



GOVERNMENT OF INDIA

**Performance
Budget**

2005 - 2006

MINISTRY OF COAL

G O V E R N M E N T O F I N D I A

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 2004-05 as well as the targets set for 2005-2006.

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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 broad economic activities and programmes of the Ministry and deals with the overall performance of the Ministry in 2004-05 in achieving the objectives; the target and outlook for 2005-2006 are also indicated. |
| Chapter III | Gives a break-up of the financial outlays under various projects/programmes and activities and is intended to link up the provisions in the Demand for Grants presented to Parliament along with the budget of the Central Government 2005-2006. |
| Chapter IV | Covers the performance in respect of major central sector projects and programmes. |
| Chapter V | Is devoted to the objectives, organisation and activities of Coal India Limited, a public sector undertaking under the control of the Ministry of Coal. |
| Chapter VI | Covers the performance details of the Singareni Collieries Company Limited, a joint undertaking of the Govt. of Andhra Pradesh and the Government of India. |
| Chapter VII | Covers the performance objectives, organisation and activities of Neyveli Lignite Corporation Limited, a public sector undertaking under the control of the Ministry of Coal. |
| Chapter VIII | Covers the performance details of the Coal Mines Provident Fund Scheme, Coal Mines Pension Scheme and Deposit-linked Insurance Scheme. |

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 - I

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:

- i) Exploration and development of coking coal and non-coking coal and lignite deposits in India.
- ii) All matters relating to production, supply, distribution and prices of coal.
- iii) Development and operation of coal washeries other than those for which Ministry of Steel is responsible.
- iv) Low Temperature carbonisation of coal and production of synthetic oil from coal.
- v) Administration of the Coal Mines (Conservation and Development) Act, 1974 (28 of 1974).
- vi) The Coal Mines Provident Fund Organisation.
- vii) The Coal Mines Welfare Organisation.
- viii) Administration of the Coal Mines Provident Fund and Miscellaneous Provision Act, 1948 (46 of 1948).
- ix) Administration of the Coal Mines Labour Welfare Fund Act, 1947 (32 of 1947).
- x) 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.
- xi) Administration of Coal Bearing Areas (Acquisition and Development) Act, 1957 (20 of 1957).
- xii) Public Sector Enterprises dealing with coal and lignite.
- xiii) Administration of the Mines and Minerals (Regulation and Development) Act, 1957 (67 of 1957) and other Union Laws in so far the said Act and Laws relate to coal and lignite and sand for stowing, business incidental to such administration including questions concerning various States.

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 Adviser, nine Directors/Deputy Secretaries, Nine Under Secretaries, Fifteen Section Officers, one Desk Officer, one Assistant Director (Official Language), one Economist and one Deputy Controller of Accounts and their supporting staff.

1.3 Besides, there are 2 subordinate Offices located at Calcutta, namely (1) Coal Controllers'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.

IMPLEMENTATION OF INFORMATION TECHNOLOGY IN MINISTRY OF COAL

INFORMATION TECHNOLOGY:

The citizen's "Right to Know" has been recognized today as a fundamental right. Transparency in government is the need of the hour. The growth of *Information Technology* has

provided the infrastructure whereby information on the government's policies and practices can readily be accessed by citizens with ease and gradually bridge the digital divide that exists in Society. It is the beginning of re-engineering of government processes and capacity building for planning and implementing e-governance projects as well as to make a complete transparent system. An IT based Computer Centre, set up by National Informatics Centre (NIC) is operation in the Ministry which is equipped with latest Servers, Client machines for providing Internet and NICNET facilities for local and global connectivity.

The Ministry of Coal has focused on building up the IT infrastructure within the Ministry with the following objectives:

- Improve workflow, work management and monitoring
- Assist in analyzing, decision making and scheduling through Management Information Systems (MIS)
- Storage of data, analysis and handling of databases
- Provide Graphical User Interface (GUI) based environment
- LAN for sharing the resources among users
- Networking between MOC and constituent units.
- Simplify dissemination of information to public and make it interactive.
- Train all personnel in making most of this technology

The Ministry has provided windows based PCs to all officers, personal staff and sections. A high speed Local Area Network (LAN) is functioning in the Ministry. All PCs along with servers are put on LAN to provide interconnectivity, Internet facility and access of the applications from the server. The office of this Ministry situated in Lok Nayak Bhawan has also been provided LAN with Internet and Email facilities.

This Ministry has initiated action In the continuous process of implementation and use of IT applications in day to day working. All official correspondence is being done through Email. Senior officers of the Ministry have started using Lotus Notes based Diary System. The system is used for on-line access of the appointment of self and also of other officers. The system is used for on-line communicating the Tasks assignments and action taken against the tasks.

The computerized diary and file movement system has been introduced based on the Office Procedure Automation Package (OPA). This has streamlined file and receipt tracking in the Ministry and has become an effective MIS tool at all levels. Searching for any file and receipt has become easy and the same is just a click of mouse away. Additionally, first phase of Electronic movement of files has been successfully launched in a few sections of the Ministry.

The Ministry has integrated various available IT services, facilities and applications through intranet based Portal for MOC. This contains useful links like Payslip, GPF Statements, Pending Bills, Statistics MIS, PMO References, Email Directory, Work Distribution, Complaints MIS and Coalnet MIS etc.

An Electronic Notice Board is operational in the Ministry for displaying various orders, circulars, notices etc. issued in the Ministry for easy access within the Ministry at the individual's PC and also provides access to the Knowledge Base created from the information from various officers/sections of the Ministry. Various relevant and useful information received from other Govt. offices/agencies are also incorporated for display through this system.

A bilingual Web Site (<http://coal.nic.in>) in English and Hindi language of Ministry of coal is operational which is being hosted at NIC. It provides details of organizational setup of the department, its working, subordinate offices, policies, annual reports, publications, statistical data, information on functional key parameters as well as Citizen Charter. All Acts / Rules / Notifications / Orders etc. relating to this Ministry are available on this web site in electronic form for easy access and dissemination to public.

A Computer based Network called COALNET, planned by the Ministry to inter link Ministry of Coal with all its constituent units has made significant progress. In the first phase of COALNET project, Ministry has been linked with Headquarters of Coal India Limited and its subsidiary companies. The connectivity has been provided by DAMA based VSATs to facilitate data and voice communication along with Video Conferencing. Ministry of Coal has finalized 28 MIS formats based on the functional key

parameters which are now available on-line on COALNET. The facility is being used in the Ministry for reviewing the monthly performances of the coal companies and for discussing various important issues.

Other areas where efforts have been already initiated are:

- Payment of monthly Salary of employees through Electronic Clearing System (ECS)
- GIS Applications for COAL Sector
- Public Grievance Redressal System
- Leaves Monitoring System
- Stores inventory management system

Apart from above systems, the Ministry has plans to revisit its various functional areas / processes to explore the possibility of use of IT tools to enhance efficiency in working.

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:

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 coal mine, seam or section of a seam.

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

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

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

UNDER COLLECTION OF STATISTICS ACT, 1953

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

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

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

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

COMMISSIONER OF PAYMENTS

1.6 There were two offices of Commissioner of Payments, one for determining compensation etc., for nationalised coking coal mines, with headquarters at Dhanbad and another for determining compensation etc. for nationalised non-coking coal mines with headquarters at 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 the following two public sector undertakings:

- Coal India Limited and
- 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 (Chhatishgarh)
- (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.

CHAPTER-II

ECONOMIC PROGRAMMES AND ACTIVITIES

2.1 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.

2.2 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, fertilisers, chemicals, paper and thousands of medium and small industries are dependent on Coal for their process and energy requirements. In transport sector, through 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.				
Sector	(In million tonne)			
2002-03 Actual	2003-04 (Prov)	2004-05 RE	2005-06 BE	
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Coking Coal				

Steel(Indigenous)	16.93	16.84	17.97	18.44
Private Cokeries/	0.86	0.71	0.60	0.65
Coke Oven		12.99	16.05	16.05
Steel (Import)	12.95			
Sub-Total	30.74	30.54	34.62	35.14
Non-Coking Coal				

Power(Utilities) Rc	252.78	268.18	285.19	299.88
MID	(1.71)	(1.44)	(1.33)	(1.57)
Power (Captive) RC	19.04	22.14	24.75	27.35
MID	(1.53)	(1.75)	(1.87)	(2.07)
Spong Iron/CDI	6.17	7.82	10.15	13.28
BRK & Others/	36.86	32.06	37.77	37.33
LTC/SSF	(0.01)	(0.00)	(0.00)	(0)
Sub-Total	62.07	62.02	72.67	77.97
	(1.54)	(1.72)	(1.87)	(2.07)

C.Oven (NLW)
Soft Coke/Fuel Coke
Loco/Railways

Cement	16.36	16.78	18.55	19.82
Fertilizer	2.54	2.07	2.44	2.34
Export	0.01	0.04	0.02	0.02
Colliery Consum.	1.48	1.33	1.33	1.29
N.Coking Coal Import	0.00	0.00	0.00	0.00
Sub-Total	335.24	350.37	380.20	401.32
TOTAL Raw Coal	365.98	380.91	414.82	436.46
Middling	(3.25)	(3.19)	(3.20)	(3.64)

2.3 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 tonne at the time of nationalisation of coal mines in early seventies to about 361.04 million tones (all India) by 2003-04. Coal Production will be 404.81 million tonne in the year 2005-06. Details of all India Coal production are given below:

ALL INDIA COAL PRODUCTION

(In. millions of tonne)

	2002-03	2003-04	2004-05	2005-06
	ACTUAL	ACTUAL	RE	BE
COAL INDIA Ltd.	290.69	306.38	325.00	345.00
SCCL	33.24	33.85	35.00	36.00
OTHERS	17.38	20.83	20.98	23.81
TOTAL(ALL INDIA)	341.31	361.04	380.98	404.81

2.4 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

2.5 The dispatches of coal had reached a level of 287.87 million tonne in 2002-03 and 303.24 million tonne in 2003-04 and the anticipated dispatches during 2004-05 is around 330.85 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. Detail of dispatches of coal are shown below. At the end of March '03 vendible coal stock was 19.25 million tonne. It has become 21.33 million tonne at the end of March'04. It is anticipated that it will come down to 20.25 million tonne at the end of March '05.

2.6 All India figures of dispatches for 2002-03(Actual),2003-04(Actual)and 2004-05(BE) and Stock (Vendible) at the end of March'03, March'2004 and March '2005(Anticipated) are Shown below:

COMPANY WISE COAL DESPATCHES & STOCKS (Vendible)

(Million Tonne)

COMPANY	Coal Despatches			Coal Stock (Vendible)		
	2002-03 Actual	2003-04 Actual	2004-05 BE	March'03 Actual	March'04 Actual	March'2005 Anticipated
ECL	26.75	26.91	28.91	2.33	2.89	2.87
BCCL	21.78	23.39	25.30	4.14	2.97	2.47
CCL	36.53	36.20	40.33	3.89	5.08	4.58
NCL	44.43	46.49	49.90	1.22	1.77	1.77
WCL	38.11	39.16	41.47	0.77	1.10	1.10
SECL	68.27	70.87	78.01	3.91	3.99	3.98
MCL	51.36	59.35	66.05	2.52	3.20	3.20
NEC	0.64	0.87	0.88	0.47	0.33	0.28
Total CIL	287.87	303.24	330.85	19.25	21.33	20.25

Distribution of Coal

2.7 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.

2.8 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

2.9 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 17 washeries are operating in CIL. The coking coal availability to the Steel Plants (including Durgapur Coke Oven Plant) was 9.97 m.t in 2003-04. The anticipated availability for 2004 -05 will be 11.18 m.t. Target set for the year 2005-06 is 12.15 m.t.

2.10 The production programme of NLC for 2003-04 actual, BE 2004-05 and RE 2004-05 and BE 2005-06 are given below:

PRODUCTION PROGRAMME FOR NLC

Item	2003-2004 (Actuals)	2004-2005 (BE)	2004-2005 (RE)	2005-2006 (BE)
1.Lignite (MT)	20.557	21.00	21.00	20.40
2.Power(MU)	16389	15286	15286	15705

EXPLORATION

2.11 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 (NLC), 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.

2.12 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.

