29.73% of the non-plan budget is meant for meeting the Secretariat expenditure and for the Offices of Coal Controller and Commissioner of Payments, Kolkata.

RECEIPTS OF MINISTRY OF COAL

2.7 Receipts of this Ministry are substantial and exceed the total budgeted expenditure. These mainly comprise of excise duty (cess) levied under the provisions of Coal Mines (Conservation and Development) Act, 1974 and repayment of loan instalments and payment of interest on the loans advanced to Coal India Limited, Neyveli Lignite Corporation Limited and Sigareni Collieries Company Limited.

2.8 ANNUAL PLAN

(Rs. In Crores)

Company/Schemes	RE 2003-04	Actual 2003-04	RE 2004-05	Actual 2004-05	2005-06 (BE)	2005-06 (RE)	Actual (upto Dec.'05)	2006-07 (BE)
CIL	1846.00	1156.82	1877.35	1188.31	2814.35	2224.00	920.39	3063.70
SCCL	205.00	139.48	300.00	274.82	395.00	395.00	253.03	577.09
NLC	314.25	158.04	267.00	219.01	640.00	368.00	92.44	990.00
TOTAL	2360.25	1454.34	2444.35	1682.14	3849.35	2987.00	1265.86	4630.79
Conservation and safety in coal mines	0.00	0.00	0.00	0.00	0.00	66.11*	0.00	0.01
Development of transportation infrastructure in coal field areas	0.00	0.00	0.00	0.00	0.00	50.00*	0.00	0.01
Regional Exploration	85.18	57.23	43.00	43.00	49.88	49.88	32.00	60.00
EMSC	10.92	0.00	48.50	48.50	44.86	28.64	25.00	55.90
Information Technology	0.00	0.00	2.50	2.49	3.00	1.00	0.02	3.00
Research & Development (Science & Technology)	10.04	6.75	12.43	12.43	20.08	14.84	10.50	21.09
Detailed Drilling	15.06	15.06	22.50	22.50	18.81	18.81	18.54	11.61
Coal Controller	0.21	0.17	0.22	0.16	0.22	0.22	0.14	0.22
Lump Sum provision for NE Region	28.59	0.00	21.00	0.00	15.20	25.50	0.00	16.87
Total	2510.25	1533.55	2594.50	1811.22	4001.40	2987.00	1352.06	4799.50

* Earlier these two schemes were funded from Non-Plan. However, in RE 2005-06, the Ministry of Finance have granted supplementary grant of Rs. 116.11 crores as Plan expenditure.

* The amount is paid back to CIL after the same is deposited by CIL with Government in advance. It does not entail any cash outgo.

POSITION OF UTILISATION CERTIFICATES

2.9 For the amounts released in 2004-05, no Utilisation Certificate is pending under various schemes.

TABLE 2.1 (BUDGET AT A GLANCE)
Ministry of Coal

(Rs. In crore)

	MAJOR HEAD	2005-06 (BUDGET)			2005-06 (REVISED)			2006-07 (BUDGET)		
		PLAN	NON-PLAN	TOTAL	PLAN	NON-PLAN	TOTAL	PLAN	NON-PLAN	TOTAL
	REVENUE	152.05	40.02	192.07	255.00	36.64	291.64	168.71	37.00	205.71
	CAPITAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL	152.05	40.02	192.07	255.00	36.64	291.64	168.71	37.00	205.71
1	Secretariat - Economic Services	3451	3.00	7.91	10.91	1.00	7.70	8.70	3.00	7.79
	LABOUR AND EMPLOYMENT									
	COAL MINES LABOUR WELFARE									
2	Contribution to Coal Mines Pension Scheme/ Deposit Link Insurance Scheme	2230	0.00	29.15	29.15	0.00	26.15	26.15	0.00	26.00
	COAL AND LIGNITE									
3	Conservation and Safety in Coal Mines (net out of cess collections)	2803	0.00	0.01	0.01	66.11	0.00	66.11	0.01	0.00
4	Development of Transportation Infrastructure in coalfields areas (Met out of cess collections)	2803	0.00	0.01	0.01	50.00	0.00	50.00	0.01	0.00
5	Research & Development Programme	2803	20.08	0.00	20.08	14.84	0.00	14.84	21.09	0.00
6	Regional Exploration	2803	49.88	0.00	49.88	49.88	0.00	49.88	60.00	0.00
7	Detailed Drilling	2803	18.81	0.00	18.81	18.81	0.00	18.81	11.61	0.00
8	Environmental Measure and Subsidence Control	2803	44.86	0.00	44.86	28.64	0.00	28.64	55.90	0.00
9	Coal Controller	2803	0.22	2.61	2.83	0.22	2.47	2.69	0.22	2.86
10	Commissioner of Payments	2803	0.00	0.33	0.33	0.00	0.32	0.32	0.00	0.35
	Total Coal and Lignite		133.85	2.96	136.81	228.50	2.79	231.29	148.84	3.21
	EXPENDITURE MET FROM C.B.A.									
	ACQUISITION FUND									
11	11.01 Acquisition of Coal Bearing Areas	4803	0.00	25.00	25.00	0.00	68.00	68.00	0.00	30.00
	11.02 Deduct Expenditure met from C.B.A. Acquisition Fund Lumpsum provision for North Eastern Areas	4803	0.00	-25.00	-25.00	0.00	-68.00	-68.00	0.00	-30.00
12		2552	15.20	0.00	15.20	25.50	0.00	25.50	16.87	0.00
	Grand Total		152.05	40.02	192.07	255.00	36.64	291.64	168.71	37.00
	HEAD OF BUDGET SUPPORT									
	DEV									
	B. INVESTMENT IN PUBLIC ENTERPRISES									
13	Coal India Limited	12803	0.00	2814.35	2814.35	0.00	2224.00	2224.00	0.00	3063.70
14	Singareni Collieries Company Ltd.	12803	0.00	395.00	395.00	0.00	395.00	395.00	0.00	577.09
15	Neyveli Lignite Corporation Limited (Mines)	12803	0.00	274.44	274.44	0.00	250.70	250.70	0.00	459.00
	Neyveli Lignite Corporation Limited (Power)	12801	0.00	365.56	365.56	0.00	117.30	117.30	0.00	531.00
	(Total)		0.00	640.00	640.00	0.00	368.00	368.00	0.00	990.00
	TOTAL		0.00	3849.35	3849.35	0.00	2987.00	2987.00	0.00	4630.79
	C. PLAN OUTLAY									
16	POWER		0.00	365.56	365.56	0.00	117.30	117.30	0.00	531.00
17	COAL AND LIGNITE		0.00	3483.79	3483.79	0.00	2869.70	2869.70	0.00	4099.70
	Grant Total		0.00	3849.35	3849.35	0.00	2987.00	2987.00	0.00	4630.70

TABLE - 2.2
SOURCE-WISE/COMPANY-WISE FINANCING PATTERN

Name of the Company	IR	Bonds	Suppliers' Credit / ECB	Others ARM	Total IEBR	Gross Budget Support	Total Outlay	External aid thro. Budget	Net Budget Support
COAL INDIA									
LTD.									
2005-06 (B.E)	2814.35	0.00	0.00	0.00	2814.35	0.00	2814.35	0.00	0.00
2005-06 (RE)	2234.00	0.00	0.00	0.00	2234.00	0.00	0.00	0.00	0.00
2006-07 (BE)	3134.70	0.00	0.00	0.00	3134.70	0.00	0.00	0.00	0.00
S.C.C.L.									
2005-06 (B.E)	183.38	0.00	0.00	211.62	395.00	0.00	395.00	0.00	0.00
2005-06 (RE)	395.00	0.00	0.00	0.00	395.00	0.00	0.00	0.00	0.00
2006-07 (BE)	577.09	0.00	0.00	0.00	577.09	0.00	0.00	0.00	0.00
N.L.C									
2005-06 (B.E)	Lignite	142.44	102.00	30.00	0.00	274.44	0.00	274.44	0.00
	Power	197.56	118.0	50.00	0.00	365.56	0.00	365.5	0.00
	Total	340.00	220.00	80.0	0.00	640.00	0.00	640.00	0.00
2005-06 (RE)	Lignite	57.30	0.00	60.00	0.00	117.30	0.00	0.00	0.00
	Power	100.70	150.00	0.00	0.00	250.70	0.00	0.00	0.00
	Total	158.00	150.00	60.00	0.00	368.00	0.00	0.00	0.00
2006-07 (BE)	Lignite	191.00	150.00	190.0	0.00	531.00	0.00	0.00	0.00
	Power	149.00	310.00	0.00	0.00	459.00	0.00	0.00	0.00
	Total	340.00	460.00	190.0	0.00	990.00	0.00	0.00	0.00

SCHEME WISE PHYSICAL PERFORMANCE

2.10 In accordance with Government decision and under the revised Delegation of Powers approved by CIL Board on 29.12.1997, coal projects costing up to Rs. 100 crores can be sanctioned by the Board of Directors of CIL and coal projects costing up to Rs. 50 crores can be sanctioned by the Board of Directors of NCL, WCL, SECL & MCL subject to the condition that the project should be included in the approved Five Year / Annual Plans and outlays provided for & if 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 & CMPDIL can, however, sanction projects up to Rs. 20 crore only.

2.11 Projects, costing Rs. 100 crore and above, are being regularly monitored through monthly Flash Reports, by MOC & Department of Programme Implementation. Other projects costing Rs. 20 crore and above, are also monitored in MOC on the basis of quarterly Project Monitoring Reports received from the PSUs. The individual projects are reviewed on the basis of these reports and exception Reports, covering the steps required to ensure speedy implementation of the project. Action areas are highlighted and brought to the notice of concerned agencies, including State Governments, wherever required. Particular emphasis is laid on expeditious completion of projects, cutting down delays and cost over-run. During such review, projects requiring formulation and approval for RCEs are also identified and coal companies are advised to prepare RCEs for seeking approval of the Government. RCEs are analyzed from the point of view of time and cost over-run, keeping in view the guidelines issued by the Ministry of Finance from time to time. At present all on-going projects costing Rs. 100 crore and above are monitored / reviewed by Secretary (Coal) and Planning Commission on quarterly basis. Secretary (Coal) also reviews on line monthly status of progress of ongoing projects (costing Rs. 100 crore & above) & Fortnightly status of major X Plan projects (costing Rs. 100 crore & above) which are yet to be approved. Progress status of milestones as well as implementation status of approved X Plan projects are also reviewed fortnightly by Secretary (Coal) through Network Diagram in MS Project - 2003.

2.12 Company-wise and project-wise details of on-going projects costing Rs. 100 crore & above being implemented by CIL and NLC are given in the Table 2.3 and 2.4 respectively. There are no on going projects costing Rs 100 crore and above being implemented at present by SCCL. Summarized status is as follows:

PROJECTS COSTING RS. 100 CRORES AND ABOVE

Name of the Company	No. of projects costing Rs 100 crore & above	Total capacity (million tones)	Sanctioned cost (Rs. Crore)
CIL (Mining)	9	60.58	5248.62
NLC			
Mine	2	6.60	2415.35
Power	2	750 MW	3144.96
Total			
Mine	11	67.18	7663.97
Power	2	750 MW	3144.96

Table: 2.3
DETAILS OF ONGOING / NEW PROJECTS COSING RS. 100 CRORES & ABOVE IN CIL

Sl No	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)
1	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. ECCL, 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.
2	Jharkhand OC CCL, Hazaribag, 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

Sl No	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)
											project in being reconsidered based on the requirement of CHP or otherwise the present situation.
3	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 advised to submit RCE bifurcating the CHP from the project to MOC.
4.	Gevra Expansion OC SECL	13.00	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.
5.	Dipka Expansion OC SECL	10.00	856.59	Jul-05 Mar-10 Mar-10	F Seepat STPS	0.00	7.10	8.20	0.00	160.58	The project is on schedule.
6	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.
7	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.

