

ANNUAL REPORT 2016-17



Farewell to Shri Anil Swarup, former secretary Ministry of Coal

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CHAPTER

INFORMATION TECHNOLOGY

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- Technology, especially ICT, has become a major force behind the changing face of the Nation. In the year 2016-17, Ministry of Coal, with active ICT support from NIC, has overcome various challenges and has been successful to deploy efficient digital service solutions, development of e-skills and has crafted a rich IT working environment.
- NIC in Ministry of Coal is well equipped with latest computer systems for delivering and implementing secure multi-platform computer based applications/solutions, database support and Internet, Email, network and video conferencing facilities. Ministry of Coal has adopted Cloud services of NIC-Meghraj to ensure optimum utilization of the infrastructure and speed up the development and deployment of e-Governance applications.
- The official website of Ministry of Coal – <http://coal.gov.in> is bilingual, user-friendly and provides an easy navigation and quick access to important and latest up-to-date information. A clutter-free responsive design helps the end user to access the site on all handheld devices. It provides rich updated content such as details of senior officers, organizational setup of the Ministry, subordinate offices links, policies, annual reports, publications, acts, rules, notifications, policies, RTI disclosures, latest announcements and letters, etc.
- Besides, a website for Minister's office – <http://ujwalbharat.gov.in> is hosted and maintained by the Ministry. The site highlights the initiatives and achievements of Ministry of Coal, Power, NRE and Mines looked after by the Hon'ble Minister.
- **Coal Projects Monitoring Portal** has been successfully implemented in the Ministry. This comprehensive MIS links all stake holders of coal sector – Industry, coal companies, CIL, NLCIL, State Governments, Ministries/Departments and Ministry of Coal. Coal Projects with their pending issues with various States and / or departments are submitted into the system. These issues are closely monitored, discussed and resolved on this platform thereby eliminating cumulative information seeking and decision making delays.
- **E- File** is 100 percent implemented in the Ministry of Coal wef 16.10.2016 .There is no physical file or physical movement in the Ministry now. DSCs are being used to sign and issue official letters. Coal **E-Office modules – e-Leave, e-Tour, KMS** are operational in the Ministry to support e-governance by ushering in more effective and transparent inter and intra-government processes. VPN support for senior officials has been extended for non NICNET nodes / laptops to ensure nonstop working in e-File and e-office.
- Ministry of Coal has developed a workflow based **Online Coal Clearances Portal** to provide a single window access to its investors to submit online applications for **all the permissions / clearances and approvals granted by Ministry of Coal**. The portal has been made ready. This will act as a dashboard for all stakeholders who are involved and interested to obtain clearances for - Coal Mine Lease, Prospecting License, Coal Mine Plan, Land Acquisition under CBA Act and Mine Opening Permission. Coal Clearances portal of Ministry of Coal has been integrated with **e-Nivesh** Portal of Cabinet Secretariat as well.
- NIC has conducted a detailed study to develop a comprehensive integrated MIS to **monitor Coal Blocks and Coal Linkages**. The study has covered analysis of workflow and flow of information among stakeholders for coal blocks and linkages. All requirements have been assessed and the Functional Requirement Study undertaken. Steps have been initiated to design and develop comprehensive CBCL system in a phased manner as per the satisfaction of all the stakeholders.
- **Coal Allocation Monitoring System (CAS)** is developed to monitor the allocation of coal by Coal India Limited (CIL) to States, States to State Nominated Agencies (SNA) and SNA to consumers in a transparent

manner. The system is designed to cater to the consumers through SNA in small and medium sector (erstwhile non-core sector). This web application is developed, designed and hosted on NIC Cloud with various rich features to usher in faster decisions, establish transparency and to connect all distant stakeholders together. The portal was launched by the Hon'ble Minister in the month of March 2016. The system has been enhanced with features of workflow based feedback redressal and provision of raising online demand of coal by SNA in a financial year.

- Some of the main **office automation** software being used in the Ministry for day to day working are: **Biometric Attendance system, SPARROW, E-Visitors, Coal Assurances Monitoring System, Comprehensive**

DDO for Payroll, Intracoal Dashboard for payslips, Income Tax and GPF.