2.13 Till 1997-98 coal companies had been funding for detailed exploration in all the blocks .After finalisation of the list of blocks to be retained by CIL the coal companies stopped funding of detailed exploration in non-CIL blocks from 1998-99. Many of such blocks are offered for Captive Mining use. Ministry of Coal approved the proposal of CMPDIL for funding of detailed exploration in Non-CIL Blocks during the IX and X Plans. This was done to maintain the pace of exploration and provide adequate information for the participation of private entrepreneurs in coal mining. In November, 2003, Ministry of Coal 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 the block has been explored enough to base a mining plan on the so available data (including assessment of extractable reserves).

2.14 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.

2.15 GSI,MECL and CMPDIL are continuing the Regional exploration in X Plan also. The details of Promotional drilling carried out in 2003-04 and programme for 2004-05 and 2005-06 are given below.

(In meters)

Command Area	2003-04 Actual	2004-05 BE	2004-05 RE	2005-06 BE
1 Drilling in CIL Area	53418	55000	53150	48300
2 Drilling in SCCL Area	18712	20000	19000	17000
3 Drilling in NLC Area	59401	60000	57200	47700
TOTAL	131531	135000	126350	113000

Total expenditure (Rs core)

Promotional Exploration	57.23	43.71	32.68	39.50
Coal Resource Information system	-	6.10	4.54	5.41
Lignite Resource Information system	-	0.45	3.46	2.02
Associated CBM Studies in Coal & Lignite	-	1.58	2.32	2.95
GRAND TOTAL	57.23	51.84	43.00	49.88

DETAILED EXPLORATION

2.16 CMPDI is continuing the Detailed Exploration in CIL blocks as per the programme. Apart from it, CMPDI has also taken up Detailed Drilling in Non-CIL Blocks. A total of 38350m of drilling in Non-CIL Blocks is proposed to be carried out in 2005-06 requiring fund of Rs. 18.81 Cr. from Ministry of Coal. The Programme of drilling in CIL blocks will require Rs.65.89 crore from CIL Subsidiaries for 149350m of drilling during the same year.

2.17 The details of actual drilling carried out in 2003-04 under Detailed Exploration Programme in CIL command areas and programme for BE/RE 2004-05 & BE 2005-06 are as follows:

DETAILED EXPLORATION PROGRAMME OF COAL (CIL/Non-CIL/Captive Mining Blocks)

(In metres)

	2003 -04 Actual		2004-05 BE		2004-05 Proposed R.E		2005-06 Proposed BE	
	Funded By CIL	Funded By DoC	Funded By CIL	Funded By DoC	Funded By CIL	Funded By DoC*	Funded By CIL	Funded By DoC
COAL INDIA LTD (DRILLING)								
i) CMPDIL	77426	79619	139750	38350	140650	38350	142350	38350
ii) MECL		21759	-	-	-	10000	-	-
iii) Others	9768	-	7000	-	7000	-	7000	-
<i>Total (CIL)</i>	<i>87194</i>	<i>101378</i>	<i>146750</i>	<i>38350</i>	<i>147650</i>	<i>48350</i>	<i>149350</i>	<i>38350</i>
Budget Provision (Rs.in crores)	47.75	15.06	51.23	12.83	64.98	22.50	65.89	18.81

COAL RESOURCES

As a result of Regional / Promotional Exploration and Detailed exploration carried out down to a depth of 1200m by the GSI,MECL,CMPDI,SCCL and other agencies, a cumulative total of 247.85 Billion tonne of coal resources has been established in the country as on 1.1.2005.

The state-wise distribution and its categorisation are as follows :-

STATE-WISE RESOURCES

(In Million Tonne)

States	Proved	Indicated	Inferred	Total
Andhra Pradesh	8263	6092	2584	16926
Arunachal Pradesh	31	40	19	90
Assam	279	27	34	340
Bihar	0	0	160	160
Jharkhand	35417	30439	6348	72204
Chhattisgarh	9373	26191	4411	39975
Madhya Pradesh	7513	8815	2904	19232
Maharashtra	4653	2309	1620	8582
Meghalaya	117	41	301	459
Nagaland	4	1	15	20
Orissa	15161	30976	14857	60984
Uttar Pradesh	766	296	0	1062
West Bengal	11383	11876	4554	27813
Total	92960	117090	37797	247847

The category-wise and type-wise coal resources of India as on 1.1.05 is as follows:

TYPESWISE RESOURCES OF INDIAN COAL

(In Million Tonne)

Type of Coal	Proved	Indicated	Inferred	Total
(A) Coking:				
Prime Coking	4614	699	0	5313
Medium Coking	11417	11765	1889	25071
Semi coking	482	1003	222	1707
Sub-total (Coking)	16513	13467	2111	32091
(B) Non-coking*	76447	103623	35686	215756
Total (Coking & Non-Coking)	92960	117090	37797	247847

*includes Coal from North Eastern Region.

ENVIRONMENTAL MEASURES AND SUBSIDENCE CONTROL

2.18 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.

2.19 Major thrust areas in Environmental Management during the Xth Plan period have been the following (a) Control of subsidence in the old abandoned waterlogged workings in Raniganj Coalfields. (b) Control of mine fires and subsidence in Jharia coalfield. (c) Reclamation of mined out areas in older coalfields like Raniganj, Jharia, Bokaro, Karanpura, etc.

2.20 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.

2.21 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.

2.22 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.

2.23 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"

S.No.	Name of unstable locality	Status as on 30.11.2004
1	Samdih village (Salanpur Area)	Rs 50 lakh has been released in Sept., 2004 at initial stage to Asansol Durgapur Development Authority (ADDA) to undertake rehabilitation of the affected population.
2	Kenda Village (Kanda Area)	
3	Bangal Para (Pandaveswar)	
4	Harishpur village (Kajora Area)	

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

This 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 150 families have been shifted. For construction of houses for 1152 BCCL families, finalisation of tender is awaited.. For construction of 3100 non-BCCL houses, a committee was constituted vide order no. BM/17/96/980/M dated 2.3.98 by the Govt. of Bihar to deal with the matter of construction of 3100 houses for non BCCL. This committee was headed by Commissioner, North Chotanagpur Division of Bihar State. During the detailed deliberations of the above committee, on the subject of rehabilitation of non-BCCL persons from the endangered areas, it was found that there were 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 urbanised 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 at a capital cost of Rs. 61.09 crore in Feb., 2003. A fund of Rs 203.15 lakh has been released to State Govt. for construction of Non- BCCL houses. Durgapur and Raniganj Development Authority (DRDA) has taken action for tendering for construction of Non-BCCL houses at Belgoria mouza.

Demographic Survey of Non- BCCL houses is to be conducted by Jharkhand State Govt. . For this purpose, Rs 5.40 lakh have been released to State Government by BCCL. Demographic survey of BCCL houses is to be conducted by CMPDIL.

2.24. 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.

2.25. The actual disbursement under the EMSC schemes excluding NE Region till 30.11.2004 is Rs. 62.68 crore including four Rehabilitation, Control of Fire and Subsidence in Raniganj/ Jharia Coalfield Areas schemes sanctioned in 2001-02. BE 2004-05 and RE 2004-05 and BE 2005-06 are Rs. 18.22 crore and Rs. 4.85 crore and Rs 44.86 crore respectively.

RESEARCH & DEVELOPMENT PROJECTS

2.26 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.

2.27 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.

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

2.29 During the IXth Plan period a total 48 projects have been completed by various agencies.

Status of coal S&T Projects in the X th Plan Period is as follows :-

(i)	Projects completed during 2002-03	-	10
(ii)	Project on going as on 1.4.2003	-	44
(iii)	Projects sanctioned by GOI during 2003-04	-	16
(iv)	Projects completed during 2003-04	-	10
(v)	Project terminated during 2003-04	-	01
(vi)	Projects on going as on 1.04.2004	-	49
(vii)	Project sanctioned by GOI during (2004-05 (Till Nov, 04)	-	08
(viii)	Total No. of on going projects as on Nov., 2004	-	57
(ix)	Projects in final stage of completion	-	10

2.30 Financial Status – Budget provisions and actuals are shown below:

2003-04	2004-05		2005-06
Actual	BE	RE	BE
6.75	9.88	12.43	20.08

2.31 The primary objective of collection of SED i.e. Stowing Excise Duty under the provisions of Coal Mines (Conservation & Development) Act, 1974 [CM(C&D) Act] through coal bills from the consumers (without affecting the coal production companies) is to generate a fund from SEDs (levying under section 9 & its collection under section 6 & 7 of the said Act) for subsidizing high cost stowing operation keeping pace with coal production in UG mines and for various protective works – all aimed towards safety, production & conservation of coal. An excise duty @ Rs. 10.00 per tonne (irrespective of class of coal whether coking or non-coking) of coal despatches is being levied (effective from 26.6.2003 onwards) for

supporting the activities of coal companies for conservation efforts i.e. R&D, Stowing operation, Protective works, Development of transport infrastructure etc. in coalfield areas. The Coal Controller collects excise duty from the different coal companies. A total amount of Rs. 230.35 crore was collected towards excise duty during the last year period of April'03 to March'04, against RE of Rs.230 crore. The collection during the current year April, 04 to Dec., 2004 is Rs. 275.78 crore against B.E. of Rs. 350 crore and RE of Rs. 365 crore. The B. E. for 2005-06 is Rs. 385 crore.

2.32 Under the above Act, a Committee known as a Coal Conservation & Development Advisory Committee (CCDAC) assesses the actual expenditure incurred by the coal companies on the sand stowing and protective works in coal mines and development of transport (road/rail) infrastructure in coal fields areas and makes necessary recommendation to the Government for grant of assistance against a part of the amount admissible under CCDA guidelines against the actual expenditure incurred by the coal companies for the said jobs. Apart from the above mentioned three major fields including R&D schemes (rate of assistance being decided on merit), there are other fields in which CCDA assistance are considered by the committee which are detailed under six sub-clauses of clause 12 under chapter V titled “ Grant of Assistance” of CM(C&D) Rules 1975.

2.33 The expenditure towards the eligible activities as approved by the CCDA Committee is met out of the fund generated from SED collection under CM (C&D) Act 1974 detailed in para No. 2.31. The stipulations as per sections 6 & 7 of the Act reveals that SED collection during the preceding financial year or years shall be exclusively disbursed for the purposes stated in the Act. The collection from the net proceeds for such activities and provision in the budget from the net proceeds of the excise duty are indicated below :

Description	Rupees in Crore			
	2003-2004 Actuals	2004-05 BE	2004-05 RE	2005-2006 BE
Conservation including Stowing, Protective work & R & D	64.00	90.00	100.03	0.01*
Development of Transport Infrastructure in coalfield areas	49.79	69.12	59.09	0.01*
Total	113.79	159.12	159.12	0.02

* Token provision for seeking Supplementary Grants in 2005-06.

2.34 Under the existing guidelines, the Government reimburses up to 60% of the cost of Stowing as derived through the normative cost of each mine (worked out by CMPDIL, through a uniform methodology a common time base) while the balance cost has to be borne by the concerned coal companies. The Government also reimburses a maximum of 75% of the cost of Protective Work while the concerned coal companies meet the balance cost. In case of stowing, the quantities of sand are 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.

2.35 Construction of roads and bridges is the responsibility of the State Government. However, the roads connecting the points of production, processing and despatches of coal which are required by coal industry may also be constructed/developed by Coal Companies. The road constructed for transportation of sand, steel, machinery etc. relating to mining activity may also be constructed by Coal Companies. The CCDA Committee approves assistance for construction of some of such roads as per the present policy. The CCDA Committee also considers the proposal for reimbursement of expenditure on railways related projects associated with coal projects/mines.

2.36 The Government bears normally 50% cost of construction of roads in coalfield areas. The balance expenditure is met either by the concerned State Government or the coal companies sponsoring such road construction. For loss making companies, however, even 100% assistance has been considered in certain specific cases.

VOLUNTARY RETIREMENT SCHEME

2.37 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.

2.38 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. The government has scrapped this scheme from 2005-06.

COAL PRICE

2.39 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.

2.40 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.

2.41 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 supersession of the Colliery Control Order,1945. Under the Colliery Control Order,2000 the Central Government has no power to fix the prices of coal and CIL as the producer of coal automatically vests with the power of fixing the prices of coal depending on the economies 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.