Sl No	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)
8	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.
9	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								

Table 2.4
NEW / ONGOING PROJECTS COST RS.100 CRORES AND ABOVE
NEYVELI LIGNITE CORPORATION LIMITED

Sl No	Name of Project/ Company and Location of the project	Capacity (in million tonnes per year) (MTY)	Sanctioned Cost (Rs. Crs)	Month & year of sanction Schedule of completion Anticipated Completion	Grade of Coal Linkage	BE 2005-06 RE 2005-06	Expendi ture up to March 2005**	Expnd. April- December 2005 (Rs. Crs)	BE 2006-07 (Rs. Crore)	Status
1	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
2	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.
3	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
4	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

Status of World Bank Loan

2.13 Till 31 March 2004, the net utilization of CSRP loan is to the tune of USD 484.40 million as disbursed by IBRD and JBIC for procurement of equipment and technical assistance under Coal Sector Rehabilitation Project (CSRP). The disbursement for procurement by IBRD and JBIC was completed on 31 December 2003. As such, there is no withdrawal during 2004-05. With the repayment of loan of USD 51.26 million to IBRD and JBIC, the total CSRP loan as on 31st Dec., 2005 is USD 421.34 million.

The actual utilization of IDA credit for CSESMP was to the tune of Rs.177.69 crore equivalents to USD 39.25 million. The project was closed in 30 June 2002 and the entire loan was repaid.

Hence, no provision for utilization of loan has been made from BE 2004-05 onwards due to closure of both CSRP and CSESMP.

Loan repayment to IBRD and JBIC for the period 2004-05, BE 2005-06, RE 2005-06 and BE 2006-07 of CSRP are as under:-

(Rs. Crores)

Particulars	Actual 2004-05	BE 2005-06	RE 2005-06	BE 2006-07
IBRD	50.31	55.08	53.06	58.47
JBIC	70.81	74.07	70.94	75.49
TOTAL	121.12	129.15	124.00	133.96

CHAPTER III
COMPANY-WISE PHYSICAL PERFORMANCE

COAL INDIA LIMITED

Objectives and Functions

3.1 Coal India Limited (CIL), a holding company, was set up on 1st November,1975 to streamline the working of the coal industry in a manner conducive to more efficient administration and rapid stepping up of coal production. The company has under it seven producing subsidiaries and one planning and design subsidiary .The coalmines in the north-eastern region are directly managed by the holding company. Dankuni Coal Complex, Coal Carbonisation Plant in west Bengal, is also directly under the holding company presently leased out to one of its subsidiaries viz.SECL. The subsidiary companies with their power defined in their respective Article of Association, are responsible for all operational matters. The holding company CIL is primarily responsible for establishing corporate objectives and strategies for their achievements, for setting up of targets, monitoring of performance, marketing, raising resources and laying down broad guidelines in important policy matters like marketing, procurement, environmental management, inventory control, etc.

3.2 The authorised capital of Coal India Limited as on 31.3.2005 was Rs.8904.18 crores, which consists of Rs 8000 Crores of Equity shares and Rs 904.18 crore of 10 % Redeemable Preference Shares. Preference Shares has been redeemed during the year 03-04.The paid up capital as on 31.3.2005 Rs 6316.36 Crore, and the equity capital of the company in turns is invested into Equity in the wholly owned subsidiary companies of CIL.

PLAN OUTLAY

3.3 The Plan outlay of CIL in the IX th plan period as per Mid Term appraisal of Planning Commission was recommended as Rs 12000 Crores. As against this target, actual plan expenditure for 9th Five Year Plan was Rs 8632.19 Crores. The Budgeted outlay for 2005-06(BE) and (RE) was Rs 2814.35 Crore and Rs.2224.00 Cr respectively. Reduction of Plan outlay in 2005-06 is due to delay in approval of new projects primarily because of delay in obtaining EMP & Forestry clearance, acquisition of forest & non-forest land and rehabilitation of Villages. Besides, another major reason for reduction in outlay is delay in supply of HEMM.

The plan outlay for the year 2006-07(BE) is Rs 3063.70 Crores. X th Plan outlay for CIL approved by the planning commission is Rs 14310 Crores which was reduced to a level of Rs 10975.13 Crs. Year wise and subsidiary-wise breakup of capital outlay and financing plan is given below:-

SUBSIDIARY-WISE INVESTMENT OF PLAN FUNDS

Company	Rs Crore						
	1997-02 IX Plan	2003-04 Actual	2004-05 Actual	2005-06 BE	2005-06 RE	2006-07 BE	X Plan MTA Revised Outlay
ECL	650.10	82.49	115.81	333.10	150.00	250.00	1363.17
BCCL	555.40	71.91	62.40	300.00	300.00	300.00	995.39
CCL	973.93	229.00	292.18	440.70	409.00	465.00	1620.00
NCL	2121.43	329.03	132.55	620.00	326.00	600.00	2325.00
WCL	1307.73	158.43	218.50	205.28	266.30	231.50	977.85
SECL	1726.14	186.00	212.79	500.00	430.00	750.00	1859.33
MCL	1233.70	93.55	142.66	350.00	300.00	425.00	1650.00
NEC		2.26	2.36	4.00	3.50	4.00	15.51
CMPDIL/DCC/ CIL/IICM	63.76	4.15	9.06	61.27	39.20	38.20	168.88
Total	8632.19	1156.82	1188.31	2814.35	2224.00	3063.70	10975.13

Source of Funding							
Internal Resources	4219.01	2483.06	8869.44	10518.91	13372.0	13790.05	24580.85
Bonds							
Suppliers' Credit/IBRD	2290.09	30.11					71.42
Addl. Resource. Mobilisation/ Corporate Loan/ Commercial Loan	1913.46	99.87			10.00	121.00	413.92
Others							
Total IEER	8422.56	2613.04	8869.44	10518.91	13382.00	13911.05	25066.19
Ext. Aid Through Budget	199.95		103.50		35.85		12.62
Net Budgetary Support	9.68						
GBS	209.63		103.50	0.00	35.85	0.00	12.62
Finds Available	8632.19	2613.04	8972.94	10518.91	13417.85	13911.05	25078.81
Total Outlay	8632.19	1156.82	1188.31	2814.35	2224.00	3063.70	10975.13

3.4 Coal India Limited has been endeavoring to fulfill its objective of meeting the demand for coal through increase in production, improving efficiency, minimizing production costs and at the same time providing for social, educational medical and welfare facilities to its employees. An effort is made to maintain an appropriate balance between short term and long term production needs on the one hand and between production and welfare activities on the other. The subsidiary-wise /group -wise capital expenditure and plan outlay is as follows:-

**Group-wise breakup of Outlay
(Fig in Rs Crores)**

Company : ECL

Particulars	2004-05 Actual	2005-06 BE	2005-06 RE	2006-07 BE
Existing Mines & Completed Projects	105.41	120.73	134.55	202.68
On going Projects	1.64	4.60	0.72	1.40
Future Projects	3.67	195.77	2.73	24.52
Total Mining	110.72	321.10	138.00	228.60
Washery				
Other Non Mining	2.42	6.00	6.00	12.40
Exploration + P&D	2.67	6.00	6.00	9.00
Total ECL	115.81	333.10	150.00	250.00

Company : BCCL

Particulars	2004-05 Actual	2005-06 BE	2005-06 RE	2006-07 BE
Existing Mines & Completed Projects	59.48	243.39	268.10	237.00
On going Projects	0.28	23.61	19.98	30.00
Future Projects	0.00	11.00	0.00	5.00
Total Mining	59.76	278.00	288.08	272.00
Washery	-0.19	10.00	1.42	15.00
Other Non Mining	0.07	3.00	1.50	3.00

Exploration + P&D	2.76	9.00	9.00	10.00
Total BCCL	62.40	300.00	300.00	300.00

Company : CCL

Particulars	2004-05 Actual	2005-06 BE	2005-06 RE	2006-07 BE
Existing Mines & Completed Projects	189.43	150.00	246.13	250.00
On going Projects	22.24	25.00	60.42	35.00
Future Projects	0.00	234.51	0.00	95.00
Adv. Action Projects	0.00	1.19	0.00	50.00
Total Mining	211.67	410.70	306.55	430.00
Washery	1.77	5.00	5.00	5.00
Other Non Mining	47.96	15.00	77.45	20.00
Exploration + P&D	30.78	10.00	20.00	10.00
Total CCL	292.18	440.70	409.00	465.00

Company : NCL

Particulars	2004-05 Actual	2005-06 BE	2005-06 RE	2006-07 BE
Existing Mines & Completed Projects	121.75	199.00	275.94	472.95
On going Projects	0.35	276.27	14.94	0.96
Future Projects	4.28	130.59	0.00	76.62
Adv. Action Projects				
Total Mining	126.38	605.86	290.88	550.53
Washery				
Other Non Mining		9.68	35.12	49.47
Exploration + P&D	6.17	4.46		
Total NCL	132.55	620.00	326.00	600.00

Company : WCL

Particulars	2004-05 Actual	2005-06 BE	2005-06 RE	2006-07 BE
Existing Mines & Completed Projects	110.54	98.71	192.14	116.86
On going Projects	51.31	63.00	25.46	44.16
Future Projects		10.43	0.17	1.19
Adv. Action Projects				
Total Mining	161.85	172.14	217.77	162.21
Washery	0.02	0.00	0.69	0.08
Other Non Mining	32.43	13.14	22.84	44.21
Exploration + P&D	24.20	20.00	25.00	25.00
Total WCL	218.50	205.28	266.30	231.50

Company : SECL

Particulars	2004-05 Actual	2005-06 BE	2005-06 RE	2006-07 BE
Existing Mines & Completed Projects	111.55	154.09	289.67	76.64
On going Projects	31.30	71.61	76.42	619.28
Future Projects	12.76	203.30	0.00	1.33

Adv. Action Projects				
Total Mining	155.61	456.00	366.09	697.25
Washery				
Other Non Mining	41.13	22.00	28.91	16.00
Exploration + P&D	16.05	22.00	35.00	36.75
Total SECL	212.79	500.00	430.00	750.00

Company : MCL

Particulars	2004-05 Actual	2005-06 BE	2005-06 RE	2006-07 BE
Existing Mines & Completed Projects	105.07	53.50	36.00	32.00
On going Projects	23.33	82.04	200.00	232.00
Future Projects	3.35	119.00	14.00	89.00
Adv. Action Projects		1.00		
Total Mining	131.75	255.54	250.00	353.00
Washery				
Other Non Mining	10.91	79.46	30.00	51.00
Exploration + P&D		15.00	20.00	21.00
Total MCL	142.66	350.00	300.00	425.00

Company: NEC - unit of CIL

Particulars	2004-05 Actual	2005-06 BE	2005-06 RE	2006-07 BE
Existing Mines & Completed Projects	1.44	3.50	3.50	4.00
On going Projects				
Future Projects	0.75			
Adv. Action Projects				
Total Mining	2.19	3.50	3.50	4.00
Washery				
Other Non Mining	0.17	0.50	0.00	0.00
Exploration + P&D				
Total NEC	2.36	4.00	3.50	4.00
CMPDIL	1.66	5.21	6.00	7.00
DCC/CIL Hq/IICM		28.84	4.70	4.70
DCC/CIL	7.40	27.22	28.50	26.50
Hq/IICM/R&D/ECL Explo				
Total NEC/CIL/CMPDIL	11.42	65.27	42.70	42.20

