

Surface miner in operation



ANNUAL REPORT 2016-17

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CHAPTER

POLICY INITIATIVES AND REFORM MEASURES

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Measures related to augmenting Production and Efficiency in Coal Sector:

Enhanced exploration efforts

The target for Detailed drilling in CIL areas in the XII Plan is about 30.20 lakh meters.

The actual drilling in CIL blocks during the last four financial years, anticipated drilling during 2016-17 and the target for the financial year 2017-18 are as follows:

(Drilling in Lakh Meter)

Year	Target	Actual	Growth % w.r.t. Previous year
2012-13	04.07	3.35	23.20
2013-14	05.38	4.59	37.01
2014-15	07.89	5.46	18.95
2015-16	10.18	7.07	28.57
2016-17	07.52	7.72 (Anticipated)	9.97 (Anticipated)
2017-18	8.24	—	—

The shortfalls in target achievement are due to many factors, including law & order problems in many coal block areas, non availability of Forest clearance, shortage of skilled manpower and inadequate capacities in the private sector. To offset this, strengthening of CMPDI in the coming years together with a policy prescription for attracting global majors in exploration is being planned. Process of Forest Clearance is being streamlined by MoEF to fast track approvals for exploration proposals.

CMPDIL is the nodal agency for implementing the Plan scheme of Detailed Drilling in Non-CIL blocks. CMPDIL executes the job through MECL and also through outsourcing. The actual drilling vis-à-vis specified targets in non-CIL blocks during last

four financial years, anticipated drilling during 2016-17 and the target for the financial year 2017-18 are given as under:

(Drilling in Lakh Meter)

Year	Target	Actual	Growth % w.r.t. Previous year
2012-13	1.75	2.28	2.70
2013-14	3.62	2.38	4.39
2014-15	4.16	2.82	18.48
2015-16	4.82	2.87	1.77
2016-17	3.48	3.48 (Anticipated)	2.81 (Anticipated)
2017-18	3.46		

During the XII Plan period, drilling of about 19.03 lakh meters in 58 Non-CIL blocks has been planned.

Renewed policy thrust to increase coal production

Coal India Limited (CIL)

An exercise has been carried out to prepare a roadmap for achieving a production level of 1BT of coal by the year 2019-20. So far, mines/ projects to produce about 908.10 MT in 2019-20 have been identified and identification of projects for balance capacity to reach 1BT is under way. In 2015-16, the targeted coal production as per Annual Plan document of MoC was 550 MT with 98% achievement. In 2016-17, Annual Plan target of coal production is pegged at 598.61 MT. In 2017-18, the envisaged coal production target is 660.68 MT excluding the production of NEC. The group-wise production during 2015-16 and projection for 2016-17 and 2017-18 are as follows:

(In MT)

CIL	2015-2016		2016-2017	2017-2018
	BE	Act. (Prov)	AP Tgt.	As per 1 Bt Projection for the year 2019-20
Existing (Mines taken over at the time of nationalisation)	36.61	37.14	37.91	49.86
Completed (Mines reached its maximum capacity)	193.12	231.14	209.54	127.38
Ongoing Projects (Mines yet to reach peak capacity)	317.52	267.69	349.43	437.56
Future Projects	2.75	0.50	1.73	45.89
Gare Palma		2.28		
Total	550	538.75	598.61	660.68

Completion of Projects and expansion of existing projects

Coal India Limited (CIL)

There are 153 on-going projects at different stages of implementation. Projects costing more than Rs 500 Crore and with capacity of 3 MT/year and above are reviewed by the Secretary, Ministry of Coal on Quarterly basis. Performance of all projects of Rs. 150 crore and above is monitored by Ministry of Statistics and Programme Implementation (MOSPI). Further, the Ministry monitors on-going projects of CIL through updated information received on its Coal Project Monitoring Portal (CPMP) and also portal at the PMG website of Cabinet Secretariat.

CIL has also identified 64 future projects against 1 BT coal production target by 2019-20. Out of this, 21 projects having capacity of 180.51 MT/year and capital expenditure of Rs. 28913.08 Crore have so far have been approved.

Measures being taken to increase coal production

In 2016-17, the targeted coal production from **on-going projects** of CIL was 349.43 MT. (Ref Annual Plan 2016-17 of MoC). In 2017-18, CIL envisages to produce 437.56 MT. (Ref 1 Bt. document of CIL), from the same group i.e. an increase of 88.13 MT. from the On-going products. Similarly from **Future projects** there will be an addition of 44.16 MT in 2017-18.

In respect of CIL, major increase in production is envisaged from the on-going & future group of projects, mainly, from four

subsidiaries SECL, MCL CCL & NCL. Out of 153 on-going projects, clearances are available for 82 projects with a total output capacity of 211.48 MT. In the year 2015-16 138.25 MT Coal has been produced from these 82 projects.