ROYALTY AND SALES TAX/ CESS TO STATE GOVERNMENT

2.42 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

2.43 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 :-

(Rs. per tonne)				
Coal Group	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

2.44 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

2.45 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

2.46 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.

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CHAPTER - III

FINANCE REQUIREMENT (BUDGET)

BUDGET OUTLAY

3.1 The following are the provisions sought and included in the Demands for Grants for 2005-2006 pertaining to the Ministry of Coal:

(Rs. in crore)

	Plan		Non Plan		Total	
	Gross	Net	Gross	Net	Gross	Net
Revenue Section(Voted)	152.05	152.05	40.02	40.02	192.07	192.07
Capital Section (Voted)	0.00	0.00	25.00	-	25.00	0.00
TOTAL	152.05	152.05	65.02	40.02	217.07	192.07

Budget outlays at a glance are reflected at Table 3.1.

PLAN OUTLAY

3.2 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-3.2.

3.3 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.

3.4 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

3.5 A substantial portion of the non-plan outlay of the Ministry of Coal is 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 has 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. Another major segment (72.83%) 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 19.76% 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

3.6 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.

ANNUAL PLAN 2005-2006

3.7 The Annual Plan outlay for 2005-2006 for the three public sector undertakings viz., CIL, SCCL and NLC which is entirely in the capital section and the Annual Plan outlay for 2005-06 for the schemes in the revenue section and capital section is given in the following table:-

Company/ Scheme	(Rs. in crores)		
	2004-05 BE	2004-05 RE	2005-06 BE
CAPITAL SECTION			
CIL	2310.00	1877.35	2814.35
SCCL	325.00	275.00	395.00
NLC (Coal)	237.63	177.00	274.44
NLC Power	243.07	90.00	365.56
NLC (Total)	480.70	267.00	640.00
Total	3115.70	2419.35	3849.35
REVENUE SECTION			
Regional Exploration	51.84	43.00	49.88
Environmental Measures and Subsidence Control	18.22	4.85	44.86
Information Technology	4.50	2.50	3.00
Research & Development	9.88	12.43	20.08
Detailed Drilling	12.83	22.50	18.81
Coal Controller	0.22	0.22	0.22
Lump sum provision for NE Region	22.33	21.00	15.20
Total	119.82	106.50	192.05
Capital Section			
Voluntary Retirement Scheme in PSUs	103.50	103.50	0.00
Total Revenue and Capital	223.32	210.00	152.05
Grand Total	3339.02	2629.35	4001.40

3.8 The source-wise funding of the Annual Plan 2005-2006 of the three PSUs are given in the Tables 3.2. The details of the plan outlay are covered in the chapters relating to the respective PSUs. Project-wise details of the projects costing Rs.100 crore and above are covered in Chapter IV.

Table 3.1 (BUDGET AT A GLANCE)

(Rs. in crore)

	Major Head	2004-05 B.E			2004-05 R.E			2005-06 B.E			
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
REVENUE SECTION											
1	SECRETARIAT- ECONOMIC SERVICES	3451	4.50	6.77	11.27	2.50	6.82	9.32	3.00	7.91	10.91
	LABOUR & EMPLOYMENT										
2	COAL MINES LABOUR WELFARE	2230	0.00	31.46	31.46	0.00	31.46	31.46	0.00	29.15	29.15
	COAL AND LIGNITE	2803									
3	Conservation and safety in coal mines		0.00	90.00	90.00	0.00	100.03	100.03	0.00	0.01	0.01
4	Dev.of transportation infrastructure in coalfield areas		0.00	69.12	69.12	0.00	59.09	59.09	0.00	0.01	0.01
5	Research & Development Programme		9.88	0.00	9.88	12.43	0.00	12.43	20.08	0.00	20.08
6	Regional Exploration		51.84	0.00	51.84	43.00	0.00	43.00	49.88	0.00	49.88
7	Detailed Drilling		12.83	0.00	12.83	22.50	0.00	22.50	18.81	0.00	18.81
8	Environmental Measures and Subsidence Control		18.22	0.00	18.22	4.85	0.00	4.85	44.86	0.00	44.86
9	Coal Controller		0.22	2.35	2.57	0.22	2.29	2.51	0.22	2.61	2.83
10	Commissioner of Payments		0.00	0.30	0.30	0.00	0.31	0.31	0.00	0.33	0.33
11	Lump sum Provision for NE Region	2552	22.33	0.00	22.33	21.00	0.00	21.00	15.20	0.00	15.20
	Total (Revenue Section)		119.82	200.00	219.82	106.50	200.00	306.50	152.05	40.02	192.07
CAPITAL SECTION											
1	COAL INDIA LTD - INVESTMENT	4803	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	- LOANS AND ADVANCES	6803	103.50	0.00	103.50	103.50	0.00	103.50	0.00	0.00	0.00
3	NEYVELI LIGNITE CORPN. LTD.		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	a) Mining - INVESTMENT	4803									
	- LOANS AND ADVANCES	6803	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	b) Power - INVESTMENT	4801	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	- LOANS AND ADVANCES	6801	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	ACQUISITION OF COAL BEARING AREAS		0.00	25.00	25.00	0.00	25.00	25.00	0.00	25.00	25.00
	DEDUCT EXPENDITURE MET FROM C.B.A. FUND		0.00	- 25.00	- 25.00	0.00	- 25.00	- 25.00	0.00	25.00	-25.00
5	Lump sum provision for NE Region	4552	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Capital Section		103.50	0.00	103.50	103.50	0.00	103.50	0.00	0.00	0.00
	GRAND TOTAL (CAPITAL & REVENUE SECTIONS) (NET OF RECOVERIES)		223.32	200.00	423.32	210.00	200.00	410.00	152.05	40.02	192.07

TABLE - 3.2
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									
2003-04 (Prov.)	2483.06	0.00	0.00	129.98	2613.04	0.00	2613.04	0.00	0.00
2004-05 (B.E)	2165.00	0.00	0.00	145.00	2310.00	103.50	2413.50	0.00	103.50
2004-05 (R.E)	1877.35	0.00	0.00	0.00	1877.35	103.50	1980.85	0.00	103.50
2005-06 (B.E)	2814.35	0.00	0.00	0.00	2814.35	0.00	2814.35	0.00	0.00
S.C.C.L.									
2003-04 (Prov.)	141.25	0.00	0.00	141.25	0.00	0.00	141.25	0.00	0.00
2004-05 (B.E)	125.00	0.00	0.00	200.00	325.00	0.00	325.00	0.00	0.00
2004-05 (R.E)	- 36.62	0.00	0.00	311.86	275.00	0.00	275.00	0.00	0.00
2005-06 (B.E)	183.38	0.00	0.00	211.62	395.00	0.00	395.00	0.00	0.00
N.L.C									
2003-04 (Prov.)	<i>Lignite</i>	<i>80.80</i>	<i>0.00</i>	<i>0.00</i>	<i>80.80</i>	<i>0.00</i>	<i>80.80</i>	<i>0.00</i>	<i>0.00</i>
	<i>Power</i>	<i>74.39</i>	<i>0.00</i>	<i>2.85</i>	<i>77.24</i>	<i>0.00</i>	<i>77.24</i>	<i>0.00</i>	<i>0.00</i>
	<i>Total</i>	<i>155.19</i>	<i>0.00</i>	<i>2.85</i>	<i>158.04</i>	<i>0.00</i>	<i>158.04</i>	<i>0.00</i>	<i>0.00</i>
2004-05 (B.E)	<i>Lignite</i>	<i>160.04</i>	<i>52.59</i>	<i>25.00</i>	<i>237.63</i>	<i>0.00</i>	<i>237.63</i>	<i>0.00</i>	<i>0.00</i>
	<i>Power</i>	<i>120.66</i>	<i>97.41</i>	<i>25.00</i>	<i>243.07</i>	<i>0.00</i>	<i>243.07</i>	<i>0.00</i>	<i>0.00</i>
	<i>Total</i>	<i>280.70</i>	<i>150.00</i>	<i>50.00</i>	<i>480.70</i>	<i>0.00</i>	<i>480.70</i>	<i>0.00</i>	<i>0.00</i>
2004-05 (R.E)	<i>Lignite</i>	<i>132.00</i>	<i>45.00</i>	<i>0.00</i>	<i>177.00</i>	<i>0.00</i>	<i>177.00</i>	<i>0.00</i>	<i>0.00</i>
	<i>Power</i>	<i>85.00</i>	<i>5.00</i>	<i>0.00</i>	<i>90.00</i>	<i>0.00</i>	<i>90.00</i>	<i>0.00</i>	<i>0.00</i>
	<i>Total</i>	<i>217.00</i>	<i>50.00</i>	<i>0.00</i>	<i>267.00</i>	<i>0.00</i>	<i>267.00</i>	<i>0.00</i>	<i>0.00</i>
2005-06 (B.E)	<i>Lignite</i>	<i>142.44</i>	<i>102.00</i>	<i>30.00</i>	<i>274.44</i>	<i>0.00</i>	<i>274.44</i>	<i>0.00</i>	<i>0.00</i>
	<i>Power</i>	<i>197.56</i>	<i>118.00</i>	<i>50.00</i>	<i>365.56</i>	<i>0.00</i>	<i>365.56</i>	<i>0.00</i>	<i>0.00</i>
	<i>Total</i>	<i>340.00</i>	<i>220.00</i>	<i>80.00</i>	<i>640.00</i>	<i>0.00</i>	<i>640.00</i>	<i>0.00</i>	<i>0.00</i>
TOTAL									
2003-04 (Prov.)									
2004-05 (B.E)									
2004-05 (R.E)									
2005-06 (B.E)									
2003-04 (Prov.)	2779.50	0.00	2.85	271.23	3053.58	0.00	3053.58	0.00	0.00
2004-05 (B.E)	2570.70	150.00	50.00	345.00	3115.70	103.50	3219.20	0.00	103.50
2004-05 (R.E)	2057.73	50.00	0.00	311.62	2419.35	103.50	2522.85	0.00	103.50
2005-06 (B.E)	3337.73	220.00	80.00	211.62	3849.35	0.00	3849.35	0.00	0.00

IMPLEMENTATION OF MAJOR PROJECTS

4.1 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 crore can be sanctioned by the Board of Directors of Coal India Limited and coal projects costing up to Rs.50 crore can be sanctioned by the Board of Directors of NCL, WCL, SECL and MCL, subject to the condition that the project should be included in the approved Five Year / Annual Plans and outlays provided for and 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 and CMPDIL can, however, sanction projects up to Rs.20 crore only.

4.2 Projects, costing Rs.100 crore and above, are being regularly monitored through monthly flash reports, by the Ministry of Coal and the Department of Programme Implementation. Other projects costing Rs.20 crore and above, are also monitored in the Ministry of Coal on the basis of Quarterly Project Monitoring Reports received from the Public Sector Undertakings. 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 revised cost estimates are also identified and coal companies are advised to prepare revised cost estimates for seeking approval of the Government. Revised cost- estimates are analysed 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 cr and above are monitored/ reviewed by Secretary (Coal) and Planning Commission on quarterly basis.

4.3 Company-wise and project-wise details of on-going projects costing Rs.100 crore and above being implemented by CIL and NLC are given in the table 4.1 and 4.2 respectively. There are no on going projects costing Rs. 100 crore and above being implemented at present by SCCL. Summarized company-wise position 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 tonnes)	Sanctioned cost (Rs. In crore)
C.I.L.			
(Mining)	6	26.08	4001.88
NLC			
Mine	2	6.6	2415.35
Power	2	750 MW	3144.96
Total			
Mine	8	32.68	6417.25
Power	2	750 MW	3144.96

Status of World Bank Loan:

The utilization of loan under Coal Sector Rehabilitation Project (CSRP) during 2003-04 has been used as USD 7.00 million and the total cumulative utilization of CSRP loan till 31 March 2004 has been to the tune of USD 489.13 million against the total revised loan facility of USD 522.60 million. Although a total sum of USD 510.12 million was disbursed by IBRD and JBIC till 31 March 2004, an amount of USD 20.99 has been prepaid following cancellation of the uncommitted part of the loan of IBRD and JBIC. Further, an amount of USD 30.24 million has been paid towards repayment of loan to IBRD and JBIC till 31 March 2004. Hence, an outstanding loan to both IBRD and JBIC stands at USD 458.89 million as on 31st March 2004. No provision has been made against BE 2004-05, as the closing date of IBRD and JBIC loan was on 31 December 2003.