Company : Coal India Ltd Overall

Particulars	2004-05 Actual	2005-06 BE	2005-06 RE	2006-07 BE
Existing Mines & Completed Projects	804.67	1022.92	1446.03	1392.13
On going Projects	130.45	546.13	397.94	962.80
Future Projects	24.81	931.60	16.90	292.66
Adv. Action Projects	0.00	2.19	0.00	50.00
Total Mining	959.93	2502.84	1860.87	2697.59
Washery	1.60	15.00	7.11	20.08

Other Non Mining	135.09	148.78	201.82	196.08
Exploration + P&D	82.63	86.46	115.00	111.75
DCC/CIL	9.06	61.27	39.20	38.20
Hq/IICM/R&D/ECL				
Explo				
Total	1188.31	2814.35	2224.00	3063.70

COAL PRODUCTION

3.5 Coal Production from the Existing Mines, On going Projects and New Projects for the year 2004-05(Actual), 2005-06(Target and Antic) and Target 2006-07 are as under:-

COAL PRODUCTION (in million tonne)

Particulars	2004-05 Actual	2005-06 BE	2005-06 RE	2006-07 BE
Existing	28.60	29.09	31.11	29.66
Completed Projects	263.22	245.56	248.93	240.77
On-going	29.97	38.31	60.46	77.57
Future Projects	1.78	30.04	5.31	15.80
Total	323.57	343.00	345.81	363.80

3.6 The company-wise coal production given in Table below :-

Company	In Million Tonnes			
	2004-05 Actual	2005-06 BE	2005-06 RE	2006-07 BE
ECL	27.25	29.83	32.44	33.00
BCCL	22.31	24.22	24.22	25.20
CCL	37.39	40.40	40.40	42.00
NCL	49.95	50.80	50.80	52.00
WCL	41.41	41.90	41.90	42.00
SECL	78.55	83.00	83.00	88.50
MCL	66.08	72.00	72.00	80.00
NEC	0.63	0.85	1.05	1.10
Overall CIL	323.57	343.00	345.81	363.80

3.7 Production of washed coking coal during 2004-05 was 4.82 Mt. In the Year 2005-06 anticipated production of Washed Coking Coal is 5.11 Mt. and Projection for 2006-07 is 5.45 Mt.

3.8 COAL OFFTAKE AND PIT HEAD STOCKS.

Offtake of raw coal was 304.44 m.t. during 2003-04 and 321.55 m.t. during 2004-05. At the end of March 2005, the Vendible Saleable stock of Coal was 23.34 M.t. and anticipated stock during March 2006 is 22.24 m.t.(Provisional).

Subsidiary-wise figures of offtake and pit head stocks of coal are given in the table below:-

Company	Coal Offtake					Coal Stock (Vendible)	
	2003-04 Actual	2004-05 Actual	2005-06 BE	2005-06 RE	2006-07 BE	As on 01.04.05	As on 31.03.06
ECL	27.43	27.17	29.83	32.44	33.00	2.94	2.94
BCCL	23.80	22.44	24.52	24.52	26.00	2.84	2.55
CCL	36.37	35.83	40.90	40.90	42.50	6.62	6.12

NCL	46.48	50.12	51.00	51.00	52.80	1.60	1.40
WCL	39.20	40.32	41.90	42.99	42.00	2.19	2.19
SECL	70.93	78.80	83.00	83.00	88.50	3.74	3.74
MCL	59.36	66.30	72.00	72.00	80.00	3.02	3.01
NEC	0.87	0.57	0.95	1.25	1.29	0.39	0.29
Total CIL	304.44	321.55	344.10	348.10	366.09	23.34	22.24

3.9 Vendible Stock :

Vendible coal stock on 1.4.2005, was as under :-	M.T
Opening Stock as on 1.4.04	21.33
(As per audited A/Cs 2004-05)	
i) Derived Stock	23.33
ii) Measured Stock	23.05
Break up of difference	
a) Excess within 5%	0.06
b) Shortage within 5%	0.35
c) Excess beyond 5%	0.05
d) Shortage beyond 5%	0.04
Stock adopted in A/cs. (ii-a+b)	23.34
Less : Seized Coal	
Total vendible stock	23.34

COAL SALE DUES

3.10 Coal India Ltd. is required to meet coal needs of all consumers including Power, Steel, Cement, Fertilizer and others. While the coal is released to some sectors against advanced payments, the bulk consumers like Power and Steel are taking coal on credit. Due to poor financial position of SEBs and SPCs and others an amount of Rs 3606.33 crores was outstanding as coal sale dues as on 31.3.05.

The company-wise Gross coal sale dues and Net coal sale dues as on 31.3.05 and as on 31.3.04 are as under:-

Rs. Crores

Company	Coal Sales Dues As on 31.03.2005		Coal Sales Dues As on 31.03.2004	
	Gross	Net	Gross	Net
ECL	574.93	321.12	938.95	684.34
BCCL	663.99	164.91	701.18	248.91
CCL	958.93	659.84	868.60	649.23
NCL	106.80	94.90	154.40	143.42
WCL	709.27	389.95	831.07	319.59
SECL	423.14	254.08	430.99	266.85
MCL	158.49	69.61	143.99	62.93
NEC	10.78	0.16	11.08	0.42
Total CIL	3606.33	1954.57	4080.26	2375.69

PRODUCTIVITY

3.11 The productivity in coal sector is normally measured in terms of output per man shift in tones (OMS).It would be seen that OMS has continuously increased over years showing efforts to improve efficiency .The following table shows increasing trend in subsidiary wise labour productivity.:

Company	2003-04 Actual	2004-05 Actual	2005-06 BE	2005-06 RE	2006-07 BE
ECL	1.09	1.07	1.23	1.32	1.40
BCCL	1.16	1.23	1.42	1.33	1.46
CCL	2.48	2.51	2.94	2.97	3.19
NCL	10.56	10.24	11.02	10.65	11.00
WCL	2.29	2.41	2.45	2.42	2.44
SECL	3.49	3.95	4.05	4.10	4.38
MCL	12.46	12.93	14.54	13.34	14.97
NEC	1.02	0.92	1.26	1.54	1.57
Overall CIL	2.82	3.05	3.33	3.30	3.56

CAPITAL RESTRUCTURING OF COAL INDIA LTD.& ITS SUBSIDIARIES

3.12 A policy support package was approved by the GOI to restructure the capital base of Coal India Ltd. Outstanding interest free non-plan loan of Rs 432.64 crore owed by CIL to GOI was to be repaid in three equal installments with usual interest. CIL repaid the loan along with the normal interest in 2002-03. CIL has sought the waiver of penal interest on non-plan loan to the tune of RS. 71.62 crore from GOI. A decision on this issue is awaited.

3.13 After getting the approval from Govt. of India on Capital Restructuring of the subsidiary companies, the approved plan was implemented with the permission from the Department of Company Affairs and it was duly notified in the Gazette of India.

Revival Package:

3.14 ECL and BCCL are the two sick companies, who were referred to BIFR and were registered as Sick Company Vide case No.501/2000 and 504/95 respectively. Revival package of ECL has been formulated by Operating Agency and BCCL has prepared their Revival Package on their own. Due consideration has also been given regarding the impact of NCWA-VII. Subsequently, BRPSE has recommended the revival package of ECL, submitted for consideration. Modified Revival package of BCCL is under process.

WORKING RESULTS OF COAL INDIA LTD.

3.15 Profit for 2004-05 is after making provision of Rs 2449.64 Cr being impact of arrear wages arising out of NCWA-VII .However, profit of SECL in 2004-05 is before consideration of NCWA-VII (Rs 388.95 Cr.)

The company-wise position is given below:-

WORKING RESULTS OF SUBSIDIARIES OF CIL

Name of the Subsidiaries	Rs Crore				
	2000-01	2001-02	2002-03	2003-04	2004-05
ECL	-917.19	-277.64	-338.78	-326.38	-679.20
BCCL	-1276.70	-755.00	-507.13	-569.85	-959.43
CCL	-792.91	-108.34	384.65	370.38	437.81
NCL	1025.05	1387.34	1293.01	1647.06	1976.03
WCL	28.23	310.20	472.52	743.60	935.30
SECL	116.92	768.87	882.13	1314.22	1580.93
MCL	641.35	719.60	882.31	1418.60	1469.36
CMPDIL	-3.81	2.80	1.99	1.76	1.73
CIL (incl. NEC/DCC Stkys)	280.21	561.80	280.08	1355.97	1328.30
Sub-Total	-898.85	2609.63	3350.78	5955.36	6090.83
Less : Dividend received from subsidiaries & accounted for in NEC/CIL	515.62	855.09	485.28	1066.20	1289.31
Overall CIL	-1414.47	1754.54	2865.50	4889.16	4801.52

WELFARE ACTIVITIES IN COAL INDIA AND ITS SUBSIDIARY COAL COMPANIES

3.16 The management of CIL and its Subsidiary Companies firmly believe that success and growth of public sector coal Mines largely depend on contented and motivated work force. Manpower is the key and crucial resource and their involvement and support are necessary for efficient and effective functioning of non-human resources. Coal is manpower intensive industry and at present, CIL and its Subsidiary Companies have approximately a Strength of 4.68 lakhs manpower (as on 31.03.2005). Welfare in CIL enjoys the same importance as production, productivity and safety.

PRE-NATIONALISATION SCENARIO

3.17 Coal Mines are generally situated in isolated and far flung areas where the facilities of modern life are lacking. At the time of nationalization, the quality of life- both at the Working and living place of the coal miners was very poor and unhygienic. The employees had to live in sub-optimal conditions. The erstwhile private owners were not able to provide even the basic necessities of life such as housing , drinking water, medical facilities etc.

POST-NATIONALISATION SCENARIO

3.18 Soon after nationalization, public sector coal companies embarked on massive drive to root out the evils prevailing in the coalmines. The workmen were paid wages due to them as per Coal Wage Board Award. Joint Bipartite Committee for the Coal Industry (JBCCI) was set up to negotiate and decide new wage structures.

3.19 Similarly, extensive welfare programmes were undertaken both at the working place and living place. From the year 1975-76 to 2004-2005, CIL and its subsidiaries have spent Rs. 19676.96 crore (Rs 2744.00 crore as Capital expenditure and Rs.16932.96 Crore as revenue expenditure) on welfare measures for the employees. The details of this are as follows:-

EXPENDITURE ON WELFARE ACTIVITIES

In Rs. Crore

Year	Capital	Revenue	Total
1975-76	12.23	14.22	26.45
1976-77	23.02	21.85	44.87
1977-78	25.49	29.69	55.18
1978-79	18.27	33.04	51.31
1979-80	18.52	46.14	64.66
1980-81	25.38	72.31	97.69
1981-82	40.96	98.48	139.44
1982-83	66.37	115.73	182.10
1983-84	67.22	152.54	219.76
1984-85	69.68	194.89	264.57
1985-86	100.42	196.55	296.97
1986-87	122.00	236.18	358.18
1987-88	108.77	284.60	393.37
1988-89	124.02	279.24	403.26
1989-90	82.20	316.42	398.62
1990-91	124.13	364.82	488.95
1991-92	113.90	454.92	568.82
1992-93	132.48	591.57	724.05
1993-94	167.20	621.80	789.00
1994-95	134.23	696.71	830.94
1995-96	136.00	890.19	1026.19
1996-97	154.00	984.67	1138.67
1997-98	176.00	1071.11	1247.11
1998-99	152.04	1104.57	1256.61
1999-2000	147.47	1126.94	1274.41
2000-01	93.42	1270.31	1363.73
2001-02	87.78	1231.99	1319.77
2002-03	65.12	1402.74	1467.86
2003-04	69.21	1509.50	1578.71
2004-05	86.47	1519.24	1605.71
Total	2744.00	16932.96	19676.96

3.20 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. The thrust is on improving the basic necessities such as housing, water supply and medical care etc. Emphasis has also been laid on improving the general environmental and ecological conditions in the coalfield area.

