

GOVERNMENT OF INDIA
MINISTRY OF COAL
RAJYA SABHA
QUESTION NO 21.12.2009
ANSWERED ON
REFORMS IN COAL MINING .

3403

SHRI O.T. LEPCHA

Will the Minister of COAL be pleased to state :-

- (a) whether Government is considering reforms in the coal mining;
- (b) if so, the details in this regard;
- (c) whether Government intends to involve private and foreign investors in coal mining to enhance the production capacity; and
- (d) if so, the details in this regard and by when the reforms would be implemented?

ANSWER

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

(SHRI SRIPRAKASH JAISWAL)

(a)&(b) : Yes, Sir. The Government had constituted an Expert Committee under the Chairmanship of Shri T.L. Shankar to suggest measures to reform the coal sector. The Committee has submitted Part-I and Part-II of the report. The details of recommendations contained in these reports and action taken by the Government thereon is given in the Annexure.

(c)&(d) : Yes, Sir. Captive mining of coal is now permissible by private companies engaged in generation of power, production of iron and steel, production of cement, coal gasification and coal liquefaction and such other specified end uses as may be notified by the Government from time to time. As far as foreign direct investment (FDI) in coal sector is concerned, 100% FDI under the automatic route is allowed by the Government. Besides, the Coal Mines (Nationalization) Amendment Bill 2000 was introduced in Rajya Sabha in April, 2000, which seeks to permit private participation in coal mining, without the existing restriction of captive use, in order to augment coal production in the country. The Bill is pending for consideration in the Rajya Sabha.

ANNEXURE

Annexure referred to reply to parts (a) & (b) of the Rajya Sabha Unstarred Question No.3403.

The major recommendations of Expert Committee on restructuring/reforms in coal sector and action taken/proposed to be taken by the Government thereon are as under:-

S	Major Recommendations	Action Taken /proposed to be N	taken 1
Augmenting	domestic coal	Government has allotted a number	production to bridge the gap of new
captive	coal blocks, between demand and supply	besides taking up a number of	with emphasis on
captive	new coal projects under coal	coal mining.	PSUs to augment coal production to bridge
the gap	between demand and supply.	2 As coal shall remain India's	An action Plan has been prepared
primary	source of commercial	to cover the balance	coal energy supply, a time-bound bearing area of
5438	sq. km plan to cover the entire	under regional exploration. It	country by regional mapping is
envisaged	that an area of in 15 years should be	2791 sq. km will be covered	prepared by
Geological	during the XI Plan and the Survey	of India, Central balance there after.	Mine Planning
and Design	Exploratory drilling capacity of Institute	(CMPDIL) and CMPDIL is being doubled.	Ministry
of Coal	(MOC). 3 Coal India Limited (CIL) may	CIL has been granted Navaratna	be granted the status
of status.	Besides this, 6 of its Navratna	company and the subsidiary	companies (South subsidiaries
of CIL	may be Eastern Coalfields Ltd.;	Western granted the status of Mini	Coalfields Ltd.; Mahanadi
Ratna	companies in which Coalfields	Ltd.; Northern case only those	proposals of Coalfields Ltd.;
Central	such a subsidiary would need	Coalfields Ltd. & Central Mine	government approval wherein
Planning	and Design Institute the capital	expenditure Limited) and Neyveli	Lignite exceeds Rs. 500
crore.	Corporation Ltd. have been	accorded Miniratna Category-I	status. In July 2009 the
Government	has approved enhancing the	financial powers of SCCL Board	to approve projects, and to

incur capital expenditure from 100 crore to Rs. 500 crores. 4 The issue of major restructuring of CIL should be considered during the 12th Plan Period. 5 The environmental issue in The Government has issued new respect of coal projects Environment notification on should be taken up on 14.9.2006 as per which the priority consideration by proposals of coal mining the Government. projects are being processed for environmental clearance. 6 Planned imports of coal need Imports are planned by Power to be encouraged. Sector every year in advance keeping in view the requirement. CIL is also contemplating to import coal. 7 Increasing proportion of all E-auction of coal has already domestic coal that is not been started. earmarked for Power Sector be brought into the E- auction market over the next 2 to 3 years. 8 The current system of The new coal distribution policy linkages feeding the power of Government provides for long sector may be replaced with term fuel supply and transport formal long term Fuel Supply agreements that include and Transport Agreements railways. that include the Railways. 9 All possible legal measures On the basis of regular review should be evolved to cancel of the progress of captive the licenses issued earlier blocks, de-allocation of some if the allottee has not coal blocks has been done. taken adequate steps to Regular monitoring is being done bring the allotted mines to to review the progress production or in setting up periodically. the end use units.