All the major activities under Environmental Action Plan (EAP), Rehabilitation Action Plan (RAP), Indigenous People Development Plan (IPDP) and Technical Assistance Programs under the IDA financed Coal Sector Environmental and Social Mitigation Project (CSESMP) was completed as per schedule. The actual utilization of the IDA credit for CSESMP was to the tune of Rs. 177.69 Crore equivalent to USD 39.25 million. No provision has been made against BE 2004-05, as the closing date of CSESMP was on 30 June 2002 .

The actual for the period 2003-2004, BE 2004-05, RE 2004-05 and BE 2005-06 of CSRP and CSESMP are as under :

Figure in Rs. Crore

Sl. No.	Particulars	Actual 2003-04	BE 2004-05	RE 2004-05	BE 2005-06
1	CSRP	31.76	NIL	NIL	NIL
2	CSESMP	NIL	NIL	NIL	NIL

Loan repayment to IBRD and JBIC for the period 2003-2004, BE 2004-05, RE 2004-05 and BE 2005-06 of CSRP are as under :

Figure in Rs. Crore

Sl. No.	Particulars	Actual 2003-04	BE 2004-05	RE 2004-05	BE 2005-06
1	IBRD	51.40	54.21	51.33	55.08
2	JBIC	68.02	66.93	71.93	74.07
3	Total	119.42	121.14	123.26	129.15

TABLE 4.1

NEW /ONGOING PROJECTS COSTING 100 CRS & ABOVE – COAL INDIA LIMITED

No.	Name of the Project Company location of the project	Capacity in MPTA	Sanctioned Cost/ Anticipated Cost Rs in crore	Month and Year of sanction Schedule Completion Anticipated completion	Grade of Coal; Linkage	Actual Prodn. In MT. 2002-03	BE/RE 2004-05 (Rs. In Crore)	Exp. Up to March, 2004 Dec, 2004 (Pro.) (Rs. In Cr)	BE 2004-05 (Rs. in Crore)	Status of the Project
1	2	3	4	5	6	7	8	9	10	11
1	JHAN.IRA PH - I UG-.RCE ECL Burdwan (Foreclosure Report)	2.00 (1.03)	403.96 386.44	Aug. 95 Mar-98 Mar-2002	C Basket Linkage	0.82	2.75 1.90	363.07 363.08	1.65	The Project has suffered from fund constraints, ageing of long wall and development equipment, non-availability of cost prohibitive imported spares, requirement of higher support density in R-VI seam by DGMS and fire in Panel AWI. The project is being foreclosed at a derated capacity of 1.03 Mty_ for an investment of Rs. 386.44 Cr. (including Rs. 15.54 crore for Advance Action). Foreclosure Report under approval . PIB meeting held on 2/11/04 and the foreclosure proposal has been recommended for consideration of CCEA .
2	POOTKEE- BALLIHARI UG BCCL. Dhanbad (Jharkhand) (RPR)	0.68	182.60	Feb-2003 Mar-03 Mar-07	S II & -W IV Pootkee Washery & Steel Plants.	0.20	2.00 2.00	171.98 172.80	4.00	Due to adverse roof condition leading to frequent roof falls coupled with water problem, the project is facing difficulty to catch up with the production target of 2004-05. Target fixed for the year 2004-05 is 0.54 MT. Production achieved till Dec-2004 is 0.122 MT. BCCL has prepared a proposal indicating the constraints in achieving the desired level of production in 2004-05 and measures to overcome such constraints. The project is likely to be completed by Mar. 2007.

1	2	3	4	5	8	7	8	9	10	11
3	JHARKHAND OC CCL, Hazaribagh (JHARKHAND)	1.00	110.89	Oct, 98 Mar, 04 Mar, 04	WIV Kedia Washery	0.80	20.00 12.23	62.93 66.19	10.10	The project has been declared completed and the completion report is under approval.
4.	NIGAH I EXPN. OC NCL, SIDHI (Chhatisgarh)	10.00	1846.49	Jul-97 March 04. Mar, 04	C,D & E Vindhyachal STPS	9.50	154.62 94.36	1407.35 1417.63	189.61	The project has been declared completed and the completion report is under preparation.
5.	DUDHICHUA EXPN. OC NCL. Sidhi Chhattis arh	10.00	1281.39 RCE	Mar, 01 Mar, 04 Mar'04	C&D WIPS of NTPC	9.36	68.49 18.45	1176.16 1185.34	122.54	The project has been declared completed and the completion report is under preparation.
6.	BASUNDHARA WEST OC MCL. Sundergarh Orissa	2.40	176.54	Oct-03 Mar, 04 ----- Mar-08	D to E TPS of M/s MAPL at Hirma	0.00	38.52 12.25	11.68 13.45	21.54	The project is on schedule.

TABLE 4.2.
NEW/ ON GOING PROJECTS COSTING RS.100 CRORES AND ABOVE)
NEYVELI LIGNITE CORPORATION LIMITED

(Rs.in Crore)

SL NO	Name of the project	Capacity	Sanctioned cost	Month & year of sanction	Grade of coal linkage	BE2004-05 RE2004-05	Expenditure upto March 2004	BE 2005-06	Status of the project
1	2	3	4	5	6	7	8	9	10
1.	Mine II Expansion	10.5 MTPA to 15.00 MTPA	2161.28	18.10.2004	Lignite TPS II Expn.	<u>106.36</u> 80.00	0.00	150.00	Project sanctioned.Tenders for SMEs under finalisation.
2.	TPS II Expansion	1470 MW to 1970 MW	2030.78	18.10.2004	Power Mine II Expn.	<u>103.81</u> 6.50	1.19	150.00	Project sanctioned.Tenders for main Plant packages are under process.
3.	Mine at Rajasthan	2.1 MTPA	254.07	15.12. 2004	Lignite TPS at Rajasthan	<u>9.55</u> 10.30	0.22	38.69	Projects sanctioned. Tenders for main Mining Equipments are under process.
4.	TPS at Rajasthan	2 X125 MW	1114.18	15.12. 2004	Power Mine at Rajasthan	<u>19.35</u> 5.52	0.00	83.60	Projects sanctioned. Tenders for main Plant packages are under process.

CHAPTER V

COAL INDIA LIMITED

OBJECTIVES AND FUNCTIONS.

5.1 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 coal mines in the north eastern region are directly managed by the holding company. Dankuni Coal Complex, a 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 powers defined in their respective Articles 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.

5.2 The authorised capital of Coal India Limited as on 31.3.2004 was Rs.8904.18 crore, which consists of Rs 8000 Crore of equity shares and Rs 904.18 crore of 10 % Redeemable Preference Shares . Preference Shares have redeemed during the year 2003-04. The paid up capital as on 31.3.2004 is Rs 6316.36 crore and the equity capital of the company in turn is invested into equity in the wholly owned subsidiary companies of CIL.

PLAN OUTLAY

5.3 The Plan outlay of CIL in the IX th plan period as per Mid Term appraisal of Planning Commission was recommended as Rs 12000 Crore. As against this target ,actual plan expenditure for 9th Five Plan was Rs 8632.19 Crore. The Budgeted outlay for 2004-05 (BE) and (RE) was Rs 2310 Crore and Rs 1877.35 Cr. respectively. Reduction of Plan outlay in 2004-05 is due to delay in approval of new projects primarily because of delay in obtaining EMP and Forestry clearance, acquisition of forest and non forest land and rehabilitation of villages. Outlay for 2004-05 was also reduced due to non-procurement of HEMM because of court cases, changes in HEMM requirement. The Plan outlay for the year 2005-06(BE) is Rs 2814.35 Cr. Xth plan outlay for CIL approved by the Planning Commission is Rs 14310.00 crore. Year-wise and Subsidiary wise break-up of Capital outlay and financing plan is given below:-

SUBSIDIARY-WISE INVESTMENT OF PLAN FUNDS

(Rs. in crore)

COMPANY	2002-03	2003-04	2004-05	2004-05	2005-06	XPlan MTA Revised outlay	
	Ixth Plan	Actual	Actual	BE	RE		
ECL	650.10	131.45	82.49	200.00	195.24	333.10	1363.17
BCCL	555.40	55.39	71.91	200.00	237.57	300.00	995.39
CCL	973.93	131.60	229.00	280.00	280.00	440.70	1620.00
NCL	2121.43	432.08	329.03	635.00	354.27	620.00	2325.00
WCL	1307.73	145.01	158.43	200.00	200.00	205.28	977.85
SECL	1726.14	153.34	186.00	400.00	270.00	500.00	1859.33
MCL	1233.70	139.83	93.55	350.00	275.00	350.00	1650.00
NEC	63.76	2.25	2.26	4.00	3.00	4.00	15.51
CMPDI/DCC/CIL/ IICM	-	1.23	4.15	41.00	62.27	61.27	168.88
TOTAL	8632.19	1192.17	1156.82	2310.00	1877.35	2814.35	10975.13

Source of funding	1997-02 I th Plan	2002-03 Actual	2003-04 Actual	2004-05 BE	2004-05 RE	2005-06 BE	XPlan MTA Revised outlay
Internal Resources	4219.01	779.59	1026.84	2165.00	1877.35	2814.35	24580.85
Bonds	-	-	-	-	-	-	-
Suppliers Credit	-	-	-	-	-	-	-
IBRD	2290.09	85.93	30.11	-	-	-	71.42
Addl. Res.							
Mobilisation /Inter- corporate loan/Commercial Loan	1913.46	314.05	99.87	145.00	-	-	413.92
Others	-	-	-	-	-	-	-
Total IEBR	8422.56	1179.57	1156.82	2310.00	1877.35	2814.35	25066.19
Ext. aid thr.Budget	199.95	12.62	-	-	-	-	12.62
Ext. aid direct	9.68						
Fund available	8632.19	1192.19	1156.82	2310.00	1877.35	2814.35	25078.81
Total outlay	8632.19	1192.19	1156.82	2310.00	1877.35	2814.35	10975.13

SCHEME-WISE ALLOCATION OF PLAN FUNDS

5.4 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. Given the limited resources availability, an effort is made to maintain an appropriate balance between short term production needs on the one hand and between production and welfare activities on the other.

The Subsidiary-wise and /group-wise Capital expenditure and Plan outlay is as follows:-

Group-wise breakup of Outlay.