3.21 EMPLOYEES WELFARE

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

HOUSING

3.22 At the time of nationalization, there were only 1,18,366 standard and sub-standard houses. The availability of these houses has increased to 4,10,675 as on 31.03.2005. The housing satisfaction has now reached about 87.66 %. The coal companies are making all out efforts to further improvement of these facilities.

WATER SUPPLY

3.23 As against only 2.27 lakh persons having access to potable water at the time of nationalization, the concerted efforts made by the coal companies as on 31.3.05 have covered under water supply scheme to provide the potable water to 22.80 lakh persons.

HEALTH CARE & MEDICAL FACILITIES

3.24 CIL and its subsidiaries are extending medical facilities to the employees and their families through various medical establishments starting from the dispensary level to the central and apex hospitals in different parts of the coalfields.

3.25 There are 86 hospitals with 5875 beds, 430 dispensaries, 673 ambulances, 1672 Doctors including Specialists, in CIL and its subsidiaries to provide medical services to the employees.

3.26 Besides, 12 Ayurvedic Dispensaries are also being run in the subsidiaries of CIL to provide indigenous system of treatment to workers.

EDUCATION

3.27 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 Vidyalayas, DPS and other educational institutions run by State Government. In addition, as part of its community development programme, CIL and its subsidiary companies are also providing financial assistance by way of grant-in-aid to certain privately managed schools functioning in and around the coalfield areas.

3.28 As against 287 number of educational institutions at the time of nationalization, at present Subsidiary Companies of Coal India Ltd are providing recurring grant to 61 Number of Project Schools and 298 Number of Privately Managed Schools. Besides 288 number of other educational institutions have also been provided occasional grant along with 28 number of project schools provided with infrastructure facilities.

OTHER WELFARE ACTIVITIES

3.29 Subsidiaries of CIL are running 467 Canteens, 326 Co-operative institutions and 80 Crèches and 330 Bank Branches including extension counters are also available in the coalfield areas to cater the needs of the miners.

TREE PLANTATION / AFFORSTATION

3.30 The subsidiaries of Coal India Limited have been undertaking the job of regular development of green belts on waste and reclamation land. During 2004-2005 the coal companies have planted 26.29 lakhs trees in the coalfield areas.

SAFETY

3.31 In accordance with Coal India Ltd's commitment to the safety efforts on the safety front were continued which has resulted in the continued lowering of fatal accidents. However, fatal accident and fatalities in the year 2004 as compared to last year is marginally increased as may be seen from the table below:-

Year	Fatal Accidents		Serious Accidents		Fatality Rate		Serious Injury Rate	
	Accidents	Fatalities	Accidents	Injuries	Per M.T.	Per 3 lakh Man shift	Per M.T.	Per 3 lakh Man shift
1975	177	233	1456	1515	2.62	0.52	17.03	3.41
1985	136	152	507	524	1.15	0.31	3.97	1.07
2000	80	100	547	583	0.37	0.25	2.16	1.50
2003	60	64	339	354	0.21	0.18	1.18	1.00
2004	66	70	402	414	0.22	0.20	1.29	1.17

Note:-Figures for 2004 are subject to reconciliation with DGMS.

However, unfortunately it has not been possible to maintain the reducing trend of fatalities in the current year(2005) as given below though number of fatal accidents, serious accidents and injuries have been reduced compared to same period last year.

Year	Fatal Accidents		Serious Accidents		Fatality Rate		Serious Injury Rate	
	Accidents	Fatalities	Accidents	Injuries	Per M.T.	Per 3 lakh Man shift	Per M.T.	Per 3 lakh Man shift
2005 (Jan-Oct)	56	72	287	296	0.26	0.25	1.08	1.03
2004 (Jan-Oct)	57	61	379	389	0.23	0.21	1.49	1.33

Note: Figures are subject to reconciliation with DGMS & including 14 fatalities in Central Saunda mine accident in CCL during 2005.

3.32 The following measures are being pursued in 2005 towards enhancement of Safety in Mining Operation

- 1 Directions have been issued by CIL for fresh examination of the safety status of Mines, a specially with respect to dangers from accident which have potential for resulting in a large number of casualties and for immediate taking corrective actions wherever required.
- 2 Safety Audits of Mines by eminent Mining/Electrical/Mechanical engineers and implementation of the recommendations of the same
- 3 Modernization of Roof supports systems by the use of roof bolt, roof stitching with quick setting cement grout/resin grout.
- 4 Strict monitoring of Mine environment by hand held gas detectors supplemented in some identified mines by computerized continuous mine environmental tele-monitoring system to

have advance warning of build of situations that could lead to outbreak of fire/explosion or presence of noxious gases.

5 Detailed examination of danger of in rush of water in every mine and taking of corrective steps where necessary.

6 Extensive check surveys and joint survey have been/are in progress for ensuring correctness of mine plans and modern method like Ground Penetrating Radar (GPR), Seismic and Electrical resistivity method are being used in some of the UG Mines to determine the barriers between old water logged areas and working galleries. Digitalization of Mine plan are also been tried in some mines.

7 Thrust is being maintained on training and re-training of workers including contractor workers and supervisor for improving safety awareness.

8 Promoting workers participation in safety management through various bodies from the mine level to the Apex CIL levels.

9 Conducting of Mock rehearsals of executions of emergency action plans for emergency preparedness amongst the workforce deployed below ground.

10 Conducting of safety drives, safety propaganda, seminars and workshops on safety related issues etc. for promoting safety awareness.

11 Thrust on inspection by senior officers like area CGMs, GMs, monitoring of the same and follow up actions as required are being taken.

12 Thrust on back shift inspection by senior officers in addition to statutory back shift inspections by ACMs and Managers.

13 Introduction of continuous miners to avert blasting related problems and also minimized workers presence at the active faces in some underground mines.

14 Introduction of surface miners to avert blasting related problems in some OC Mines.

15 Conducting slope stability studies of OB dump by scientific institutions.

16 Use of different newly developed dust suppression chemicals in OC Mines.

17 Use of high capacity Shovel and Dumper for reduction of traffic density in OC Mines.

18 Use of modern scientific instrument to measure impact of blasting induced vibration in OC mines and also noise generated due to use of high capacity HEMM in OC Mines.

SINGARENI COLLIERIES COMPANY LIMITED

3.33 Singareni Collieries Company Limited (SCCL) incorporated as a Public Limited Company in 1920, became a Government Company in 1956 when Government of Andhra Pradesh acquired major share holding. The share capital of the company is held by Government of Andhra Pradesh and Government of India in the ratio of 51:49 respectively. The investment in SCCL is governed by a Tripartite Agreement between Government of India, Government of Andhra Pradesh and Singareni Collieries Company Limited. The last such agreement for the X Plan was signed on 19th October, 2004 covering the period from 01-04-2002 to 31-03-2007.

3.34 The Company is engaged in coal mining operations in Andhra Pradesh. The reserves stretch over 350 sq. Kms of Pranahita- Godavari Valley of Andhra Pradesh with proven deposits of 8478.20 million tonnes as on 01-01-2006. The mining activities are concentrated in four districts of Andhra Pradesh viz., Khammam, Adilabad, Karimnagar and Warangal.

3.35 The authorised capital of SCCL as on 31-03-2005 was Rs 1800 Crores and the paid-up capital on that date was Rs.1733 crores. The turnover of the company was Rs 3414 Crores in the year 2004-05.

OUTLAY

3.36 Plan outlay for 2006-07 is proposed at Rs 577.09 Crores to achieve a production level of 37.50 m.ts. The corresponding figures for the fiscal year 2005-06 R.E are Rs 395 crores and 36.00 m.ts respectively.

3.37 Scheme wise plan outlay for 2005-06 B.E & R.E and 2006-07 B.E together with Actuals for 2003-04 and 2004-05 is furnished below. The total plan outlay is met through internal resources only.

SCHEME-WISE PLAN OUTLAY

SCHEME	Rs.in crores				
	2003-04 (ACTUAL)	2004-05 (ACTUAL)	2005-06 (BE)	2005-06 (RE)	2006-07 (BE)
Mining	154.38	242.93	354.03	349.94	429.67
Non-Mining	9.04	31.94	40.97	45.06	147.42
Total	163.42	274.87	395.00	395.00	577.09

FINANCIAL PERFORMANCE

3.38 The Company achieved all-round growth in production and sales and earned a profit for the 8th successive year. The following table gives the important highlights of performance of the company.

	Unit	2001-02	2002-03	2003-04	2004-05	% INC./ DEC. OVER 2003-04
Production	MTs	30.81	33.24	33.85	35.30	4.28
Despatches	MTs	31.19	33.48	33.94	34.83	2.62
Sale of coal	Rs Crs.	2949.02	3141.83	3178.65	3413.73	7.40

Output per manshift	Tonnes	1.34	1.55	1.47	1.62	10.20
Net profit before tax (+/-)	Rs.Crs.	326.30	411.72	503.99	576.01	14.29
Cumulative Profit/Loss (+/-)	Rs Crs.	(-)260.77	80.45	28.15	190.60	

3.39 An amount of Rs 43.35 Crores was paid to employees towards Special Incentive as 12 % of the profits earned during 2004-05 as against Rs 19.73 Crs paid during 2003-04.

3.40 Accruals to the State Government (Andhra Pradesh) in 2004-05 towards Royalty, Sales Tax etc. were Rs 515.43 Crores as against Rs. 491.81 crores in 2003-04 and Rs. 459.76 crores in 2002-03 and Rs 364.56 Crs. in 2001-02.

3.41 Company has declared 5% dividend for the year 2004-05 amounting to Rs. 86.66crs for third consecutive year.

RESTRUCTURING PACKAGE

3.42 Financial Restructuring Package for enabling the company to take up the new projects and achieve the targets set by the Ministry of Coal, for the IX and X plan periods was proposed by SCCL, recommended by Ministry of Coal & Planning Commission and finally approved by the Government of Andhra Pradesh and the Government of India in July, 1999.

3.43 Apart from infusion of equity in IX Plan and waiver of penal interest on GOI Loans, the Restructuring Package also granted moratorium on payment of the outstanding interest of Rs 663.34 Crores (as on 31-03-97) accrued on the Government of India loans during VIII Plan period for a period upto 31-03-2007.

Developments during 2005-06

3.44 Fuel Supply Agreements

The SCCL has achieved the distinction of being 1st coal Company to bring 91.3% of coal off-take under the coverage of FSAs/Joint Sampling Protocols. FSAs are in force with 3 power utilities, 26 major cement industries, 11 captive power plants and 4 other industries. These agreements have resulted in improving customers confidence due to transparency and assured supplies. The customer base has increased from 4,812 in previous year to 5,082.

3.45 Voluntary Retirement Scheme

As a part of its efforts to reduce its surplus manpower and to meet the commitments on reduction of manpower as per approved Restructuring Package, the Company introduced Voluntary Retirement Scheme (VRS) (Golden Handshake) to its employees during 1999 - 00. Under the Scheme as many as 12,196 employees have utilised the scheme and the payment made under the Scheme upto November 2005 was Rs 390.51 Crs.