1 Coal price would need to be So far as Ministry of Coal is 0 regulated in light of the concerned, the pricing of coal market realities. The has been fully deregulated after regulation of coal price has the Colliery Control Order, 2000 to be differentiating the notified with effect from 1st pricing of coal for power January, 2000 in supersession of generation since it consumes the Colliery Control Order, 80% of the domestic 1945. Under the Colliery production and the quality Control Order, 2000 the Central of coal it consumes is not Government has no power to fix easily saleable to the steel the prices of coal. Coal and cement sectors. Companies are empowered to fix the price of coal. 1

Promotion of underground Action has been initiated by CIL 1 mining to enhance the level of production from underground mines from around 44 million tonnes achieved in 2006-07 to about 67 million tonnes by 2011- 12 mainly by adopting mechanisation of operations, introduction of continuous miner technology and longwall technology. The additional investment has been estimated at Rs. 5185.59 crores for attaining this production level. CIL has also identified 7 blocks which can be developed into mega mine (more than 2 million tonnes production per annum) with state of the art consultancy and technology with foreign expertise. 1 Improve production and Action has been initiated to 2 productivity of men & improve productivity of heavy machinery with focus on earth moving machinery (HEMM) in technology upgradation opencast mines mainly by increasing the number of hours of operation and awarding maintenance and repair contracts, streamlining the replacement of old equipment, and deployment of large size equipment. In underground mines, improvement in productivity is being addressed through mechanized coal loading operations adopting side discharge loaders, load haul dumpers, conveyor belts etc. and introduction of continuous miner technology and longwall technology wherever it is feasible. Shortwall technology on experimental basis has also been introduced. Adoption of Highwall technology is also envisaged in some of the opencast mines. 1 There is need to have A department has already been 3 permanent cell for created at Coal India and also technology evaluation and at CMPDIL for

adoption of new monitoring and improving the technology. CMPDIL as the systematic operating planning wing of Coal India provides the initial inputs for equipment procurement (in adoption of new technology. CIL). 1 Switch over to Gross For adopting the GCV system of 4 Calorific Value (GCV) based grading of coal, it was agreed pricing and grading of coal between Coal India Limited (CIL) and NTPC to try out the proposed bandwidth price structure with 300 k. cal/kg for coal supply at some NTPC power plants initially for 60 days. However, this has not come through due to the lapse of time agreed to between NTPC and Coal India Limited and also lack of installation of automatic mechanical samplers at the loading points.

Accordingly, CIL has submitted a revised proposal mentioning the corresponding GCV values of sub-graded UHV bands and respective price ranges along with the time frame during which it proposes to install Auto Mechanical Samplers (AMSs) at the loading points on priority basis so as to notify the same through a Gazette Notification for switching over to GCV based grading. 1 Promote coal washing Government has already taken a 5 policy decision to encourage use of washed coal by permitting private entrepreneurs to set up washeries on coal company's land. CIL has also taken a decision to supply washed coal to power sector by setting up new washeries on Build Own Maintain (BOM) basis and funding will be made by CIL. Additional washing capacity of about 140 million tonnes per year is envisaged to be created in next five years time. 1 Promotion of cutting edge Government has already permitted 6 technologies like CBM operations on commercial Underground Coal lines and 26 blocks have been Gasification (UCG), Coal Bed allotted to various Methane (CBM), Coal Mine entrepreneurs. Directorate Methane (CMM), Coal to General of Hydrocarbons (DGH) Liquid (CTL) etc. under Ministry of Petroleum & Natural Gas (MoP&NG) regulates the CBM operations. For CMM, coal companies are taking action to extract methane gas from the existing mines and a demonstration project in association with United Nations Development Programme (UNDP) / Global Environmental Fund (GEF) is under implementation in one of the mines of Bharat Coking Coal Ltd. (BCCL). Government has recently recognized UCG, CTL as one of the permitted end uses under the captive mining policy. 1 Although India is not under Action already initiated for 7 any obligation under Kyoto adopting clean coal Protocol to reduce technologies. CIL has committed emissions, it is recommended to sell processed coal to all that India should assume its consumers. their role of a responsible Government has given lot of user of coal taking every stress for the extraction of effort to reduce the coal bed methane which would emission level of coal as eventually reduce emission from well as its consumption. burning coal. 1 Outsourcing should be CIL and its subsidiaries have 8 differentiated from contract initiated action and have labour employment. It is not included clauses in the a method to extract more tenders/contracts to remove work and pay less to exploitation of labour and also unskilled and semi skilled have generated training labour. In fact, it becomes programmes for uplifting skills relevant and inevitable in of its own workmen. tasks, which call for specialized skills. 1 Setting up of a Coal Action initiated for creating a 9 Governance & Regulation Coal Regulatory Authority. The authority (CGRA) to co-draft Bill for appointment of ordinate and attend to all coal regulator is being issues relevant for finalized for consideration of development of coal the Government. resources, regulation of coal price (wherever necessary), and nurturing level playing field between the entrenched large

public sector coal companies and the emerging small coal companies in the State public sector and the captive mining sector.

2. Ensure proper mine closure. Draft guidelines for mine closure and restoration of mined out areas have been issued by the areas. The Coal Regulatory Authority should be given implemented by the Coal Regulatory Authority till the Coal Regulatory Authority is put in work. A fee of Rs.10 per place. tonne of coal mined as Mine-restoration levy should be collected annually and release as grants on for such work. 2. Coal R&D fund should be The creation of R&D fund is 1 created whereby half of one agreed to. It is preferable percent of the turnover of that the proposed fund should be all coal companies in the kept available with the industry public and private sectors instead of the Coal Regulatory Authority is deposited. CGRA could Authority. In the present manage the funds. system the R&D activities are identified, monitored and funded through a Standing Scientific Research Committee (SSRC), which is chaired by Secretary (Coal).