(Fig. in Rs Crore)

<u>ECL</u>	03-04	2004-05		2005-06
	Actual	BE	RE	BE
Existing Mines & Completed Projects	67.97	165.53	168.53	120.73
On going projects	7.92	7.32	5.85	4.60
Future Projects.	1.17	15.15	8.86	195.77
TOTAL MINING	77.06	188.00	183.24	321.10
Other.Non.Mining	0.57	6.00	6.00	6.00
Exploration+P&D	4.86	6.00	6.00	6.00
TOTAL ECL	82.49	200.00	195.24	333.10

BCCL

Existing Mines & completed projects	58.92	124.30	164.43	243.39
On going projects	5.64	7.15	55.93	23.61
Future Projects		53.35	2.01	11.00
TOTAL MINING	64.56	184.80	222.37	278.00
Washery	0.38	5.00	5.00	10.00
Other Non.Mining	2.09	3.00	3.00	3.00
Exp loration +P&D	4.88	7.20	7.20	9.00
TOTAL BCCL	71.91	200.00	237.57	300.00

CCL

Existing Mines & completed projects	142.58	145.50	172.73	150.00
On going projects	39.20	40.00	37.55	25.00
Future Projects	0.00	50.00	16.49	234.51
Adv.Action Projects.	8.96	6.35	1.23	1.19
TOTAL MINING	190.74	241.85	228.00	410.70
Washery	2.72	7.00	7.00	5.00
Other Non.Mining	15.54	16.15	25.00	15.00
Exploration +P&D	20.00	15.00	20.00	10.00
TOTAL CCL	229.00	280.00	280.00	440.70

NCL

Existing Mines & completed projects	31.06	219.37	115.53	199.00
On Going Projects	244.26	225.31	185.33	276.27
Future Projects	51.87	128.74	31.41	130.59
Adv. Action Projects		5.40		
TOTAL MINING	327.19	578.82	332.27	605.86

Washery/D.Plant

Other.Non.Mining 47.68 16.25 9.68

Exploration+P&D 1.84 8.50 5.75 4.46

TOTAL NCL 329.03 635.00 354.27 620.00

WCL

Existing Mines & completed projects	94.20	94.14	100.54	98.71
On Going Projects	25.95	67.66	59.86	63.00
Future Projects		3.75	0.30	10.43
TOTAL MINGING	120.15	165.55	160.70	172.14

Washery		0.05		0.00
Other.Non.Mining	13.43	14.40	19.30	13.14
Exploration+P&D	24.85	20.00	20.00	20.00
TOTAL WCL	158.43	200.00	200.00	205.28

SECL

Existing Mines & completed projects	106.39	175.63	126.05	154.09
On Going Projects	34.69	69.86	35.17	71.61
Future Proj.		95.51	62.82	230.30
Adv.Action Projects		0.00		
Total Mining	141.08	341.00	224.04	456.00
Other.Non.Mining	23.92	43.00	25.96	22.00
Exploration+P&D	21.00	16.00	20.00	22.00
TOTAL SECL	186.00	400.00	270.00	500.00

MCL

Existing Mines & completed projects	57.43	66.85	68.50	53.50
On Going Projects	14.70	84.45	88.50	82.04
Future Proj.	4.22	158.20	64.50	119.00
Adv.Action Projects	0.00	1.50	0.00	1.00
Total Mining	76.35	311.00	221.50	255.54
Other.Non.Mining	15.27	22.00	36.50	79.46
Exploration+P&D	1.93	17.00	17.00	15.00
TOTAL MCL	93.55	350.00	275.00	350.00

NEC

Existing, Completed	1.39	3.50	2.50	3.50
On Going proj.				
Future Proj.				
Total Mining	1.39	3.50	2.50	3.50
Other.Non.Mining	0.18	0.50	0.50	0.50
TOTAL NEC	1.57	4.00	3.00	4.00
CMPDIL	3.86	4.00	7.60	5.21
DCC/CIL HQ/IICM	0.98	5.50	13.81	28.84
R & D +ECL Exploration		31.50	40.86	27.22

COAL INDIA LIMITED

Existing, Completed	559.95	994.82	918.81	1022.92
On Going proj.	372.34	501.75	468.19	556.13
Future Proj.	57.26	504.70	186.39	931.60
Adv.action Proj.	8.96	13.25	1.23	2.19
Total Mining	998.52	2014.52	1574.62	2502.84
Washery	3.10	12.05	12.00	15.00
Other.Non.Mining	71.00	152.73	132.51	148.78
Exploration+P&D	79.36	89.70	95.95	86.46
Others(cmpdil/cil/dcc)				
iicm,Ecl Exploration)	4.84	41.00	62.27	61.27
TOTAL (CIL)	1156.82	2310.00	1877.35	2814.35

COAL PRODUCTION

5.5 Coal production from the existing mines, on going projects and new projects for the year 2003-04 (Actual), 2004-05 (Target and Antic) and target 2005-06 are as under:-

COAL PRODUCTION

	(in million tonne)			
	2003-04 Actual	2004-05 BE	2004-05 RE	2005-06 BE
Existing	28.40	26.19	29.30	30.46
Completed Projects	250.22	214.47	226.59	227.30
On-going	27.58	41.34	50.88	60.35
Future Projects	0.16	32.00	24.20	32.93
Total	306.36	314.00	330.97	351.04

5.6 The company-wise coal production given in Table below :- (In Million tonnes)

Company	2003-04	2004-05	2004-05	2005-06
	Actual	BE	RE	BE
ECL	28.00	29.00	29.40	32.44
BCCL	22.68	25.20	25.20	25.20
CCL	37.33	40.00	40.00	42.00
NCL	47.03	47.50	49.90	52.00
WCL	39.53	38.00	41.50	43.50
SECL	71.01	74.50	78.11	83.00
MCL	60.05	59.00	66.06	72.00
NEC	0.73	0.80	0.80	0.90
OVERALL CIL	306.36	314.00	330.97	351.04

5.7 Production of washed coal during 2003-04 was 4.53 Mt. In the Year 2004-05 anticipated production of washed coking coal is 4.74 Mt. projection for 2005-06 is 5.64 M.T.

COAL OFFTAKE AND PIT HEAD STOCKS

5.8 Off take of raw coal was 289.22 m.t. during 2002-03 and 304.44 m.t. during 2003-04. At the end of March 2004, the Vendible Saleable stock of Coal was 21.33 M.t. and anticipated stock during March 2005 is 20.25 m.t.(Provisional).

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

COAL OFFTAKE AND PIT HEAD STOCKS

Company						(In Million Tonnes)	
	COAL OFFTAKE					COAL STOCK (Vendable)	
	2002-03 Actual	2003-04 Actual	2004-05 BE	2004-05 RE	2005-06 BE	As on 1.4.2004 (Actual)	As on 31.3.2005 (Prov)
ECL	27.29	27.43	29.00	29.40	32.44	2.89	2.87
BCCL	22.22	23.80	25.70	25.70	25.50	2.97	2.47
CCL	36.74	36.37	40.50	40.50	42.50	5.08	4.58
NCL	44.43	46.48	47.50	49.90	52.80	1.77	1.77
WCL	38.16	39.20	38.00	41.50	43.50	1.10	1.10
SECL	68.37	70.93	74.50	78.11	83.00	3.99	3.98
MCL	51.37	59.36	59.00	66.06	72.00	3.20	3.20
NEC	0.64	0.87	0.85	0.88	0.95	0.33	0.28
Total CIL	289.22	304.44	315.05	332.05	352.69	21.33	20.25

5.9

VENDABLE STOCK

Vendible coal stock on 1.4.2004. was as under :-	M.T
Opening Stock as on 1.4.03	19.25
(As per audited A/Cs 2003-04)	
i) Derived Stock	21.39
ii) Measured Stock	21.01
Break up of difference	
a) Excess within 5%	0.02
b) Shortage within 5%	0.34
c) Excess beyond 5%	0.01
d) Shortage beyond 5%	0.07
Stock adopted in A/cs. (ii-a+b)	21.33
Less : Seized Coal	
Total vendible stock	21.33

COAL SALE DUES

5.10 Coal India Ltd. is required to meet coal needs of all consumers including power, steel, cement, fertiliser & others. While coal is released to some sectors against advance payments, the bulk consumers like power & steel are taking coal on credit. Due to the poor financial position of SEBs and SPCs an amount of Rs 4080.26 crore was outstanding as coal sale dues as on 31.3.2004.

The company-wise Gross coal sale dues and net coal sale dues as on 31.3.2004 and as on 31.3.2003 are as under:-

C O M P N Y	Rs in Crore.			
	Coal Sale dues AS ON 31.3.2004		Coal Sale dues AS ON 31.3.2003	
	GROSS	NET	GROSS	NET
ECL	938.95	684.34	1243.39	1077.35
BCCL	701.18	248.91	865.94	407.90
CCL	868.60	649.23	986.42	668.68
NCL	154.40	143.42	139.72	129.58
WCL	831.07	319.59	955.91	471.93
SECL	430.99	266.85	1482.76	1172.83
MCL	143.99	62.93	411.46	236.63
NEC/CIL	11.08	0.42	10.93	0.19
TOTAL:-	4080.26	2375.69	6096.53	4165.09

PRODUCTIVITY

5.11 The productivity in coal sector is normally measured in terms of output per man shift in tonne (OMS). It would be seen that OMS is going up from year to year showing efforts to improve efficiency. The following table shows labour productivity as a result of various measures:

COMPANY	2002-03 Actual	2003-04 Actual	2004-05 BE	2004-05 RE	2005-06 BE
ECL	1.03	1.09	1.10	1.10	1.14
BCCL	1.21	1.16	1.30	1.25	1.42
CCL	2.43	2.48	2.86	2.77	3.09
NCL	10.58	10.56	11.05	10.92	11.47
WCL	2.21	2.29	2.23	2.42	2.54
SECL	3.23	3.49	3.55	3.86	4.05
MCL	11.57	12.46	11.87	13.22	14.54
NEC	0.85	1.02	1.27	1.26	1.42
OVER ALL CIL	2.67	2.82	2.92	3.07	3.36

Capital Restructuring of Coal India Limited

5.12 A policy support package was approved by the Government to restructure the capital base of Coal India Limited which had the following components:

- (a) Outstanding interest free non-plan loan of Rs. 432.64 crore owed by CIL to the Government of India was to be repaid in three equal installment 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.
- (b) Outstanding plan loan to the extent of Rs.904.18 crore owed by CIL to the Government as on 31.3.92 was converted into non-cumulative 10% preference shares, redeemable in 2003-04. The 10% non cumulative Preference Shares have been redeemed in the year 2003-04.
- (c) Overdue interest of Rs.891.75 crore upto 31.3.92 and penal interest of Rs.553.92 crore payable by CIL to Government was waived / written off.
- (d) WCL was allowed to charge the grade price of coal notified for SCCL.
- (e) 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 Government allowed coal PSUs to notify prices of the regulated grades i.e. E, F & G coal on the basis of BICP formula. Subsequent revision based on the same formula have been allowed at intervals not less than six months till 1st January, 2000. The pricing of Coal has been fully deregulated from 1.1.2000 in super session 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(Ranigunj,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 Compnies incl.NEC.

(f) Disinvestments of equity in WCL may be undertaken at the appropriate time.

CAPITAL RESTRUCTURING OF THE SUBSIDIARIES OF COAL INDIA LTD.

5.13 An internal exercise of restructuring of capital and debt profile of the subsidiary companies of Coal India Limited was decided by the Coal India Board in its 166th meeting held on 08.05.1997 and the following restructuring plan was approved -

- i) Conversion of debt of Rs.994 crore in ECL, Rs.1180.70 crore in BCCL and Rs.86.40 crore in MCL into equity.
- ii) Reduction of equity by Rs.1000.80 crore in NCL, Rs.761.30 crore in SECL and Rs.413.90 crore in WCL for simultaneous infusion of identical amounts as debt in these companies.

5.14 This restructuring plan was approved by the Government of India. The aforesaid restructuring plan was implemented with permission from Department of Company Affairs and it was duly notified in the Gazette of India.

WORKING RESULTS OF COAL INDIA LTD.

5.15 CIL and its subsidiary companies made a pretax profit of Rs4889.16 crore in the year 2003-04, and a pre tax profit Rs 2865.50 crore in the year 2002-03.

The company wise position is given below:-

WORKING RESULTS OF SUBSIDIARIES OF CIL

Name of the Subsidiaries	(Rs in crore)				
	1999-00	2000-01	2001-02	2002-03	2003-04
ECL	-728.23	-917.19	-277.64	-338.78	-326.38
BCCL	-692.32	-1276.70	-755.00	-507.13	-569.85
CCL	-121.24	-792.91	-108.34	384.65	370.38
NCL	936.87	1025.05	1387.34	1293.01	1647.06
WCL	405.86	28.23	310.20	472.52	743.60
SECL	455.34	116.92	768.87	882.13	1314.22
MCL	607.65	641.35	719.60	882.31	1418.60
CMPDIL	0.71	-3.81	2.80	1.99	1.76
CIL (incl.NEC/DCC stkyds)	581.18	280.21	561.80	280.08	1355.97
Sub Total:-	1445.82	-898.85	2609.63	3350.78	5955.36
Less Dividend received from subsidiaries & accounted for in NEC/CIL	751.95	515.62	855.09	485.28	1066.20
OVER ALL CIL	693.87	-1414.47	1754.54	2865.50	4889.16

WELFARE ACTIVITIES IN COAL INDIA AND ITS SUBSIDIARY COAL COMPANIES.

5.16 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 4.84 lakh manpower (as on 31.03.2004). Welfare in CIL enjoys the same importance as production, productivity and safety .

PRE-NATIONALISATION SCENARIO

5.17 Coal mines are generally situated in isolated and far flung areas where the facilities of modern life are lacking. At the time of nationalisation, 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

5.18 Soon after nationalisation, public sector coal companies embarked on massive drive to root out the evils prevailing in the coal mines . 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.