WELFARE MEASURES

3.46 "Human Resources" is the major asset for any organisation and the strength of the organisation lies in its dedicated work force. It has been the constant endeavor of the management to develop an efficient team and to improve the quality of life of its employees. In order to create a sense of belonging and involvement, top priority is being given by the management to provide more and better housing, medical and educational facilities. Apart from the above, the company is campaigning issues like malaria prevention, importance of

nutrition and sanitation, diabetes control, prevention of heart diseases and HIV/AIDS, etc., to bring greater awareness on health and human development among the employees.

3.47 The social security schemes, which are in vogue are being continued with enhanced benefits. A voluntary society named as "Singareni Sewa Samithi" was established for various purposes like imparting skills and necessary training to the unemployed children of the employees to stand on their own for livelihood, providing avenues of livelihood for the families of those employees who died while in service or retired on medical grounds, inculcating the habit and need for savings among the employees etc.

3.48 The company has been encouraging its employees to participate in sports & games and providing required infrastructure. The management is laying greater emphasis on bringing awareness among the employees and their families on various issues relating to the company through various communication channels. 3 Nos. of information KIOSKS were set up on pilot basis for displaying information regarding safety, welfare, environment etc., in Telugu language with touch screen and multimedia support. An audio visual van named 'Singareni Karmika Mitra' visits residential colonies of employees, mines depicting films on the activities of Company, safety, health, hygiene etc.

3.49 Company has been fore runner in introducing Man riding systems in UG mines to improve the comfort to the workmen at work places. While 14 man riding systems were already installed the same is in progress in 21 more mines.

3.50 GROUP GRATUITY SCHEME: As part of continuing welfare schemes the company launched a group gratuity scheme with LIC on 11-12-2003. The scheme envisages deposit of funds with LIC, which shall meet the liability on account of gratuity claims. SCCL has deposited Rs.446.17 Crores with LIC as on 31.3.2005. The scheme has a unique feature, which provides for payment of future service gratuity also in addition to the full gratuity for the past service rendered in case of unfortunate death of the employee. In other words, nominees of the employee will receive gratuity for the period he has served and also gratuity for the period he would have served but for his death. SCCL pays the premium on this account.

3.51 SHAPE : The company has evolved a scheme called Surrounding Habitats Assistance Programme (SHAPE). The objective of the Scheme is to improve the infrastructure in and around SCCL areas that can benefit SCCL workmen as well as general public. The outlay on this account is Rs.16.00 crores for 2005-06.

3.52 SCCL has been making efforts to improve welfare activities and the following statement would substantiate the claim of increasing expenditure incurred by the company.

EXPENDITURE ON WELFARE MEASURES

I T E M	Rs Crores							
	2001-02		2002-03		2003-04		2004-05	
	Recur-Ring	Non-Recur-Ring	Recur-Ring	Non-Recur-Ring	Recur-ring	Non-Recur-Ring	Recur-ring	Non-Recur-ring
Medical & Sanitation	46.10	0.98	49.90	0.99	50.51	0.32	51.32	0.84
Housing	65.46	15.47	67.21	12.10	78.13	13.35	110.95	39.11
Education	8.01	0.14	8.31	0.21	11.03	0.00	9.55	0.00
Others	157.24	6.91	142.57	11.76	149.29	14.61	158.40	6.22
TOTAL	276.81	23.50	267.99	25.06	288.96	28.28	330.22	46.17

3.53 Human Resources Development: The management recognising the fact that the optimum utilisation of other resources is solely dependent on how best the "Human Resource" is dealt. It considers the human resource as an intellectual asset of the company. In its way to

channelise the energies, skills and intellectuality of the employees towards the achievement of the goals of the organisation. Higher motivating environment is provided to them and every effort is being made to give an opportunity to every employee to prove his ability and talent. To update and the level of skill and competency of the employee, the management has been sponsoring them for various training programmes.

3.54 A training center for the Company's employees christened as "Nargundkar Institute of Management" in honour of the late Padmashree S. K. Nargundkar, the first mining engineer who became the Chairman & Managing Director of the Company in 1964 was opened on 5.11.2000 at Godavarikhani. Several programmes have been conducted for senior/middle level executives for developing further skills to meet the future challenges of the industry by inviting faculty from Administrative Staff College of India, Institute of Public Enterprises, National HRD Network, National Productivity Council and other reputed Management Consultants.

3.55 All the schools and colleges of SCCL have been brought under the fold of Singareni Educational Society formed for the purpose of effectively managing the educational institutions.

3.56 **MANPOWER** : The total manpower of the company at the end of 2002-03 was 0.97 lakhs. Manpower has come down to 0.92 lakhs by the end of 2004-05.

3.57 **INDUSTRIAL RELATIONS:** The continuous and consistent efforts of the Management in bringing awareness among the employees that "the well being of the company as well as their own is dependent upon the maintenance of industrial peace" have yielded good results. With the co-operation from all concerned, elections were held successfully for the third time in the company to accord recognition to single trade union at the corporate and area level.

3.58 **GRIEVANCE REDRESSAL MACHINERY:** Since timely redressal of the grief of the workman eliminates future unrest, the existing 3 tier grievance redressal machinery with well planned procedure is being followed promptly and is yielding good results.

3.59 Continuing the tradition of involving the employees in the decision making process, the management shares its views freely with the employees on vital and strategic issues concerning the business of the Company as well as the employees, before implementation. The views and opinions of the employees are given due consideration in the decision making process at the Managerial level. Apart from the above, there is a joint consultative committee consisting representatives of recognised trade unions and also officers' association for sharing of views with the management on various issues on functioning of the company.

3.60 With greater transparency in decision making by the Management and the active and constructive involvement of the trade union leaders, the Management is hopeful that the Industrial Relations Scenario will contribute in not only maintaining the levels of Production, but also helping the company to improve the welfare and lifestyle of workmen and their families.

3.61 **PRODUCTION AND PRODUCTIVITY** : The company has been making all out efforts to improve production and productivity. The track record of the Company in achieving the physical targets is good. Year-wise target and actual production from 2000-01 are given below:

(MTs)		
YEAR	TARGET	ACTUAL
2000-01	31.05	30.27
2001-02	31.00	30.81
2002-03	32.50	33.24
2003-04	33.50	33.85
2004-05	35.00	35.30

2005-06 (RE)	36.00	(upto 11/05) 20.93
2006-07 (BE)	37.50	

3.62 The production level in SCCL went up from 30.27 m.ts in 2000-01 to 35.30 m.ts in 2004-05 indicating a growth of 3.32% per annum.

3.63 The overall OMS also went up from 1.25 tonnes in 2000-01 to 1.62 tonnes in 2004-05.

3.64 SAFETY IN MINES : In the systematic mining of mineral deposits, safety of workmen constitutes a very important factor. Mining disturbs the natural equilibrium and therefore invites movement of strata causing roof falls and side falls, releases inflammable and noxious gases trapped in the mineral bed, releases vast amount of strata water and spontaneous combustion of coal in susceptible atmospheric confinement.

3.65 SCCL has laid down a safety policy and its salient features include minimising of mining hazards, implementation of statutory regulations, imparting of continuous education, training of all employees with accent placed on development of safety oriented skills and continuous efforts to better working conditions.

3.66 Details of fatalities and serious injuries in Singareni Collieries Co. Ltd. during the last five years are as under:-

Year	Fatalities	No. of persons seriously injured	INJURY RATE PER			
			Million Tonnes of Production		3 Lakh Manshifts worked	
			F	S	F	S
2000	33	90	1.12	3.05	0.42	1.14
2001	25	114	0.80	3.68	0.33	1.50
2002	23	120	0.68	3.56	0.31	1.64
2003	44	73	1.36	2.26	0.65	1.09
2004	14	162	0.41	4.72	0.20	2.33
2005 **	12	718@	0.39	23.05 *	0.19	11.61*

F = Fatal S=Seriously injured
 * Provisional
 ** From Jan.05 to Nov.05

NOTE: @ Inclusive of low energy serious injuries such as fracture of phalanges/toes which are being reported now as per the decision taken in the 30th Tripartite Safety Review Meeting held on 29th Jan. 2005.

3.67. Briefly, the following measures have been taken to achieve zero accident potentiality:-

(a) Underground Mines:

- To introduce SDLs, LHDs and Continuous Miners wherever possible to replace manual loading, thus reducing the concentration of the workmen at the working place.
- Adopt roof bolting in all the workings in large scale for support of workings including in the area of freshly exposed roof.
- Introduced Man-riding system for travel of workmen in mines having lengthy and arduous travelling thus reducing the tendency of workmen for set-riding.
- Establish travelling roadways with shortest possible route in intake airways with good lighting arrangements.
- Side bolting in the mines where the tendency for the side falls is more.
- Involving scientific institutions for development of suitable support system for the workings.
- Appeal to the Union leaders to counsel the workmen and their family for not resorting to set-riding by the employees in the mine.

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(b) Opencast Mines:

- Establish two way haul roads to prevent accidents of dumpers.
- Establish haul roads with mild gradient of around 1 in 20 and flatter.
- Implementation of traffic rules.
- As far as possible, establish wider benches for smooth and safe operation of HEMM in excavation areas.
- Maintaining optimum bench height suitable to the shovels deployed and to the prevailing strata conditions.
- Introduce good lighting arrangements at working place, haul roads and dump yards, though involving high capital and operation cost.
- All the workmen to wear uniforms and helmets with fluorescent bands for identification in the dark.
- Intensive and periodical training of workers of off-loading contractors.
- Adequate provision in the contract of Off-Loading for compliance of safety rules and regulations as per statute.

(c) General:

- a) Safety Pledge by the workmen in the beginning of the shift.
- b) Safety dramas are being organized in mines and workers colony in all the areas to promote safety awareness amongst workmen and their family members.
- c) Corporate Safety Review Committee, Regional Safety Review Committee and Area Safety Audit Committee for all the areas have been formed to review the accidents and to take appropriate steps for improving safety.

- d) Special Safety Awareness Programmes are being conducted for coal cutters and supporting crew in every area.
- e) To recognise the good workers with best safety record on longest accident free service, they have been awarded mementos on important National days like 15th August and 26th January every year.
- f) Safety quiz competitions are conducted and best suggestions on safety improvement are given prizes in the mines.
- g) The recommendations made at various forums such as –
 - (i) Conferences on Safety in mines.
 - (ii) Standing committee on safety in Coal Mines
 - (iii) National Dust Prevention Committees
 - (iv) Tripartite and Bi-partite safety review meetings are being implemented.

Energy Conservation

3.68 The specific measures taken for conservation of energy during the year 2004-05 include the following:

- Installation of automatic control switches for street lights in colonies, yard lights and quarry lighting system.
- Installation of energy efficient borehole pumps.
- Reorganisation of pumping and haulage layouts in mines.
- Replacement of incandescent lamps with low-wattage compact fluorescent lamps (CFL) and high-wattage ceiling fans with low wattage fans.
- Installation of high voltage distribution system and pole mounted transformers in all residential colonies, transformer protection devices and energy meters for individual feeders.

NEYVELI LIGNITE CORPORATION LIMITED

3.69 Neyveli Lignite Corporation Limited is an integrated complex comprising three opencast mines with a total capacity of 24.00 Million Tonnes (MT) Per annum linked to Pit Head thermal Power stations with a total capacity of 2490 MW as per table given below:

Units	Capacity (MTPA)	Linked Unit
Mine I (including Expn)	10.5	TPS I 600 MW TPS I Expansion 420 MW
Mine II	10.5	TPS II 1470 MW
Mine I A	3.0	IPP at Neyveli Viz. ST.CMS

The power generated by the first thermal power station is utilized by the State of Tamil Nadu. The power generated by the TPS II is shared by the southern states, i.e. Tamil Nadu, Andhra Pradesh, Karnataka, Kerala and Union territory of Pondicherry.. Power generated from Thermal I Expansion is shared by Tamil Nadu, Karnataka, Kerala and Union territory of Pondicherry.