- **E-governance applications** that have been implemented in the Ministry are- RTIMIS to manage RTI cases, AVMS for monitoring ACC vacancies, CPGRAMS for public grievances and Parliament Questions and Supplementary MIS.
- **IP based Video Conferencing (VC) facility** has been established in the Ministry in its conference room and in the room of secretary, Ministry of Coal to facilitate the officers to have one to one and multipoint Video Conferencing over internet. Ministry is extensively using this facility to interact with Coal PSUs for meetings, monitoring, presentations and interactions.

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ANNEXURE

Annexure I

Audit Para

Present Status of the Audit Para

Sl. No.	Para No. / Report No.	Summary of the audit observation	Present Status
1.	Para 4.1 Report No. 20 of 2016	<p>It was observed in audit that the new mechanism for e-auction of coal mines was an improvement over the earlier system and attempted to incorporate the principles of objectivity, transparency and fairness in allocation of natural resources to private sector participants. However, Audit observed that there were some systemic and procedural issues, which needed to be addressed for further improvement in the e-auction mechanism, as mentioned below:</p> <p>Computation of intrinsic value of coal mines based on NPV required projections of cash flows, which in turn was dependent upon projections of revenue and costs (capital and revenue) associated with functioning of the concerned coal mine. Audit examined the records relating to computation of intrinsic value of 29 coal mines by CMPDIL. It was noticed that inconsistencies and inaccuracies in following some of the assumptions and various errors in computation of intrinsic values cumulatively resulted in under determination of upfront amounts in 15 coal mines, under determination of floor prices in six non-regulated sector coal mines and revised fixed rates in all nine power sector coal mines.</p>	Pending
2.	Para 4.2 Report No. 20 of 2016	<p>Moitra coal mine contained 97 per cent coking coal out of its total coal reserves. It was washery grade coking coal, which was to be supplied to steel plant/s mainly for steel production and was to be washed for utilisation in the steel plant. There was provision for installation of washery in the MOC approved mine plan also. Though CIL did not notify the prices of washed coking coal, CIL's subsidiaries were selling washed coking coal at a much higher price than the notified price of raw coking coal. However, price of washed coking coal along with the capital cost of washery and related expenditure were not considered for calculation of intrinsic value of this mine. CMPDIL should have flagged the issue while carrying out the valuation and the matter should have been referred to the CCEA for reconsideration. Otherwise, keeping in mind the spirit of CCEA's approval, the price at which CIL's subsidiaries were selling washed coking coal, should have been considered for calculation of intrinsic value, the absence of which resulted in under determination of upfront amount and floor price of the mine.</p>	Pending

Sl. No.	Para No. / Report No.	Summary of the audit observation	Present Status
3.	Para 5.1 Report No. 20 of 2016	Clause 3.3.2 of the STD provided that the technically qualified bidders (TQBs), which held first 50 per cent of the ranks or five TQBs, whichever was higher, would be considered as qualified for participating in the e-auction as qualified bidders (QBs). Simultaneously, Clause 4.1.1 of the STD provided that a joint venture (JV) company formed by two or more companies having a common SEU and which were independently eligible to bid in accordance with the Act, would be eligible to participate in the e-auction. Audit noted that in 11 out of the 29 coal mines successfully auctioned during the 1st and 2nd tranche, QBs ranging between two and three were from the same company/parent-subsidiary company coalition/JV coalition. Audit could not draw an assurance that the potential level of competition was achieved during the Stage II bidding of these 11 coal mines auctioned in the first two tranches. MOC subsequently amended Clause 4.1.1 in June 2015 with the objective of increasing the overall competition, for the coal mines auctioned in the 3rd tranche.	Pending
4.	Para 5.2 Report No. 20 of 2016	In terms of the STD, in the event that a bidder was a prior allottee, then it must have paid the additional levy within the time period prescribed for participating in the e-auction of coal mines. The Second Ordinance issued on 26 December 2014, amended the definition of the 'prior allottee' explaining that in case a mining lease has been executed in favour of a third party, then, the third party shall be deemed to be the prior allottee. However, in the auction of Sarisatolli and Trans Damodar coal mines, which were put up for auction on 27 December 2014, West Bengal Power Development Corporation Limited (WBPDC) was disqualified (February 2015) for non-payment of additional levy. This was done despite the fact that for the coal mines for which WBPDC was held as defaulter, the prior allottee, as per the amended definition, was a JV company i.e. Bengal Emta Coal Mines. Therefore, this disqualification was not as per the existing provisions	Pending.
5.	Para 5.3 Report No. 20 of 2016	The Nominated Authority (NA) recommended preferred bidder to the Central Government for declaration of successful bidders, as per the provisions of the Coal Mines (Special Provisions) Rules 2014. These Rules empowered the Central Government to direct NA to issue vesting order for the coal mine in favour of the successful bidder or provide such other binding directions to NA as deemed appropriate. After NA made recommendations for preferred bidder for 32 coal mines, MOC returned the cases of eight coal mines for re-examination. After submission of results of re-examination carried out on various parameters by NA, MOC examined these eight cases and rejected recommendation of NA for declaration of the 'Preferred Bidder' as 'Successful Bidder' in respect of three coal mines. While not commenting on any individual case, Audit is of the view that broad guidelines incorporating the parameters to be applied by NA and by MOC for evaluation of final bid prices would enhance transparency of the bidding process and may eliminate avoidable litigation.	Pending