5.19 Similarly, extensive welfare programmes were undertaken both at the working place and living place. From the year 1975-76 to 2003-2004 CIL and its subsidiaries have spent Rs.18071.25 crore (Rs 2657.53 crore as Capital expenditure and Rs.15413.72 as revenue expenditure) on welfare measures for the employees. The details of this is as follows:-

EXPENDITURE ON WELFARE ACTIVITIES

(Rs in 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
1999-00	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
TOTAL	2657.53	15413.72	18071.25

5.20 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. Emphasis has also been laid on improving the general environmental and ecological conditions in the coalfield areas.

5.21

EMPLOYEES WELFARE

Welfare Measures

At the Time of
Nationalisation

As on 31.3.04

No. of houses available

118366

409340

Housing satisfaction(%)	21.07%	84.45%
Population covered under water supply scheme	227300	2276698
Hospitals(Nos.)	49	87
Dispensaries(Nos.)	197	436
Ambulance (Nos.)	42	672
Hospital Beds	1482	5894
School & Colleges functioning in and round coalfield area(nos.)	287	671
Canteens(Nos.)	210	469
Co-operative(Nos.)	177	323

HOUSING

5.22 At the time of nationalisation, there were only 1,18,366 standard and sub-standard houses. The availability of these houses has increased to 4,09,340 as on 31.03.2004. The housing satisfaction has now reached about 84.45% The coal companies are making all out efforts to further improve of these facilities.

WATER SUPPLY

5.23 As against only 2.27 lakh population having access to potable water at the time of nationalisation, the concerted efforts made by the coal companies provided the potable water to 22.77 lakh persons as on 31.3.2004 under water supply scheme.

HEALTH CARE & MEDICAL FACILITIES

5.24 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.

5.25 There are 87 hospitals with 5894 beds, 431 dispensaries, 672 ambulances, 1733 Doctors including specialists in CIL and its subsidiaries to provide medical services to the employees.

5.26 Besides, 15 Ayurvedic Dispensaries are also being run in the subsidiaries of CIL to provide indigenous system of treatment to workers.

EDUCATION

5.27 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, Kendra Vidyalayas, Delhi Public School and other educational institutions run by State Government. In addition, as part of its community development programmed, 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 coalfields areas.

5.28 As against 287 Number of educational institutions at the time of Nationalization at present subsidiary companies of Coal India Limited are providing recurring grants to 62 Project Schools, 298 number of privately managed Schools. Besides 283 Number of other educational institutions have also been provided occasional grant along with 28 number of project schools provided infrastructure facilities .

OTHER WELFARE ACTIVITIES;

5.29 Subsidiaries of CIL are running 469 Canteens, 323 Co-operative institutions and 73 Crèches, 330 Bank branches including extension counters are also available in the coalfield areas to cater the needs of the miners

TREE PLANTATION / AFFORSTATION:

5.30 The subsidiaries of Coal India Limited have been undertaking the job of regular development of green belts on waste and reclamation land. During 2003-2004 the coal companies have planted 26.28 lakh trees in the coalfield areas.

SAFETY

5.31 In accordance with Coal India Ltd.'s commitment to safety front were continued which has resulted in the continued lowering of fatal accident in the year 2003 as compared to the previous year s may be seen from the table below:

YEAR	FATAL ACCIDENTS		SERIOUS ACCIDENTS		FATALITY RATES PER 3 LAKH MANSHIFTS		SERIOUS INJURY RATES PER 3 LAKH MANSHIFTS	
	Accidents	Fatalities	Accidents	Fatalities	Per M.T.	PER 3 LAKH MANSHIFTS	PER M.T.	PER 3 LAKH MANSHIFTS
1975	177	233	1456	1515	2.62	0.52	17.03	3.41
2002	62	69	482	509	0.24	0.19	1.74	1.44
2003	60	64	339	354	0.21	0.18	1.18	1.00

NOTE : Figures for serious accident and serious injuries & associated rates for 2003 are subject to reconciliation with DGMs.

However, unfortunately it has not been possible to maintain the reducing trend of fatal accidents and fatalities in the current year as given below through serious accidents and injuries could be reduced:

YEAR	FATAL ACCIDENTS		SERIOUS ACCIDENTS		FATALITY RATES PER 3 lakh Manshift		SERIOUS INJURY RATES PER 3 LAKH MANSHIFTS	
	Accidents	Fatalities	Accidents	Serious injuries	Per M.T.	Per 3 lakh Manshift	PER M.T.	PER 3 LAKH MANSHIFTS
2004 (Jan - Oct)	58	62	318	329	0.24	0.21	1.26	1.12
2003 (Jan - Oct)	48	52	364	377	0.21	0.18	1.55	1.28

Note : Figures for 2004 and serious accident and injuries and associated rates for 2003 are subject to reconciliation with DGMS.

5.32 The following measures are being perused in 2004 for further enhancement in safety in operations of CIL:

- 1 Safety Audits of Mines by experienced mining/electrical/mechanical engineers and implementation of the recommendations of the same.
- 2 Modernization of roof support system by the use of roof bolts /roof-stitching with quick setting cement grout /resin grout.
- 3 Strict monitoring of mine environment by hand held gas detectors supplemented in some select mines by computerized continuous mine environmental telemonitoring systems to have advance warning of build of situations that could lead to outbreak of fire /explosion or

presence of noxious gases.

- 4 Detailed examination of danger of inrush of water in every mine and taking of corrective steps where necessary.
- 5 Extensive check surveys have been / are in progress for ensuring correctness of mine plans.
- 6 Thrust is being maintained on training and re-training of workmen and supervisors for improving safety awareness.
7. Promoting workers participation in safety management through various bodies from the mine level to the apex CIL level..
8. Conducting mock rehearsals of execution of Emergency Action Plan for emergency preparedness amongst the workforce deployed belowground.
9. Conducting of Safety Drives, seminars workshops etc for promoting safety awareness.

CHAPTER - VI

SINGARENI COLLIERIES COMPANY LIMITED

OBJECTIVES & FUNCTIONS

6.1 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 31.3.2007.

6.2 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 8091.10 million tonne as on 01-01-2004. The mining activities are concentrated in four districts of Andhra Pradesh viz., Khammam, Adilabad, Karimnagar and Warangal.

6.3 The authorised capital of SCCL as on 31-03-2004 was Rs 1800 Crore and the paid-up capital on that date was Rs.1733 crore. The turnover of the company was Rs 3179 Crore in the year 2003- 04.

OUTLAY

6.4 Plan outlay for 2005-06 is proposed at Rs 395 Crore to achieve a production level of 36.00 m.ts. The corresponding figures for the fiscal year 2004-05 (R.E) are Rs 275 crore and 35.00 m.ts respectively.

6.5 Plan expenditure for B.E 2004-05, R.E. 2004-05 and 2005-06 B.E together with Actuals for 2002-03 and 2003-04 and source of financing are as follows:

SOURCE OF FUNDING OF PLAN OUTLAY

Rs. in crore

PARTICULARS	2002-03 ACTUAL	2003-04 ACTUAL	2004-05 B.E	2004-05 RE	2005-06 BE
Govt. of A.P - Equity	-	-	-	-	-
Govt.of India - Equity	-	-	-	-	-
Bilateral Credit	-	-	-	-	-
Internal Resources	139.49	163.42	325.00	275.00	395.00
TOTAL	139.49	163.42	325.00	275.00	395.00

SCHEME-WISE PLAN OUTLAY

Rs.in crore

SCHEME	2002-03 ACTUAL	2003-04 ACTUAL	2004-05 B.E	2004-05 RE	2005-06 BE
Mining	120.97	154.38	271.02	235.80	354.03
Non-Mining	18.52	9.04	53.98	39.20	40.97
Total	139.49	163.42	325.00	275.00	395.00

FINANCIAL PERFORMANCE

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

PARTICULARS	Unit	2000-01	2001-02	2002-03	2003-04	% INC./ DEC. OVER 2002-03
Production	MTs	30.27	30.81	33.16	33.85	2.08
Despatches	MTs	30.54	31.18	33.48	33.95	1.40
Sale of coal	Rs Crs.	2743.63	2949.02	3141.83	3178.65	1.17
Output per manshift	Tonnes	1.50	1.66	1.88	1.81	(-) 3.72
Net profit/loss before tax (+/-)	Rs.Crs.	(+)89.41	(+)326.30	(+)411.72	503.99	22.41
Cumulative Profit Loss (+/-)	Rs Crs.	(-)565.94	(-)260.77	80.45	28.15**	

** After proposed Dividend.

6.7 An amount of Rs 19.58 Crore was paid to employees towards Special Incentive as 11 % of the profits earned during 2003-04 as against Rs 45.87 Cr paid during 2002-03.

6.8 Accruals to the State Government (Andhra Pradesh) in 2003-04 towards Royalty and Sales Tax were Rs 493.17 Crore as against Rs. 459.76 crore in 2002-03 and Rs. 364.56 crore in 2001-02 and Rs 340.40 Cr. in 2000-01.

Company has declared 5% dividend for the year 2003-04 amounting to Rs 86.66 crore.

RESTRUCTURING PACKAGE

6.9 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 and Planning Commission and finally approved by the Government of Andhra Pradesh and the Government of India in July, 1999.

6.10 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 Crore (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 2004-05

6.11 Fuel Supply Agreements (FSA)

Fuel Supply Agreements with APGENCO was concluded on 1st August, 2001 initially and renewed on 1st July 2003 for a period of 3 years. FSA with MSEB, was concluded on 1st December, 2001 and later renewed on 1st April, 2003 for a period of 2 years. FSA with KPCL was also renewed on 1st July 2003 for a period of 5 years. Fuel supply agreement with NTPC is yet to be concluded. Since the FSAs are being implemented with all major customers, there is an improvement in realisation of

outstanding dues and reduction of disputes in respect of qualities and other consideration as FSAs contain appropriate provisions for amicable settlements of disputes.

6.12 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 7651 employees have utilised the scheme and the payment made under the Scheme upto 2003-04 was Rs 205.93 crore.

6.13 STEPS TAKEN TO IMPROVE CUSTOMER SATISFACTION

The complaints from customers generally relate to short receipt and supply of lower grades of coal. In order to improve the customer satisfaction, the following steps have been taken:

- a) Wherever joint sampling arrangements with customers are in vogue, coal samples are collected and analysed as per the mutually agreed terms with them. In case of other customers, the determination of quality is done as per the guidelines of Coal Controller. In case of the customers entered into Fuel Supply Agreements (FSAs), the sample collection and analysis is done as per the terms of FSA. In case of customers not executing FSAs, the procedure prescribed by the BIS is being followed for sample collection and analysis.
- b) Measures like picking of shale/ stones at all transit/ loading points, selective mining etc., are being taken to improve coal quality.
- c) Arrangements for separate loading of coal and stones by filtering the same at the face itself were made.

WELFARE MEASURES

6.14 "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 endeavour 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.

6.15 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.

GROUP GRATUITY SCHEME

6.16 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.200 Crores with LIC as on 31.3.2004. 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.

6.17 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. 48.00 crore for 2004-05.

6.18 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

Rs Crores

ITEM	2000-01		2001-02		2002-03		2003-04	
	Recurring	Non-Recurring	Recurring	Non-Recurring	Recurring	Non-Recurring	Recurring	Non-Recurring
Medical & Sanitation	40.53	4.02	46.10	0.98	49.90	0.99	50.51	0.32
Housing	65.00	9.16	65.46	15.47	67.21	12.10	78.13	13.35
Education	7.51	0.20	8.01	0.14	8.31	0.21	11.03	0.00
Others	124.86	0.62	157.24	6.91	142.57	11.76	143.08	14.61
TOTAL	237.90	14.00	276.81	23.50	267.99	25.06	282.75	28.28

Human Resources Development

6.19 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 made to give an opportunity to every employee to prove his ability and talent. To update the level of skill and competency of the employee, the management has been sponsoring them for various training programmes.

6.20 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.

6.21 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.

MANPOWER

6.22 The total manpower of the company at the end of 2002-03 was 0.97 lakh. Manpower has come down to 0.94 lakh by the end of 2003-04.

INDUSTRIAL RELATIONS

6.23 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 cooperation from all concerned, elections were held successfully for the second time in the company to accord recognition to single trade union at the corporate and area level. The details of strikes, man-days and production lost during the last three years are shown in the following table.