3.70 The authorized capital of the company at present is Rs.2000 crore. The paid up capital as on 31.3.2005 was Rs. 1677.71 crores. Shares of face value of Rs.108.07 crore of the company have been disinvested in favour of financial institutions, mutual funds and employees.

PLAN OUTLAY:

3.71 The estimated outlay and pattern of financing during 2006-2007 (BE), actual figures for 2004-2005 and BE & RE figures for 2005-06 for the NLC are as follows.

PLAN OUTLAY AND FINANCING PATTERN (Rs.in Crore)

FINANCING PATTERN	Actuals 2004-05	BE 2005-06	RE 2005-06	BE 2006-07
CAPITAL OUTLAY				
(I) coal Sector	133.56	274.44	117.30	531.00
(ii)Power sector	85.45	365.56	250.70	459.00
TOTAL	219.01	640.00	368.00	990.00
Financed/to be financed				
(i) Internal resources	219.01	340.00	158.00	340.00
(ii)Bonds/Rupee loans		220.00	150.00	460.00
(iii) Foreign currency loan		80.00	60.00	190.00
TOTAL	219.01	640.00	368.00	990.00

3.72 The sector wise outlay is given below:

(Rs.in Crore)

Name of the Projects (A) Coal sector	Actuals 2004-05	BE 2005-06	RE 2005-06	BE 2006-07
1.Mine I Expansion	14.51	13.36	5.40	1.00
2.Mine I A	59.08	65.19	17.54	6.00
3.Mine II Expansion	56.51	150.00	86.00	470.00
4.Mine at Rajasthan	0.00	38.69	5.00	40.87
5.Mine III	0.00	0.40	0.10	0.50

6.Mine at Jayamkondam	0.00	1.00	0.10	1.00
7.Science & Technology	0.00	2.77	1.00	1.00
8.Geo. Investigation	0.00	3.03	0.50	5.00
9. Barsingsar Extn.Mines	0.00		0.10	1.00
10. Riri Mine	0.00		0.10	1.00
11. Others	3.46		1.46	3.63
TOTAL (A)	133.56	274.44	117.30	531.00
(B) Power Sector				
1.TPS I Expansion	78.55	115.91	17.00	5.00
2.TPS II Expansion	4.28	150.00	150.00	250.00
3.TPS at Rajasthan	2.42	83.60	83.00	200.00
4. TPS at B&C site	0.00	3.00	0.00	0.00
5.TPS III	0.00	2.05	0.10	0.25
6.TPS at Tuticorin	0.09	5.00	0.10	1.00
7.TPS at Orissa	0.05	5.00	0.10	1.00
8.CPCL project	0.00	1.00	0.10	0.25
9.Barsingsar Exten. TPS	0.00	0.00	0.10	0.50
10. Riri TPS	0.00	0.00	0.10	0.50
11. Jayankondam TPS	0.00	0.00	0.10	0.50
12. Others	0.06	0.00	0.00	0.00
TOTAL (B)	85.45	365.56	250.70	459.00
TOTAL COAL & POWER (A+B)	219.01	640.00	368.00	990.00

3.73 STATUS OF COMPLETED PROJECTS

The status of the completed projects are given in the following paragraphs.

FIRST MINE EXPANSION SCHEME

3.74 This project to step up the lignite output from 6.5 Mt to 10.5 Mt per annum was commissioned in March 2003. Government of India sanctioned the Project in March-1992 at an estimated expenditure of Rs.1336.93 Crores including IDC of Rs.260.43 Crores. Revised Cost Estimate (RCE) was approved (Dec-2000 base) for Rs.1658.38 Crores. This mining project is linked to First Thermal Expansion (TPS I Expansion). The anticipated completion cost of the project is Rs. 1497.84 Crores. A sum of Rs 1486.52 Crores has been spent up to 31.03.2005 against the anticipated completion Cost of Rs.1497.84 Crores. Projected fund requirement for RE 2005-06 is Rs. 5.40 Crs towards final payment for Mobile Transfer Conveyor, GWC & Drills, Field Services and Environment measures. Fund requirement for BE 2006-07 is Rs. 1.00 Cr. for additional compensation for Land Acquisition.

Mine IA

3.75 Government of India sanctioned the Project on 26.02.1998 with a capacity of 3 million tonnes per annum at an estimated expenditure of Rs.1032.81 Crores including IDC of Rs.107.95 Crores (Oct-1997 Base). Updated Project Cost Estimate (July-2003 base) is Rs.1024.90 Crores. This mining project is linked to ST-CMS (IPP), an Independent Power Project established in the Neyveli Region. Against the updated cost of Rs. 1024.90 Crores, an amount of Rs. 929.16 Crs. has been spent up to 31.03.2005. The Project was commissioned in March-2003. Fund Requirement for RE 2005-06 is Rs.17.54 Crs towards payment for Land acquisition, Common & Supporting Equipments, Environmental Measures and GWC & Electrical equipments. Fund Requirement for BE 2006-07 is Rs.6.00 Crs for procurement of Plant & Equipments like Single Line Conversion of Conveyors.

FIRST THERMAL POWER STATION EXPANSION (2 X 210 MW):

3.76 The Expansion of First Thermal Power station from 600 MW to 1020 MW by the addition of two units of 210 MW each was sanctioned by Government of India on 12.02.1996 at an estimated cost of Rs 1590.58 crores including Rs. 252.46 Crores towards Interest During Construction (IDC) and a Foreign Exchange content of Rs 238.02 Crores (DM 107.22 Million) at March '95 base. The completion cost of the project as per RCE is Rs 1423.47 Crores. The project is in the Revenue Stream since 9.5.2003 (Ist Unit). Against the anticipated completion cost of Rs.1423.47 Crores, an amount of Rs. 1310.12 Crores has already been spent upto 31.03.2005. Fund Requirement for RE 2005-06 is Rs. 17.00 Crs to cover payment of Offshore and Onshore Spares and Balance Payment and Tools & Tackles. Fund Requirement for BE 2006-07 is Rs. 5.00 Crs for making Final payment for other packages and Excise Duty Variation claims.

3.77 MAJOR PROJECTS UNDER IMPLEMENTATION:-

MINE II EXPANSION (10.50 to 15.00 MTPA)

The lignite excavated from the proposed expansion of second Mine from 10.5 MTPA to 15.00 MTPA is to meet the requirement of 500 MW project proposed to be added to the existing 1470 MW in Thermal power station II. The Government of India has sanctioned the project in October 2004 along with linked power project. As per the approved time schedule, lignite production is to commence from 53rd Month and full production is expected in 57th month from Sanction Date. Letter of Awards (LOA) for Main Mining Equipments were already issued. Supplies have also commenced. A sum of Rs. 86 crores in RE 2005-06 and Rs. 470 Crs. in BE 2006-07 are provided for progressive payments for supply portion of Main Mining Equipments.

THERMAL II EXPANSION (2x250 MW)

TPS II Expansion (2x250 MW), linked to Mine II Expansion, was sanctioned along with Mine II Expansion project. The first Unit is expected to be commissioned in 53rd month and the second unit in 57th month from sanction date. In RE 2005-06 Rs. 150 Crs. is provided for making advance payment for Main Plant Package for which LOA was already issued to BHEL. In BE 2006-07, Rs. 250 Crs. is provided for payment for Supply portion for Main Plant package and other packages.

BARSINGSAR MINE AND THERMAL PROJECTS:

This project is to develop a Mine of 2.10 MTPA capacity and linked Power Project of 250 MW (2x125MW) at Barsingsar District., Rajasthan. GOI has already accorded approval to the projects. Details are briefly given below:

BARSINGSAR MINE (2.1 MTPA)

The project was sanctioned in Dec.2004 with the project cost of Rs 254.07 Crs. As per the approved time schedule, lignite production is to commence from 45th Month and full production is expected in 54th month from Sanction Date. The project is linked to Barsingsar Power Project (2x125 MW). In RE 2005-06, Rs. 5 Crs. is provided for Civil works, OB outsourcing which is expected to commence by the end of 2005-06. In BE 2006-07, Rs. 40.87 Crs. is provided towards payment for Civil works, OB outsourcing Development activities and Heavy Earth Moving Machineries (HEMM)

BARSINGSAR POWER PROJECT (2x125MW)

Barsingsar Power Project (2x125 MW), linked to Barsingsar Mine was sanctioned along with Barsingsar Mine Project. The first Unit is expected to be commissioned in 48th month and the second unit in 54th month from sanction date. In RE 2005-06 Rs. 83 Crs. is provided for advance payment for Main Plant Package for which LOA is expected to be issued in December 2005. In BE 2006-07 Rs. 200 Crs. is provided towards payment for Supply portion for Main Plant package and other packages.

3.78 NEW PROJECTS UNDER FORMULATION

COAL BASED THERMAL POWER PLANT AT TUTICORIN (2 X 500 MW)

NLC proposed to put up a coal based Thermal Power Plant at Tuticorin with a capacity of 1000 MW (2 x 500 MW) as Joint Venture with Tamil Nadu Electricity Board. NLC Board approved the proposal. MOU was signed on 19.06.2003 between NLC & TNEB for setting up a coal based power project of 2 x 500 MW Capacity. NLC Board approved the draft Joint Venture Agreement (JVA). MOC has also approved the JVA. JVA was signed with TNEB on 9.6.2005. GOI has accorded mega power project status to the project with some conditions. Feasibility Report (FR) is under finalisation. EIA/EMP Report is also under finalisation. Mahanadi Coal Fields (MCL) indicated that coal will be supplied from Talcher coal fields. Standing Committee on coal linkage has been addressed by NLC to provide specific linkage. Draft Power Purchase Agreement (PPA) has been sent to TNEB for comments. Action has been taken to obtain other clearances for the projects. Estimated cost of the project would be Rs. 4000 crores. An amount of Rs. 0.10 Cr. and Rs 1.00 Cr. is provided in RE 2005-06 & BE 2006-07 respectively towards FR and soil investigation. Based on the progress in the sanction/approval of the projects, fund requirement will be suitably revised during the finalisation of RE 2006-07. Joint Venture Company (JVC) viz. NLC Tamil Nadu Power Limited has already been registered.

COAL BASED THERMAL POWER PLANT AT ORISSA

NLC has proposed to put up a coal based Power Plant with 2000 MW (4 x 500 MW) capacity and MOC has also accorded in principle approval to NLC to implement the project. The tentative cost of the project would be Rs. 8000 crores. Coal India has identified the source of Coal for this project. NLC Board approved the Advance Action proposal and the same was sent to MOC. MOC has approved the AAP for the project with an outlay of Rs. 18.65 crores. An amount of Rs. 0.10 Cr. and Rs 1.00 Cr. is provided in RE 2005-06 & BE 2006-07 respectively for FR preparation and soil investigation. Based on the progress in the sanction/approval of the projects, fund requirement will be suitably revised during the finalisation of RE 2006-07.

MINE III (8 MTPA)

Advance Action Plan proposal for Mine-III project was sanctioned by Government in March-1999 for an amount of Rs.2.60 crores. The project area has a mineable reserve of 313 million tons. The life of the mine is 39 years. Under Advance Action Proposal, preparation of detailed working plans, hydrological studies, geo-technical investigation studies, preparation of EMP report have been taken up. The commissioning of the lignite system will be within 60 months from GOI sanction. The estimated capital cost of the project works out to Rs. 3450 crores including IDC. An amount of Rs. 0.10 Cr. and Rs 0.50 Cr. is provided in RE 2005-06 & BE 2006-07 respectively for FR finalisation and

civil works. Based on the progress in the sanction /approval of the projects, fund requirement will be suitably revised during the finalisation of RE 2006-07.

