

GOVERNMENT OF INDIA

MINISTRY OF COAL

RAJYA SABHA

QUESTION NO 21.12.2009

ANSWERED ON

EXCESS PAYMENT TO COAL CONTRACTORS .

450

SHRI AMIR ALAM KHAN

Will the Minister of COAL be pleased to state :-

- (a) whether the Coal India Ltd and its subsidiaries, especially the Western Coal Fields Ltd., have made excess payment to the coal contractors;
- (b) if so, the details thereof indicating the excess payment made, company-wise and project-wise, during the last three years, till date;
- (c) whether Government has prepared any action plan/policy to recover the excess payment made to these coal contractors;
- (d) if so, the details thereof; and
- (e) the action taken by Government against the erring officers?

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF COAL & MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION

(SHRI SRIPRAKASH JAISWAL)

(a) to (e): A statement is laid on the Table of the House.

Statement referred in parts (a) to (e) of the reply to Rajya Sabha Starred Question No. 450 for 21.12.2009

(a) & (b) : There has been no excess payment made to coal contractors during the past three years and in current year till date in Western Coalfields Limited (WCL). However, in Mahanadi Coalfields Limited (MCL), there was one case of excess payment to coal contractor in Samleshwari OCP, IB Valley Area during the last three years and the same has already been recovered. The details of excess amounts paid and recovered are as under:

Name of the Contractor paid in Rupees	Name of work	Excess amount	Remarks
M/s IB Valley Transport coal from Samleshwari OCP CHP/Crushed Coal Stock to Siding-I, II & III.	Transportation of crushed 30 recovered.	16,51,598.	The amount has already been recovered.
M/s Gajanand Agarwal		18,65,474.05	The amount has already been recovered.
M/s Coal Carrier		22,01,371.58	The amount has already been recovered.
M/s Jalaram Transport		19,90,978.66	The amount has already been recovered.
Total :		77,09,422.	

No excess payment to coal contractors has been made in any other subsidiary of Coal India Limited.

(c) & (d): Payment of Bills is the look out of coal companies as a routine business matter and Government's intervention in such matters is not needed.

(e) : In view of the reply to part (a) to (d) above, taking action by the Government does not arise.

NOTE FOR SUPPLEMENTARY FOR THE RAJYA SABHA STARRED QUESTION NO. 450 FOR 21.12.2009 REGARDING EXCESS PAYMENT TO COAL CONTRACTORS

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NOTE FOR SUPPLEMENTARY FOR THE RAJYA SABHA STARRED QUESTION NO. 450 FOR 21.12.2009 REGARDING EXCESS PAYMENT TO COAL CONTRACTORS

Question 1. Why outsourcing of operations are being resorted to by the coal companies ?

Answer : From the points of consideration of Economics and efficiency of operations outsourcing is being resorted to some of the major areas like OB removal, coal production, coal transportation, maintenance of workshops, canteens etc....

Question 2. Whether outsourcing of mining operations contradict the provisions of Contract Labour (Regulation & Abolition) Act, 1970?

Answer : Under the provisions of Contract Labour

(Regulation & Abolition) Act, 1970 operations of perennial nature are not supposed to be carried out with contract labour. However, the operations of overburden removal and coal extraction are being carried out by the coal companies by hiring Heavy Earth Moving Machinery (HEMM) on wet leasing basis and the operators of the machinery are the employees of the company lending HEMM. Thus, such an arrangement does not contravene the provisions of the statute of the said act as per the legal opinion obtained from the Solicitor General of India by SCCL.

Question 3. Since how long the outsourcing operations have been started in CIL.?

Answer : SECL- OB removal-2002; Deployment of surface miner-2005; coal transportation - since inception of company NCL - OB Removal- 2006 WCL- OB Removal - sometime in 1979-80

Question 4. Furnish policy and provisions of outsourcing in CIL.

Answer : Coal India Ltd. has adopted the concept of outsourcing for better economic returns. The activities outsourced by Coal India Ltd. include certain activities of coal production by hiring of equipments and transportation of coal in some mines of some subsidiaries.

Considering the fund constraint for opening new OC mines and replacement of old outlived equipments for excavation of coal in some opencast patch deposits having limited life, equipments are being hired to get the desired production and exploitation of reserves.

Certain operations in number of mines of Coal India has been outsourced mainly by hiring of equipments in order to improve on the economics of operation, to bridge the gap between capacity and target of coal production and where coal deposits do not justify large investment due to low reserves and are not economical to work departmentally. Moreover, CIL does not have to provide heavy capital investment to increase its own excavation and transportation capacities in different projects. Again, some of the new projects are being sanctioned with outsourcing variant.

Outsourcing has grown in importance world wide because economic and competitive pressures have made it imperative for organization to focus on the efficiency of operations of all their activities including turning to third parties to assume responsibilities for some of their activities. In line with many other industries and agencies, Coal India Ltd. has also adopted the concept of outsourcing for better economic returns and to bridge the gap in capacity and target. The experience of Coal India Ltd. reveals that outsourcing of some of it's activities has been financially and economically viable.