Sl. No.	Para No. / Report No.	Summary of the audit observation	Present Status
6.	Para 5.4.1 Report No. 20 of 2016	Objectives of auction of coal mines for power sector were to augment power production for benefit of the economy and to provide cheaper coal to the power sector for benefit of consumers of power. Audit is of the view that in the light of vulnerabilities like stipulations regarding non-recovery of various charges from power consumers, weaknesses in the monitoring system and bank guarantee not being valid for the life of the mine, the risk of non-compliance with contractual obligations was high. These may affect the sustainability of the model adversely in the long run.	Pending.
7.	Para 5.4.2 Report No. 20 of 2016	The CCEA approved methodology allowed sale of 15 per cent of the generation capacity linked to the allotted coal mine on merchant basis, where the electricity tariff was not regulated. It also provided that coal utilised for generation of merchant power was to cost more than the coal used for generation of electricity to be sold at regulated rates. After the introduction of reverse then forward bidding, concept of payment of additional premium was introduced. However, the payment of additional premium was specifically excluded for the quantum of coal utilised for generation of power sold on merchant basis. This resulted in a scenario where the power producers would be paying lesser amount to the Government on utilisation of coal for producing power to be sold on merchant basis as compared to the coal utilised for production of power to be sold under the power purchase agreements (PPAs), which appeared to be not in consonance with the CCEA approval.	Pending.
8.	Para 6.4.1 & 6.4.2 Report No. 20 of 2016	The e-auction process was carried out on the online e-auction platform provided by MSTC. Audit noticed that the audit trail was inadequate in the system and the system did not provide for linking specified end use plant (SEUP) with the registration ids.	Pending
9.	Para 7.1 to 7.4 Report No. 20 of 2016	Early auctioning of the coal mines in the first two tranches was taken up so that these could be brought under production speedily, as they were already producing/ likely to produce/at an advanced stage of their statutory clearances at the time of their de-allocation. Though efforts were being made by the Government to start production from the successfully auctioned coal mines, only in 11 out of 26 coal mines, for which vesting orders were issued, production could be started/ mine opening permission was issued. In the remaining coal mines, production could not commence as various statutory clearances/approvals were pending at the Central Government level, State Governments level and also at the level of allottees themselves. Delay in operationalisation of these coal mines had the potential to adversely affect an important objective of early auctioning of these coal mines, which was to ensure continuity in coal production thereby minimising adverse impact on core sectors such as steel, cement and power utilities.	Pending