TPS III (1000 MW)

Ministry of Coal has approved in March-1999, the Advance Action Proposal for TPS III project (2 x 500 MW) for incurring an expenditure of Rs.1.35 Crores sanctioned by Government towards preliminary works such as preparation of detailed working plans, detailed soil investigation studies, preparation of EMP report, clearance of site and approach roads etc.,. An amount of Rs. 0.10 Cr. and Rs 0.25 Cr. is provided in RE 2005-06 & BE 2006-07 respectively. Based on the progress in the sanction/approval of the projects, fund requirement will be suitably revised during the finalisation of RE 2006-07.

REFINERY RESIDUE BASED POWER PLANT AT CHENNAI

This project is to be set up as Joint Venture project by CPCL and NLC with 50:50 equity participation. Capacity of the proposed project would be 492 MW. The Estimated Cost of the project would be Rs. 2837.00 crores. It is joint venture project with CPCL. In- principle approval was received from MOC in Oct-2003. MOC has approved Advance Action Proposal for Rs.2.35 Crs. in Feb-2004 for the project. An amount of Rs.0.10 Cr. in RE 2005-06 and Rs.0.25 Cr. in BE 2006-07 have been provided only to prepare Feasibility Report and enabling works. Based on the progress in the sanction/approval of the projects, fund requirement will be suitably revised during the finalisation of RE 2006-07.

JAYANKONDAM MINE CUM POWER PROJECT

This project was originally proposed to be implemented by Govt of Tamilnadu (GOTN) in association with Reliance Group. Since this could not materialise, GOTN accorded approval to TNEB to implement the project under JV route with NLC. However, NLC informed GOTN that NLC would like to implement the project on its own. Official confirmation from GOTN allowing NLC alone to implement the project is expected shortly. This area has geological reserve of 1150 Million Tonnes in an area of 127 Sq.Kms and NLC did the geological exploration in 1980s. It is proposed to establish a lignite Mine (9.00 MTPA) and linked TPS (1000 MW) at the estimated cost Rs.6300 Crs. It is envisaged that 75% of power will be supplied to GOTN. Token provision of Rs 0.20 Cr in RE 2005-06 and Rs 1.50 Cr in BE 2006-07 is made in the Plan outlay. Based on the progress in the sanction/approval of the projects, fund requirement will be suitably revised during the finalisation of RE 2006-07.

EXTENSION OF BARISINGSAR PROJECTS (RAJASTHAN)

NLC is contemplating to take up another 250 MW Power Project as an expansion of Barsingsar Power Project with linked mine at Bithnok, Gurha east and Hadla at the estimated cost of Rs.1250 Crs. The Advance Action Plan (AAP) has been approved by GOI. Token provision of Rs 0.20 Cr in RE 2005-06 and Rs 1.50 Cr in BE 2006-07 is made in Plan Outlay. Based on the progress in the sanction/approval of the projects, fund requirement will be suitably revised during the finalisation of RE 2006-07.

RIRI MINE CUM POWER PROJECT (RAJASTHAN)

NLC is contemplating to take up 500 MW Power Project at Riri with linked mine at Riri. The estimated cost of project is Rs.2525 Crs. This area has potential block for immediate exploitation (to the extent of 138 Million Tonnes of mineable reserve) and located at 90 Km away from Barsingsar Project. The Advance Action Plan (AAP) has recently been approved by GOI. Token provision of Rs 0.20 Cr in RE 2005-06 and Rs 1.50 Cr in BE 2006-07 is made in Plan Outlay for pre-investment activities.

3.79 GEOLOGICAL INVESTIGATION IN NEYVELI REGION

Extensive exploration programme was drawn up by NLC to cover the entire Neyveli field for the purpose of firming up total geological reserves in the region. During 2005-06 it is proposed to drill exploratory drilling works in Mine 1A-Phase- I, Jayamkondam North Block, Riri North Block etc. In 2006-07, it is proposed to undertake geo-technical, hydro geological and geo-physical logging in Jayamkondam, Riri blocks. A sum of Rs 0.50 crs and Rs 5.0 crs is provided in RE 2005-06 and BE 2006-07 respectively.

3.80 SCIENCE AND TECHNOLOGY

NLC has a Center for Applied Research and Development (CARD) which carries out various studies relating to the utilisation of Lignite and other chemical products of the company. A sum of Rs 1.0 Cr each is provided in RE 2005-06 and BE 2006-07 respectively for S&T Project. Based on the progress in the sanction/approval of the projects, fund requirement will be suitably revised during the finalisation of RE 2006-07.

3.81 Xth PLAN –OUTLAY & FUNDING PATTERN

The Government of India has approved the plan outlay of Rs.14133.58 crores for the X Plan period (2002-07) with Rs 6125.94 crores for coal sector and Rs 8007.64 crores for power sector.

3.82 PRODUCTION AND PRODUCTIVITY

The production programme for BE 2005-06 RE 2005-06 and BE 2006-07 is given in the table.

The output per man shift in 2004-05, compared with the previous year, the estimate for 2005-06 and target for 2006-07 are furnished below:

(In Tonnes)

Open cast	Actual 2004- 05	BE 2005- 06	RE 2005- 06	BE 2006- 07
First Mine	10.12	8.20	8.39	7.57
Second Mine	9.11	8.44	8.06	8.33
Mine I A	18.64	17.66	19.05	14.87
Total Mines	10.41	8.91	8.91	8.45

3.83 FINANCIAL PERFORMANCE :

NLC's financial performance has been very good. The total turnover of the company is Rs. 3001.94 Crores in 2004-05. Total assets of the company as on 31.3.2005 were to the tune of Rs. 9694.45 Crore against Rs.8888.32 Crore as on 31.3.2004. Similarly, Net worth as on 31.3.2005, rose to Rs. 7673.05 Crore against Rs. 6824.25 Crore as on 31.3.2004. Return on capital employed was 12.82% for 2004-05 as against 13.17% for 2003-04.

The company has been making profits consistently for the past 29 years and the net profit (after tax) of the company for the year 2004-05 is Rs.1215.00 Cr. Working results of NLC from 2002-2003 onwards are indicated below:

(Rs.in crore)

YEAR	Profit before tax	Profit after tax
2002-03	1687.83	1148.40

2003-04	1413.08	1143.51
2004-05	1756.68	1215.00

3.84 HUMAN RESOURCE DEVELOPMENT

One of the primary objectives in the area of HR has been to provide effective, job-based as well as developmental training inputs to our people. To that effect, NLC's approach has been two-pronged; one, to reinforce desired behavioural traits and job skills by exposing employees to specific tailor-made training programmes on a continual basis and secondly, to take fresh initiatives by organizing training programmes in new areas. Whereas employees are sponsored for in-house, external as well as foreign training, main thrust has been on developing capabilities. In this context, more than 7382 employees were given opportunities to participate in-house training programmes and 552 employees have been deputed for out-station training programmes during the year 2003-04. Global training experience to 15 executives was also provided with latest Technological developments. The positive attitude towards newer technological developments including computerization has been encouraging. Increased awareness over various forms of Workers Participation and active involvement of the Human Resource is noteworthy.

3.85 QUALITY CIRCLES

In NLC Quality Circles movement is given great importance and more than 330 Quality Circle formed to provide solutions for work places related problems and Quality Circle Movement serves as in improving work culture and providing a forum for self development and growth of individual employees.

3.86 HUMAN RELATIONS

Employer-employee relations in NLC continued to be by and large cordial and harmonious. Believing in the philosophy of participative management, employees at all levels are interacted through various statutory and non-statutory committees. This has facilitated in matured understanding, clear communication and mutual trust between management and employees. Both the Top Management and the Joint Council of Trade Unions forge together in solving issues in their buddy bud and strive their best to prevent minor frictions assuming major proportions.

3.87 COMMUNITY WELFARE

NLC has been contributing towards socio-economic development of the areas in and around its centers of operation at Neyveli. Annual budget provision of Rs.50 lakhs is earmarked for taking up the peripheral development programmes like providing infrastructure facilities in rural areas such as roads, lighting, drinking water facilities, development of school buildings, sanitation, promotion of rural sports etc. Additional expenditure is also met by the Corporation in case of requirement. An amount of Rs. 109.35 lakhs was sanctioned for the peripheral development works during the year 2004-05. Surplus water from mines is directed to nearby villages to provide irrigation. The thrust areas for the development works that NLC has been carrying out, is generally for the up-liftment of the local population and the neighbouring Villages.

3.88 MEDICAL SERVICES

NLC continues to equip and maintain a 369 bedded General Hospital and 5 peripheral dispensaries caters to the medical needs of employees, their family members and the General Public and provides quality medical treatments on Allopathic, Ayurvedic, all specialists and occupational health hazards. The medical treatment is offered to around 10 lakhs out patient days and 14,000 in patient days every year. In order to improve health conditions among senior employees, optional Master health check-up programme is being conducted for the benefit of Executives above 50 years of age and workers above 55 years of age.

3.89 EDUCATION

Neyveli Township continue to maintain its identity as a good education center with 15 schools run by the management with grant-in-aid from state government. NLC run schools and a college through Jawahar Education Society and has also allowed running schools by other Educational Institutions in Neyveli Campus. Total students population in Neyveli stands around 35,000. The Children studying elementary schools (up to V Standard) are given 2 sets of uniforms and chappels every year, free of cost. Besides these services the NLC schools; NSS Voluntary Services are also being extended to surrounding villages. NLC always focuses on need-based training. To motivate and bring out the best talent in them, the Management has instituted scholarships and financial grants to the students.

3.90 SPORTS

With the objectives of building up National level teams and to promote Sports & Games by institutionalizing framework for channelling all sports activities, the Sports Control Board of NLC is taking care of the training, development of sports infrastructure and other need of the sports personnel. A 40,000 capacity, multi-purpose giant turf stadium, number of flood lit play grounds, basket ball, volley ball, badminton courts, hockey ground, swimming pool, golf course are some of the infra structural facilities available for the sports personnel, employees and general public of Neyveli. NLC chess team is well known all over India for its successful participation.

3.91 CONCERN FOR SOCIAL WELFARE

NLC continues to be a Beacon of hope for the deserving sections of Society through its gamut of Social welfare activities.

NLC is providing not only the infra-structural facilities but also the grant in aid to SNEHA Opportunity School - a day care center for the mentally retarded children. The school pays individual attention to the children and trains them Yoga, Games, Sports, Vocational courses like Arts, Crafts, Weaving, Carpentry, Gardening, Screen printing, doll making etc. to make them self reliant and fit for earning their livelihood. During the Tsunami havoc 2004-05, NLC has not only contributed an amount of Rs. 2.00 crores for relief measures, but supplied life saving drugs, ambulance services etc.. The employees of NLC have also contributed Rs. 88.92 lakhs for the same. During the heavy flooding in 2005 in Tamil Nadu, the Cuddalore District was affected severely and as extending helping hand, NLC has contributed an amount of Rs. 1.00 cr. towards relief measures.

For the benefit of handicapped widows and destitute women and aged people in Township and adjacent hutment Neyveli Health Promotion and Social Welfare Society (NHPSWS) offers its services. The major components of the Society are:

- Rehabilitation
- Artificial Limb Centre
- Educational Programmes-Computer Training, Health Education & Family Welfare Education.
- Social Welfare Programme - Alcoholic Rehabilitation Programmes & Running schools for hearing impaired (SHRAVANE)
- A special Artificial Limb camp was conducted in association with Bhagwan Mahavir Viklang Shahayatha Samithi, Jaipur and Special Commissioner Rehabilitation for Disabled, Chennai and District authorities more than 1060 persons identified and they were issued with calipers, artificial limbs, crutches and shoes.