In an Opencast mine the major operations that can be considered for outsourcing are

- (i) removal of OB.
- (ii) extraction of coal
- (iii) loading of coal at face and transporting to a designated place
- (iv) construction & maintenance of haul roads
- (v) drilling
- (vi) blasting
- (vii) managerial supervision
- (viii)safety. Complete outsourcing will involve getting all these operations carried out by an outside agency . Normally for reasons of safety and other statutory considerations, storage & supply of explosives, design of pattern of drill holes ,blasting operations, power supply, Managerial supervision, environmental mitigation and many other activities related to running of a mine such as construction & maintenance of haul roads, pumping etc. are not generally outsourced.

Question 5. What are the major operations being outsourced?

Answer : In an Opencast mine the major operations that can be considered for outsourcing are

- (i) removal of OB.
- (ii) extraction of coal
- (iii) loading of coal at face and transporting to a designated place
- (iv) construction & maintenance of haul roads
- (v) drilling
- (vi) blasting
- (vii) managerial supervision. In addition to these maintenance of workshops, canteens, hospitals etc. are being outsourced.

Normally for reasons of safety and other statutory considerations, storage & supply of explosives, design of pattern of drill holes, blasting operations, power supply, Managerial supervision, environmental mitigation and many other activities related to running of a mine such as construction & maintenance of haul roads, pumping etc. are not generally outsourced.

Question 6. What is the trend in coal production and OB removal through departmental and outsourcing modes?

Answer : Information is being collected.

(please provide the updated information in regard to Question 1 and data for Question 2) Question 1

:Number of persons engaged in outsourcing work of OB removal and coal production

Reply : Coal India Ltd. and its subsidiary companies do not directly employ / engage labourers on contract basis. However, certain works of coal production in some of the opencast mines i.e. mechanized extraction, loading and transportation of coal from face to face and Overburden Removal are undertaken by hired equipments. Since the works are mainly of temporary nature and as a result, number of contractors/ workmen keeps changing. However, while replying a parliament Question an attempt was made during July 06 to assess the number of workers engaged in Outsourcing, company wise details of which are as under :-

Name of Com. ECL Manpower engaged in 05-06 by the contractor by outsourcing of HEMM for excavation and transportation of OB & Coal is on an average of about 417 persons per day & manpower engaged for surface transportation of Sand & Coal by outside agencies in 05-06. is on an average of about 1842 persons per day. BCCL The average number of workers engaged in outsourcing work for hired equipment in mechanized extraction of coal, OB removal, Coal and Sand transportation including workers engaged by ESM Agencies is 688. Average number of workers including ESM Agencies engaged during 2004-05 was 548. CCL 314 Nos. WCL The average number of workers engaged in outsourcing work for hired equipment for removal of OB is 279, for Coal transportation is 603 and for sand transportation 137. Average total number of workers is about 1019. SECL No of workers engaged in outsourced job is about 4197 as on 01.11.2005 and Average number of workers engaged during 2004-05 is 4225. The workers are engaged mainly for working in hired equipment for removal of OB, coal production & excavation work. MCL Workers engaged in different outsourcing works (for hired equipments engaged in mechanized extraction of coal, OB removal and sand transportation as on 01.11.2005 on an average is 2319 persons & average number of workers engaged during 2004-05 in the same jobs was also 2319 persons NCL NIL. However recently NCL has started outsourcing during 2006-07 only and about 800 persons are engaged on date in outsourcing work of OB removal. NEC 949 workers were engaged in OB removal, Coal production extraction and transportation during the year 2004-05.

Question 2 :What is the trend in coal production and OB removal through departmental and outsourcing modes in the last 5 years?

No.54017/12/2009-CPAM Government of India Ministry of Coal CPAM Section Subject:- Rajya Sabha Starred Question No. 148 regarding Dumping of imported coal in Goa.

An admitted version of Rajya Sabha starred question 148 due on 30.11.2009 regarding dumping of imported coal in Goa has been received. The extracts of the question are as under.

- (a) whether a huge dump of coal near the berthing jetties at Mormugao Port Trust has been causing large scale dust pollution in Goa;
- (b) if so, the details thereof;
- (c) The quantity of imported coal dumped in Goa as on 31 October, 2009;
- (d) The reasons for the delay in clearance of unloading sites by the importers; and
- (e) The details of the measures being taken in this regard?

It is stated that the notice of the question was received in the section after it was admitted. In fact the question is not related to this Ministry as the thrust of the question is regarding pollution created by the imported coal in the Mormugao Port Trust. The Ministry of Shipping, Ministry of Environment and Forest and the Mormugao Port Trust were requested to furnish information in respect of the starred question. The information has been received in this regard only from the Mormugao Port Trust. A draft reply alongwith the note for supplementary, based on the information furnished by the Mormugao Port Trust have been attempted and place below for approval.