S1. No	Year	No. of Strikes	Mandays lost (in lacs)	Production lost (in lakh tones)
1	2001-02	54	13.33	12.55
2	2002-03	36	16.31	6.47
3	2003-04	15	1.03	1.22

6.24. 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.

6.25 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.

6.26 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.

PRODUCTION AND PRODUCTIVITY

6.27 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 generally good. SCCL achieved the highest production of 30.81 MTs in 2001-02 the terminal year of IX Plan. However the achievement is 99% of target. Year-wise target and actual production from 1997-98 are given below:

COAL PRODUCTION

(In million tonnes)

YEAR	TARGET	ACTUAL
1997-98	29.47	28.94
1998-99	30.23	27.33
1999-00	30.06	29.56
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 (RE)	35.00	(Upto 11/04) 21.80
2005-06	36.00	

6.28 The production level in SCCL went up from 28.94 m.ts in 1997-98 to 33.85 m.ts in 2003-04

indicating a growth of 4.03% per annum.

6.29 The overall OMS also went up from 10.17 tonnes in 1997-98 to 1.47 tonnes in 2003-04.

SAFETY IN MINES

6.30 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.

6.31 SCCL has laid down a safety policy and its salient features include minimizing 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.

6.32 The figures of fatalities and number of seriously injured workmen are as indicated below.

Year	Fatalities Accidents		Seriously Injured	
	Number	Per Million tonne	Number	Per Million tone
2003-04	45	1.33	70	2.07
2002-03	18	0.54	103	3.10
2001-02	31	1.01	105	3.41
2000-01	30	0.99	101	3.34
1999-00	27	0.91	101	3.42
1998-99	30	1.10	99	3.62
1997-98	35	1.21	117	4.04
1996-97	31	1.08	1.42	4.92

6.33 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 in eight mines 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.

(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:

- Safety Pledge by the workmen in the beginning of the shift.
- Safety dramas are being organized in mines and workers colony in all the areas to promote safety awareness amongst workmen and their family members.
- 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.
- Special Safety Awareness Programmes are being conducted for coal cutters and supporting crew in every area.
- 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.
- Safety quiz competitions are conducted and best suggestions on safety improvement are given prizes in the mines.
- 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 Bipartite safety review meetings are being implemented.

Energy Conservation

6.34 The specific measures taken for conservation of energy during the year 2003-04 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.
- Re-organisation 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.

CHAPTER VII

NEYVELI LIGNITE CORPORATION

OBJECTIVES AND FUNCTIONS:

7.1 Neyveli Lignite Corporation Limited is an integrated complex presently comprising three opencast mines with a total capacity of 24.00 Million Tonnes (M.T.) per annum linked to Pit Head Thermal Power Stations with a total capacity of 2490 MW as per table given below:

	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 utilised 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.

7.2 The authorised capital of the company at present is Rs.2,000 crore. The paid up capital as on 31.03.2004 was Rs.1677.71 crore. 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

7.3 The estimated capital outlay and pattern of financing during 2005-2006 (BE), actual figures for 2003-04 and BE & RE figures of 2004-2005 for the NLC are as follows: -

PLAN OUTLAY AND FINANCING PATTERN

(Rs.in Crore)

FINANCING PATTERN	Actuls 2003-04	BE 2004-05	RE 2004-05	BE 2005-06
CAPITAL OUTLAY				
(I) coal Sector	80.80	237.63	177.00	274.44
(ii)Power sector	77.24	243.07	90.00	365.56
TOTAL	158.04	480.70	267.00	640.00
Financed/to be financed				
(i) Internal resources	155.33	280.70	217.00	340.00
(ii)Bonds/Rupee loans		150.00	50.00	220.00
(iii) Foreign currency loan	2.71	50.00	0.00	80.00
TOTAL	158.04	480.70	267.00	640.00

7.4 The sector wise outlay is given below:

(Rs.in Crore)

Name of the Projects Coal sector	Actuals 2003-04	BE 2004-05	RE 2004-05	BE 2005-06
1.Mine I Expansion	27.81	14.72	20.03	13.36
2.Mine I A	49.05	94.30	58.64	65.19
3.Mine II Expansion	0.00	106.36	80.00	150.00
4.Mine at Rajasthan	0.22	9.55	10.30	38.69
5.Mine III	0.00	1.05	0.25	0.40
6.Mine at Jayamkondam				1.00
7.Science & Technology	0.06	4.71	4.18	2.77
8.Geo. Investigation	0.99	0.89	0.77	3.03
9.Spill over payments	2.67	6.05	2.83	0.00
TOTAL A	80.80	237.63	177.00	274.44
Power Sector				
1.TPS I Expansion	75.84	105.48	70.00	115.91
2.TPS II Expansion	1.19	103.81	6.50	150.00
3.TPS at Rajasthan	0.00	19.35	5.52	83.60
4.TPS I Expansion-Stage II	0.00	1.22	0.10	3.00
5.TPS III	0.00	2.38	0.05	2.05
6.TPS at Tuticorin	0.00	6.45	1.50	5.00
7.TPS at Orissa	0.00	1.64	5.21	5.00
8.Refinery residue TPS at Chennai		1.50	0.30	1.00
9.Spill over payments.	0.21	1.24	0.82	0.00
TOTAL B	77.24	243.07	90.00	365.56
TOTAL COAL & POWER	158.04	480.70	267.00	640.00

7.5 The status of the completed projects is given in the following paragraphs.

FIRST MINE EXPANSION SCHEME

7.6 This project aimed to step up the lignite output from 6.5 Mt to 10.5 Mt per annum has been commissioned on 24th march 2003. Anticipated capital Cost (July 03 base) is Rs.1521.84 crore which is funded as below :

(Rs.in Crore)

Details	As per sanction	As per sanction revised	Anticipated cost
Equity	802.62	7.00	7.00
GOI's Loan	534.31	0.00	0.00
Internal Resources	0.00	1241.03	1035.52
Foreign currency Loan	0.00	410.35	479.32
TOTAL	1336.93	1658.38	1521.84

The Foreign Currency Requirement for Mine I Expansion was funded by Direct KFW Loan.

It is estimated that about 25.00 lakh tones of lignite would be produced in RE 2004-05 and 24.25 lakh tones in BE 2005-06 from Mines I expansion scheme. With a view to honour the spill over payment mainly towards Land Acquisition – Additional Compensation, Mobile Transfer Conveyor – Final Payments etc. an amount of Rs 13.36 crore has been projected in BE 2005-06 in the Annual Plan.

MINE-I A

7.7 Government of India sanctioned on 26.02.1998, Mine I A with a capacity of 3 Million tones per

annum with a view to provide lignite to ST-CMS an IPP. The project has been commissioned in March, 2003. The anticipated cost of the project is Rs 1024.90 crore with IDC of Rs 125.59 crore which is being funded as below.

(Rs in crore)

Particulars	Amount
1.Internal Resources	604.96
2.Foreign currency Loan	19.94
3.Rupee Loans/Bonds	400.00
TOTAL	1024.90

Lignite production is estimated at 20 lakh tones and 25.50 lakh tones in RE 2004-05 and BE 2005-06 respectively mainly to meet the lignite requirements of ST-CMS, an independent Power produce (IPP). An amount of Rs 65.19 crore has been projected in BE 2005-06 mainly towards release of Liquidated Damages, spill over payment for SME's, Conveyors CME (Pipe layers) etc. No Budgetary support has been sought.

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

7.8 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 12.02.96. The anticipated Completion cost is Rs 1423.47 Crore (Include IDC Rs 34.75 Cr which is funded as below.

(Rs in crore)

Details	Original sanction	Revised sanction	Now anticipated
Internal resources	735.55	899.72	901.99
Foreign currency loan	238.03	430.35	521.48
Term Loans	617.00	90.20	0.00
TOTAL	1590.58	1420.27	1423.47

Unit I commenced its commercial production on 9.5.2003 and Unit II commenced its commercial production on 5.9.2003. An amount of Rs. 115.91 crore is proposed in BE 2005-06 mainly towards spill over payment for indigenous Spares, Excise Duty / Sales Tax Variation, etc. Foreign Currency requirement for this project has been funded by KFW Loan.

MAJOR PROJECTS UNDER IMPLEMENTATION

MINE II EXPANSION (10.5 MTPA TO 15.0 MTPA)

7.9 The lignite excavated from the proposed expansion of second Mine from 10.5 MTPA to 15 MTPA is to meet the requirement of 500 MW , addition to the existing 1470 MW in Thermal power station II. The sanction of the Govt. has been obtained on 18.10.2004. All clearance such as Environmental Clearance, Pollution clearance etc. have been obtained. The fund for the project is proposed to be met by way of Internal Resources and loans in the ratio of 30:70. Administrative sanction for acquiring land to the extent of 2031.63 hectare has been obtained. Project cost of Mine II Expansion was estimated at Rs 2161.28 Crore including IDC (Jan-2004 base). Orders for procurement of specialized Mining equipments are being placed shortly. An amount of Rs. 80.00 crore and Rs 150.00 crore has been projected in RE 2004-05 and BE 2005-06 respectively mainly towards advance project for specialized mining equipments. It is estimated that commercial production will commence from 53rd month from the of date of sanction and full production is expected from 57th month from the date of sanction.

TPS – II EXPANSION (2 X 250 MW)

7.10 Thermal Power Station-II Expansion was envisaged with addition of 2 x 250 MW to the present Thermal Power Station-II. The Government of India sanction was obtained on 18.10.2004. The lignite for this project is proposed to be met by increasing the production capacity of existing Mines-II from 10.5 Million Tonne per annum to 15 Million Tonne Per Annum. All the necessary and statutory clearances and approvals have been obtained. Preliminary works such as site clearance, construction of compound etc. are under process. Suppliers for Main Plant and order for other packages are to be placed shortly.

Project cost for Thermal II Expansion is estimated at Rs.2030.78 Crore including IDC. The fund for the project is proposed to be met by way of Internal Resources and loans in the ratio of 30:70. An amount of Rs. 6.50 crore and Rs. 150 crores is proposed in RE 2004-05 and BE 2005-06 respectively mainly towards advance payments for Main Plant Packages.

7.11 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. An MOU between Government of Rajasthan, Ministry Of Coal and NLC was signed on 10.6.2002. As per the directions of Ministry of Coal, NLC Board had approved on 6.9.2003 the cost estimates of Barsingsar Mine Project for the option of doing lignite mining departmentally and OB removal by outsourcing. Power Purchase Agreement was signed with RVPN and DISCOMS on 08.10.2003. Government has approved the project.

For Rajasthan Mines, an amount of Rs. 10.30 crore and Rs. 38.69 crore is proposed in RE 2004-05 and BE 2005-06 respectively mainly towards civil works. advance payments etc. For Rajasthan Power, an amount of Rs. 5.52 crore and Rs. 83.60 crore is proposed in RE 2004-05 and BE 2005-06 respectively mainly towards Project Consultancy, Civil Works and advance payment for Main Plant & Equipment and Water Carrier System Pipeline. The tender activities have been started.

NEW SCHEMES

7.12 COAL BASED THERMAL POWER PLANT AT TUTICORIN (2X500 MW)

NLC proposed to set 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. Coal India is to supply Coal from Talcher Coal field of Mahanadhi Coalfields Ltd. MOU signed on 19.06.2003 between NLC & TNEB. NLC Board approved the draft Joint Venture Agreement. Ministry of Coal and Mines has approved the JVA along with MOA &AOA. Review Meeting held at Tuticorin on 19.07.2004 with TNEB and Tuticorin Port Trust with regard to sea water reclamation, land for fly ash disposal, etc. Estimated cost of the project would be Rs. 4000 crore. Action is being taken to obtain other clearances for the project. Southern Railway and Karnataka & Pondichary EBs have been addressed to indicate their requirement of Power.

An amount of Rs. 1.50 Crore is provided in RE 2004-05 towards preliminary works and registration fees. Rs 5.00 Crore have been provided in BE 2005-06 mainly towards preparation of feasibility report and other preliminary works.

7.13 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 Project would be 492 MW. The Estimated Cost tentatively would be Rs. 2837.00 crore. In principle approval received from Ministry of Coal in Oct-2003. Ministry of Coal has approved Advance Action Proposal in Feb-2004 for the project. An amount of Rs.0.30 Crore in RE 2004-05 and Rs.1.00 Crore in BE 2005-06 respectively have been provided only to prepare Feasibility Report.