Sl. No.	Para No. / Report No.	Summary of the audit observation	Present Status
10.	Para 8.2, 8.3.1 and 8.5 Report No. 20 of 2016	The provisions of Coal Mine Development and Production Agreement laid down various terms and conditions for extraction and utilisation of coal and therefore, there was a need for strong and effective monitoring system. However, it was noticed in Audit that the monitoring mechanism at NA was under process of evolution. There was lack of clarity on the roles and responsibilities for various aspects of monitoring of the e-auctioned mines at the Coal Controller's Organisation (CCO), which was further accentuated by the weaknesses in the system, processes and resources at their disposal.	Pending
11.	Para 8.3.2 and 8.4 Report No. 20 of 2016	There was a mismatch in eight cases between the production quantity submitted by prior allottees of the coal mines to State Governments vis-à-vis production quantity submitted to CCO. There was no mechanism to cross check the production figures given by the prior allottees indicating absence of regular monitoring and inspection of coal mines, which was one of the important activities of CCO. Further, additional levy of Rs. 3536.56 crore was pending from the prior allottees.	Pending
12.	Para 8.6.1 Report No. 20 of 2016	The Act provided that the allottee may use the coal from an allocated coal mine for any plant of the company or its subsidiary company, engaged in common specified end uses after providing written intimation (diversion notice) to the Central Government. Further, power sector coal mines were auctioned with the objective of providing cheaper power to the consumers. In such a scenario it was important to ensure that the benefit of the low cost of diverted coal was passed on to the consumers of the power produced by the 'other power plants'. However, Audit could not draw an assurance that a system existed/had been put in place to ensure that the diversion details are sent timely to the concerned authorities to ensure passing of benefit of cheaper coal to the consumers.	Pending
13.	Para No. 3.1 Report No. 15 of 2016	Incorrect estimation of taxable income and consequent short payment of advance income tax by Eastern Coalfields Limited resulted in avoidable payment of interest of Rs. 12.38 crore for the financial years 2013-14 and 2014-15.	Pending
14.	Para No. 3.2 Report No. 15 of 2016	Drawal of loan far in advance of requirement and subsequent foreclosure resulted in an avoidable expenditure of Rs. 10.31 crore.	Pending
15.	Para 4.1 of Report No. 11 of 2016	Despite clear directions of Ministry of Coal in May, 2007, Coal Mines Provident Fund Organisation did not take initiative for installation of electric meters in its residential quarters at Headquarters, Dhanbad and continued to supply electricity to its employees at nominal rate which resulted in under recovery of energy charges to the tune of Rs. 2.16 crore during the period from 2010-11 to 2014-15.	Pending

Annexure II

ORGANISATION STRUCTURE OF THE MINISTRY OF COAL

Shri Piyush Goyal
Minister of State (I/C) for Coal

Shri Susheel Kumar
Secretary(Coal)

Shri Suresh Kumar
Additional Secretary

JS(RPG) (Shri R. P. Gupta)	JS(VB) (Shri Vivek Bharadwaj)	JS(RKS) (Shri Rajesh Kumar Sinha)	EA (Shri Animesh Bharti)	Adv(P) (Shri D. N. Prasad)
PCA Policy and Corporate Affairs	CBA-I Coal Block Allocation	CLD- Coal Linkage & Distribution	PMS- Project Monitoring and Statistics	CCNT- Clean Coal & New Technology
	LA&IR Land acquisition and Industrial relation		CSR&W Corporate Social Responsibility and Welfare	CC & SD- Clean Coal and Sustainable Development
				CPAM- Appraisal of Coal projects

JS(RPG) (Shri R. P. Gupta)	JS(VB) (Shri Vivek Bharadwaj)	JS(RKS) (Shri Rajesh Kumar Sinha)	JS&FA (Smt. Reena Sinha Puri)	JS(VP) (Shri Vistalli Peddanna)	JS(VB) (Shri Vivek Bharadwaj)
BA- Board level appointments including CVOs.	VIGILANCE All vigilance matters relating to Ministry of Coal/CIL/NLC India Ltd./CMPFO/CCO.	Parliament- All Parliament matters.	IFD- Budget matters, proposal of taxation, excise duty etc. and audit	Coord. All matters of Coordination.	
CMPE Administration of Coal Mine Provident Fund Organisation	NOMINATED AUTHORITY Auction process and allotment of coal blocks under CM(SP) Act, 2015.	Admn. General Administration and implementation of e- office	CASH- Preparation of bills, salary and other expenditure of the Ministry of Coal		JS(VP) (Shri Vistalli Peddanna)
Raj Bhusha All work related to translation and implementation of official language policy		Establishment- Appointment/Service matter of officers under Central Staffing scheme and all senior officers. All Establishment matter and service matter related to officers and staff belonging to Central Staff Service and MTS			
Coord. All matters of Coordination. (w.e.f.01.03.2017)					

IC- International
Cooperation

VIGILANCE
All vigilance
matters relating to
Ministry of
Coal/CIL/NLC India
Ltd./CMPFO/CCO.



सत्यमेव जयते

Government of India

MINISTRY OF COAL

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