3.92 AWARDS

The details of Award received by Neyveli Lignite Corporation during the recent period is furnished below:

- ISO 9001: 2005 accreditation for Mine I and IA and Mine II
- Corporate Social Responsibility Award from Help age India, a Social Services Organisation.
- Ministry of Power has awarded "Gold Shield" to Thermal Power Station I for its outstanding performance for the year 2003-2004.
- NLC has been ranked 56th in Dun & Bradstreet's India's top 500 Companies – 2004.
- NLC bagged the prestigious award for outstanding Industrial Relations for the year 2003-2004, from All India Organisation of Employees, an allied body of FICCI.

COAL MINES PROVIDENT FUND ORGANISATION

COAL MINES PROVIDENT FUND SCHEME, 1948

4.1 The Coal Mines Provident Fund Scheme framed under the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 provides provident fund benefits to all employees of coal mines in India. Neyveli Lignite Corporation is not covered under this Act. The workers contribute to the Coal Mines Provident Fund at the rate of 12% of their emoluments and the employers pay an equivalent amount. Interest at the rate of 8 % per annum was allowed on the closing balance of PF of the previous year. The entire accumulations in the fund are invested in accordance with the guidelines laid down by the Ministry of Finance and Board of Trustees, CMPF. The fund vests in and is administered by a tripartite Board of Trustees consisting of representatives of employers, employees and Central/State Governments. The table below indicates the broad profile of the Scheme.

Particulars	2004-05 Actual	2005-2006 (up to Oct. 2005)	2006-07 Estimated
Number of Coal Mines/plants covered (as at the end of the year).	971	971	971
Number of live membership during the year (lakhs).	6.99	5.97	5.54
Contribution during the year (Rs. In crores) including voluntary contribution.	1929.28	1468.00	1950.00
Rate of interest allowed to the members of the fund	8.00%	8.00%	8.00%
Advance during the year (Rs. In crores)	610	250	500
Refund of Provident Fund during the year (Rs. In crores).	2151.87	1610.91	2170.00
(i) No. of cases settled (refund)	25863	13805	21000
(ii) No. of cases received (refund)	26211	14329	24000
Officers in position	45	45	45
Staff in position	1237	1140	1170

COAL MINES PENSION SCHEME, 1998

4.2 One of the most important landmarks in the history of Coal Mines Provident Fund Organisation is the introduction of Coal Mines Pension Scheme, 1998 which has been notified by the Central Government on 5th March, 1998, in exercise of the powers conferred by Section 3E of the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46 of 1948) and in supersession of the Coal Mines Family Pension Scheme, 1971.

4.3 The Coal Mines Pension Scheme has come into force with effect from the 31st day of March, 1998 and on that day its members were 7, 82,578 working in different coal mines within the country. The highlights of the Scheme are:-

- (i) Corpus of the Fund and its sustainability:

The Pension Fund consists of the following:-

- (a) Net assets of the Coal Mines Family Pension Scheme, 1971 as on the appointed day;

(b) an amount equivalent to two and one-third percent of the salary of the employee, being the aggregate of equal shares of the employee and the employer from their respective contributions to the Fund, to be transferred from the appointed day from the Fund of employee ;

(c) an amount equivalent to two percent of the salary of the employee from the first day of April, 1989 or the date of joining, whichever is later, upto the 31st day of March, 1996 and two percent of the notional salary of the employee from the 1st day of April, 1996 or the date of joining, whichever is later, to be transferred from his salary;

(d) an amount equivalent to one increment to be calculated on the basis of the salary of the employee as on the first day of July, 1995 or the date of joining, whichever is later, from the salary of the employee;

(e) an amount equivalent to one and two-third percent of the salary of the employee to be contributed by the Central Government from the appointed day ;

(f) amounts to be deposited by new optees in terms of the provisions of the Scheme.

The Commissioner is responsible for getting the valuation of the Pension Fund done every third year by an Actuary, to be appointed by the Board of Trustees.

(ii) Coverage :-

(a) All employees who were members of the ceased Coal Mines Family Pension Scheme, 1971 and were on rolls on 31st March, 1998.

(b) All such employees who are appointed on or after 31st march, 1998.

(c) All such optee members who opted for membership of the Pension Fund in Form PS-1 and PS-2 as the case may be.

All such employees who died while in service during the period 1.04.94 to 31.03.98 are treated as deemed optee of the scheme vide G.S.R. No.521 (E) dated 12.8.2004.

(iii) Benefits :-

- (a) Monthly Pension
- (b) Disablement Pension.
- (c) widow or widower pension.
- (d) Children Pension.
- (e) Orphan Pension.
- (f) Ex-gratia Payment.

4.4 The Central Government contributed a sum of Rs.25.8782 crore during 2004-05 towards pension Rs.19.75 crore(RE) in 2005-06 and Rs.20.50 crore in 2006-07 (BE) have been provided. In addition, the Central Government is likely to contribute Rs.4.7744 crore in 2005-06 (RE) and Rs.4.7769 crore in 2006-07 (BE) towards the administrative expenses for maintaining the pension scheme.

4.5 The table below indicates the broad parameters of the Scheme.

S.No.	Particulars	Actual 2004-05	Provisional 2005-2006 (upto Oct.,2005)	2006-07 (Estimated)
i)	Membership of Coal Mines Pension Schme.	7.21	7.17	7.09
ii)	Contribution to Pension Scheme	1022.91	765.19	1050.00

	during the year by employers, employees, Govt. and interest (Rs. In crores).			
iii)	Disbursement of benefits (ceased Family Pension Scheme and Pension Scheme). (Rs. In crores)	317.79	238.35	330.00
iv)(a)	No. of family pension and Life Assurance benefit (now ceased) cases settled.	226	21	40
(b)	Pension cases settled	30,850	20,617	21,000
v)(a)	No. of family pension and Life Assurance benefit cases received.	254	18	50
(b)	No. of pension cases received.	36,725	18,134	24,000
vi)	No. of other benefits cases settled	3	1	2
vii)	No. of other benefits cases received.	7	1	2

COAL MINES DEPOSIT LINKED INSURANCE SCHEME, 1976

4.6 The Coal Mines Deposit Linked Insurance Scheme was introduced with effect from 1st August, 1976. The scheme provides for payment to the dependants of a member, an amount equivalent to the average of the last three years' balance at the credit of the member's provident fund if the member dies while in service, subject to a maximum of Rs. 10,000/-.

4.7 In accordance with this scheme, the employers are required to contribute at the rate of 0.5% of the aggregate wages towards this scheme. The Central Government is also required to contribute an amount equal to 50% of the contribution made by the employers.

4.8 The Central Government contributed a sum of Rs.1.3586 crore in 2004-05 under this scheme. An amount of Rs.1.37 crore has been provided in RE for 2005-06 and Rs.1.37 crore has been provided in 2006-2007 (BE) for this scheme. In addition the Central Government is likely to contribute Rs. 0.26 Crore in 2005-06 (RE) and Rs.0.26 Crore in 2006-07(BE) towards the administrative expenses for maintaining this Scheme.

4.9 The table below indicates the broad parameters of the scheme.

COAL MINES DEPOSIT LINKED INSURANCE SCHEME.

(Rs. In crores)

S.No.	Particulars	Actual 2004-05	Provisional 2005-2006 (up to Oct., 2005)	2006-07 (Estimated)
1.	Total amount of contribution (employers' & Govt. contribution)	3.81	2.86	4.00
2.	Total amount received in Central Admn. Account.	0.70	0.50	0.70
3.	Investment made out of DLI fund and deposited in Public Account.	11.06	2.60	12.50

4.	Investment made out of Insurance Fund (Central Admn. Account.)	4.35	3.27	4.40
5.	Total investment made from insurance fund (Central Administration Account)	33.24	24.93	33.50

4.10 The cost of administration of the Deposit Linked Insurance Scheme is borne by the employers, who contribute 0.1% of the aggregate wages for the purpose. The Government is also required to contribute 50% of the employer's contribution for this purpose i.e. 0.5% of the aggregate wage. No independent staff is employed for the Scheme. Proportionate share of expenditure on common items is charged to the scheme.

CHAPTER V

DETAILS OF ACTUAL ACHIEVEMENTS

Sl No.	Name of Scheme/ Programme	<u>Objective/ outcome</u>	<u>Plan Outlay RE (2005-06) Actual 12/05</u> (Rs in crore)	<u>Quantifiable Deliverables/ Physical Outputs</u>	<u>Actual Achievement</u> UPTO Oct., 2005
1	2	3	4	5	6
1	S&T Programmes	Development of Technology /System and its successful transfer for commercial application	21.09 / 10.50	56 on going schemes The Outcome of these S&T Projects is expected to help coal sector in improvement of safety, operation etc., of Mines/Washeries. But precise outcome can not be quantified.	Till the end of Dec., 2005 8 Projects stand completed.
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.	49.88 / 32.00	(i) 1.58 lakh meter of drilling (Coal=0.89, Lignite =0.69) (ii) Creation of Coal & Lignite Resource Information System. This would provide scope for informed decision in allocation of coal blocks, planning for coal production etc. (iii) CBM studies of 20 Boreholes.	0.718 lakh meter drilling On going process. On going process.

				This will provide information regarding potential of CBM in the fields being explored under Regional Exploration.	
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.	18.81/ 18.54	0.38 Lakh meter of drilling in non CIL block. This would help in preparation of docketts for offering blocks to potential entrepreneurs.	0.145 lakh meter drilling
4.	Environmental Measures and Subsidence Control	(i) Dealing with fire and subsidence and reclamation of degraded land. (ii) Stabilization 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 control of fire and subsidence for protection of railway lines and jores	28.64/ 25.00	This is expected to conserve precious cooking coal high grade non-cooking deposits of Jharlia and Raniganj coalfields by shifting people from endangered areas.14 On going projects comprising of (i).Evacuation of 391 houses (ii) Filling of voids (stowing) and blanketing of fire with 259214 cubic meter of sand. (iii) Relocation of 1094 families .	Houses Evacuated 223 223538 cum Houses constructed 344

				(iv) Drilling of 323 boreholes for stowing (iv) Transportation of 1.71.lakh cubic meter of soil	103 Boreholes 1697 cum
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/ 0.14	Ongoing process	-
6.	Secretariat Economic Services	Providing IT support in the office.	1.00 / 0.02	Ongoing process	
7.	Lump-sum provision for NE and Sikkim		25.00/ 0.00	Not quantified	-
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= 2224.00/ 920.39 SCCL 395.00/253.03 NLC 368.00/92.44	Implementation of projects. Production of Coal, Lignite, Overburden Removal and Generation of Power	Projected production of coal by CIL 343.00 mty Projected production of coal by SCCL 36.00 mty Projected production of Lignite by NLC 20.40 mty Projected generation of Power by NLC 15705 mu New Projects costing 100 cr and above in CIL 11 New Projects costing 100 cr and above in NLC 4
9.	Conservation and Safety in Coal Mines	To reimbursement partially stowing/protective work	66.11/ 0.00	Can not be quantified.	*

10.	Development of Transport Infrastructure in coal fields.	To reimbursement partially development of Transport infrastructure.	50.00/0.00	Can not be quantified.	*
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* Earlier these two schemes were funded from Non-Plan. However, in RE 2005-06, the Ministry of Finance have granted supplementary grant of Rs. 116.11 crores as Plan expenditure.