7.14 COAL BASED POWER PROJECT IN ORISSA (2000 MW - 4 x 500 MW)

As decided in a meeting held in Feb 2003 between Secretary (Power) & Secretary(Coal), Neyveli Lignite Corporation Limited proposes to put up a Coal based Power Project in Orissa with 2000 MW capacity. Ministry of Coal has accorded in principal approval to NLC to implement the project. The estimated cost of the project would be tentatively Rs. 8000 crore. An amount of Rs. 18.65 crore has been sanctioned towards pre-project activities. Coal India has identified the source of Coal for this project. Draft MOU has been sent to Government of Orissa with a request for early signing of MOU. Various Electricity boards are being contacted for firming up the requirement of power. EIA/EMA report is under scrutiny.

An amount of Rs.5.21 Crore is provided in RE 2004-05 and Rs 5.00 Crores have been provided in BE 2005-06 mainly towards preparation of feasibility report and pre-project activities.

7.15 MINE III (8.0 MTPA)

Advance Action Plan proposal for opening of Mine-III was sanctioned by Government in March-1999 for an amount of Rs.2.60 crore. The project area has a mineable reserve of 313 million tonnes of lignite. Advance Action Proposals such as preparation of detailed working plans, hydrological studies etc. have been taken up. The commissioning of the lignite system will be within in 60 months from Govt. sanction The capital cost of the project works out to Rs. 3448.57 crore including IDC. Specific investment cost works out to Rs 4758.11 per tonne.

As the lignite price is not competitive, the conceptual report on alternative mining technology was prepared engaging M/s CMPDIL and the lignite price is comparatively less. NLC is exploring AMT for project formulation. The US Trade and Development Agency has come forward with a grant of \$ 360,000 for preparation of feasibility with AMT. NLC Board accorded in principal approval to avail the funding subject to clearance of Ministry of Coal.

An amount of Rs 0.25 Crore and Rs 0.40 Crore have been provided in RE 2004-05 and BE 2005-06 respectively towards feasibility report/studies/Analysis.

7.16 TPS III (1000 MW)

Ministry of Coal has approved and sanctioned in March-1999, the Advance Action Proposal for TPS III project for incurring an expenditure of Rs.1.35 Crore sanctioned by Government towards preliminary works such as hydrological studies, preparation of detailed working plans etc. Draft Environment Impact Assessment/Environment Management Plan report has been prepared and the same will be finalised after the Feasibility Report of TPS III is finalised. Load Flow studies completed. Contract agreement signed for Socio economic studies and Final Report received on 30.12.2002 Other works in the Advance Action Plan such as Soil Investigation studies, etc. can be taken up only after acquiring the land. The estimated cost of the project works out to Rs.3969.00 Crore.

An amount of Rs.0.05 Crore in RE 2004-05 and Rs. 2.05 crore in BE 2005-06 is proposed mainly towards Preparation of Feasibility Report and other Preliminary Works.

7.17 MINE AT JAYAMKONDAM

Capacity of the project would be 3.5 MTPA. The estimated cost would be Rs.219.00 crore. In BE 2005-06 Rs. 1.00 crore have been provided for preliminary studies related works.

7.18 THERMAL POWER STATION I EXPANSION - STAGE II (1 X 125 MW)

NLC earlier proposed to install a Thermal Power Plant with a capacity of 1 x 125 MW utilising the surplus lignite in the existing Mines. The estimated cost of the project would be Rs. 489.23 Crore. Due to various administrative reasons, NLC has requested Ministry of Coal to drop the proposal of this project.

7.19 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 2004- 05 it is proposed to drill 3500 Meters for detailed exploration in Block - Band Devangudi in Neyveli Lignite field to fill the data gap. It is also proposed to carry out the Geo-Hydrological Studies in Devangudi Block. Towards the cost of drilling and other geological investigation works Rs. 0.77 crore and Rs 3.03 Crore .have been provided in RE 2004-05 and in BE 2005-06 respectively.

7.20 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. An amount Rs.4.18 crore and Rs.2.77 crore are provided in RE 2004-05 and BE 2005-06 respectively for carrying out various R&D Programmes such as study on utilization of Fly Ash etc.

7.21 Xth PLAN -OUTLAY & FUNDING PATTERN

The Government of India has approved the plan outlay of Rs.14133.58 crore during the X Plan period (2002-07). Rs 6125.94 crore & Rs 8007.64 crore have been approved against coal and power projects respectively for X-plan period.

PRODUCTION AND PRODUCTIVITY :

7.22 The production programme for BE 2004-05 RE 2004-05 and BE 2005-06 is given in the table.

Project	Unit	Actual (2003-04)	BE (2004-05)	RE (2004-05)	BE (2005-06)
Lignite	MTPA	20.557	21.00	21.00	20.40
Power (Gross)	Mill. Units	16389	15286	15286	15705

7.23 The output per man shift in 2003-04, compared to the previous year, the estimate for 2004-05 and target for 2005-06 are furnished below:

Open cast	Actual 2003-04	BE 2004-05	RE 2004-05	(MTPA)
				BE 2005-06
First Mine	9.83	9.30	9.30	8.21
Second Mine	9.55	9.71	9.71	8.76
Mine I A	11.83	8.68	8.68	17.63

FINANCIAL PERFORMANCE :

7.24 NLC's financial performance has been very satisfactory . The total turnover of the company was Rs. 2807.54 Crore in 2003-04. Total assets of the company as on 31.3.2004 were to the tune of Rs.8888.32 Crore against Rs.7900.73 Crore in 31.3.2003. Similarly , Net worth as on 31.3.2004, rose to Rs .6824.25 Crore against Rs.5947.55 Crore as on 31.3.2003. Return on capital employed in percentage was 13.17% for 2003-04 against 16.10% for 2002-03 .

7.25 The company has been making profits consistently for the past 28 year. The net profit (after tax) of the company during the year 2003-04 was Rs.1143.51Cr. Working results of the NLC from 2001-2002 onwards are indicated below:

(Rs.in crore)		
YEAR	Profit before tax	Profit after tax
2001-02	1198.53	819.20
2002-03	1687.83	1148.40
2003-04	1413.08	1143.51

HUMAN RESOURCE DEVELOPMENT

7.26 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 behavioral 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.

QUALITY CIRCLES

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

HUMAN RELATIONS

7.28 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 Unions forge together in solving issues in their buddy bud and strive their best to prevent minor frictions assuming major proportions.

COMMUNITY WELFARE

7.29 NLC has been contributing towards socio-economic development of the areas in and around its centers of operation and Corporate Office at Neyveli. Annual budget provision of Rs.50 lakh 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. Surplus water from mines is directed to nearby villages for to provide irrigation. The thrust areas for the development works NLC carried out, more or less generally the neighbouring Villages for the up lift of the local population.

MEDICAL SERVICES

7.30 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 services. The medical treatment is offered for 9.70 lakh out patient days and 14,230 in patient days every year.

EDUCATION

7.31 Neyveli Township proves to be a good educational center in that an incredible number of 35,000 student population through 34 schools and one college which offer curriculum based on CBSE, Matric and State Syllabus systems. NLC Management with Grant-in-aid from State Government runs 16 schools, the strength being 11,926. NLC patronizes Jawahar Education Society, which also runs Schools and a College. To motivate and bring out the best talent in them, the Management has instituted scholarships and financial grants to the students.

SPORTS

7.32 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.

CONCERN FOR SOCIAL WELFARE

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

7.34 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.

7.35 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 (SHRAVANEE)

AWARDS

7.36 NLC has earned as many as 115 awards in different fields such as IIIE Award of Performance Excellence among PSUs, Incentive Award for reducing specific Secondary Fuel/Oil and Auxillary Power consumption. Best Production & productivity Gold Award, National Safety Award, National Productivity Award, Good Industrial Relations Award, etc.,

During the last year NLC has bagged

- Best Training Practices Award instituted by the National Power Training Institute (NPTI)
- Best Enterprise Award for contribution to Growth and development of women from WIPS under the aegies of SCOPE
- The Coal India Project implementation Trophy awarded to NLC for Mine I A project.
- Outstanding Performance Award for Thermal Power Station I .
- Meritorious Performance Award for Thermal Power station I
- ENVIRO INTERNATIONAL Best Award for design and concept for NLC

CHAPTER - VIII

COAL MINES PROVIDENT FUND AND OTHER SCHEMES

COAL MINES PROVIDENT FUND SCHEME, 1948

8.1 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. The workers contribute to the Coal Mines Provident Fund at the rate of 12% of their emoluments and an equivalent amount is paid by the employers. 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	2003-04 Actual	2004-2005 (upto Dec., 2004)	2005-06 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).	6.33	6.21	6.00
Contribution during the year (Rs. in crores) including voluntary contribution.	1549.95	1406.00	1800.00
Rate of interest allowed to the members of the fund	8.00%	8.00%	8.00%
Advance during the year (Rs. in crores)	550.00	391.00	600.00
Refund of Provident Fund during the year (Rs. in crores).	1787.12	1518.55	1850.00
(i) No. of cases settled (refund)	28,749	19,400	28,000
(ii) No. of cases received (refund)	28,946	20,116	28,000
Officers in position	40	44	40
Staff in position	1182	1117	1200

COAL MINES PENSION SCHEME, 1998

8.2 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.

8.3 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.
- (d) All such employees who died while in service during the period 1.4.94 to 31.3.98 are treated as deemed optee members of the scheme vide G.S.R. No. 521 (E) dated 12.8.2004.

(iii) Benefits :-

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

8.4 The Central Government contributed a sum of Rs.23.1739 crore during 2003-04 towards Pension Rs.25.8782 crore in 2004-05 (R.E.) and Rs.22.50 crore in 2005-2006 (B.E.) have been provided. In addition, the Central Government is likely to contribute Rs.3.9818 crore in 2004-05 (R.E.) and Rs.5.02 crore in 2005- 2006 (B.E.) towards the administrative expenses for maintaining the Pension Scheme.

8.5 The table below indicates the broad parameters of the Scheme

S.No.	Particulars	Actual 2003-04	Provisional 2004-2005 (upto Dec.,2004)	2005-06 (Estimated)
i)	Membership of Coal Mines Pension Scheme.	7.76	7.20	7.20
ii)	Contribution to Pension Scheme during the year by employers, employees, Govt. and interest (Rs. In crores).	1001.34	800.00	1200.00

iii)	Disbursement of benefits (ceased Family Pension Scheme and Pension Scheme). (Rs. In crores)	166.26	125.00	180.00
iv)(a)	No. of family pension and Life Assurance benefit (now ceased) cases settled.	337	263	285
(b)	Pension cases settled	41,027	23,937	38,000
v)(a)	No. of family pension and Life Assurance benefit cases received.	305	191	200
(b)	No. of pension cases received.	38,863	23,838	40,000
vi)	No. of other benefit cases settled	10	2	8
vii)	No. of other benefit cases received.	10	3	8

COAL MINES DEPOSIT LINKED INSURANCE SCHEME, 1976

8.6 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/-.

8.7 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.

8.8 The Central Government contributed a sum of Rs. 2.4628 crore in 2003-04 under this scheme. An amount of Rs.1.35 crore has been provided in R.E. for 2004-05 and Rs.1.37 crore has been provided in 2005-2006 (BE) for this scheme. In addition, the Central Government is likely to contribute Rs 0.25 crore in 2004-05(RE) and Rs. 0.26 crore in (2005-06) (BE) towards the administrative expenses for maintaining this scheme.

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

COAL MINES DEPOSIT LINKED INSURANCE SCHEME.

(Rs. In crores)

S.No.	Particulars	Actual 2003-04	Provisional 2004-2005 (upto Dec.,2004)	2005-06 (Estimated)
1.	Total amount of contribution (employers' & Govt. contribution)	3.62	2.15	3.70
2.	Total amount received in Central Admn. Account.	0.73	0.38	0.75
3.	Investment made out of DLI fund and deposited in Public Account.	8.15	1.84	9.50
4.	Investment made out of Insurance Fund (Central Admn. Account.)	1.90	1.30	2.00
5.	Total investment made from insurance fund (Central Administration Account)	28.89	18.30	30.89

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.