The balance 71 projects, with a total capacity of 412.35 MT/y, will require clearances to achieve their planned capacity. However, with part clearances obtained in forest land, these projects have produced 114.85 MT in 2015-16.

CIL has taken the following steps to increase production of coal:

- High capacity mines are being planned with state-of-the-art mechanization.
- Mines are being modernized for increasing productivity both in underground & opencast mines depending upon geo- mining conditions.
- Improving capacity utilization through efficiency improvement and modernization.
- Ensuring implementation of on-going projects in time bound manner to achieve targeted production as per schedule.
- Capacity augmentation of running projects through special dispensation under the EP Act 2006.
- Effective monitoring & follow up of issues related to projects with related Ministry & State Governments.
- Effective & persistent support from the Ministry of Coal.

Technology development and Modernization of Mines in CIL

A study has been conducted by M/S KPMG for assessment of the need for up gradation of current technology, under practice in CIL mines, including UG mines and, scope for further modernization. They have submitted their report which is under examination for implementation.

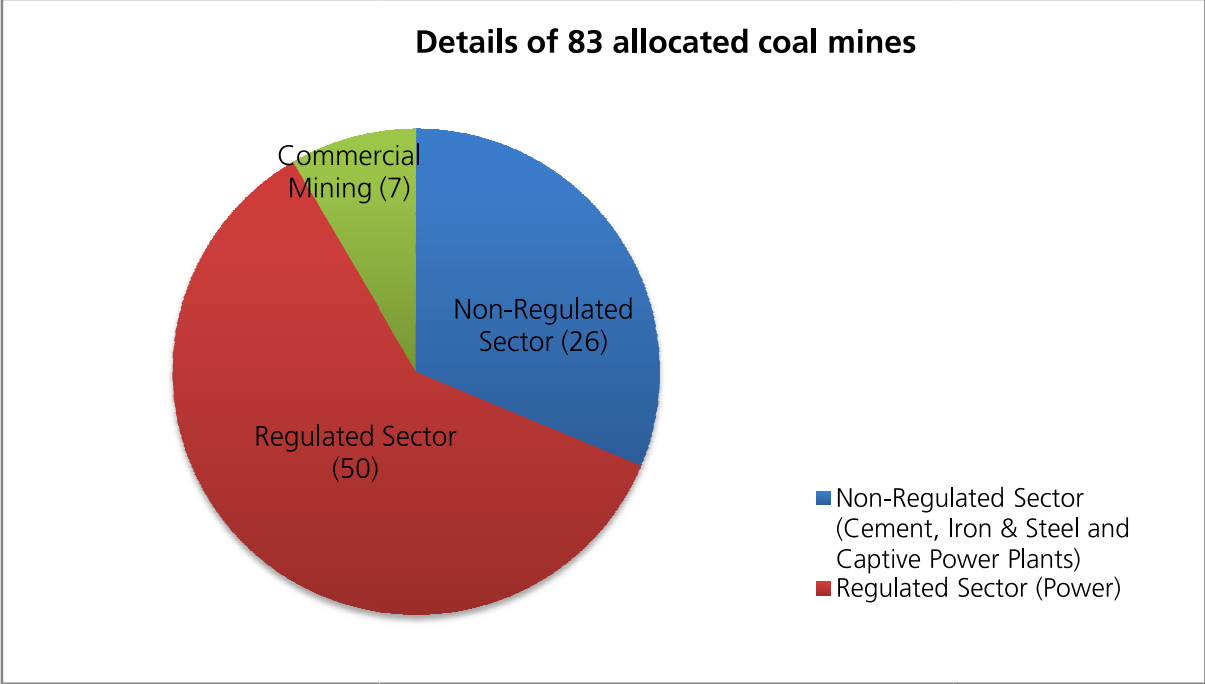
Further, CIL/CMPDI is in the process of selection of consultant for specific study on underground mines in view of declining coal production from underground mines of CIL.

Allocation of coal mines cancelled/de-allocated by Hon’ble Supreme Court of India

The allocation of 204 coal mines de-allocated by Hon’ble Supreme Court are now made under the provisions of the Coal Mines (Special Provisions) Act, 2015. Under the provisions of the said Act, 83 coal mines have so far been successfully allocated. Of these 83 coal mines, 31 have been allocated through e-auction (30 to private companies and 1 to a Government company) and 52 have been allotted to Government companies.

Sector-wise allocation of these 83 coal mines are: 50 coal mines to the regulated sector i.e. power, 26 coal mines to the non-regulated sector i.e. iron & steel, cement and captive power, and 7 coal mines for sale of coal.

Details of 83 allocated coal mines is as under:



With the methodology for fixing Upfront Payment and Reserved Price for allotment of coal mines / blocks for sale of coal to Public Sector Undertakings (PSUs) under the Coal Mines (Special Provisions) Act, 2015 already in place, 16 coal mines were put on offer for allotment to State PSUs for sale of coal / commercial mining. Out of these 16 coal mines, 08 coal mines were earmarked for State PSUs of host States while rest were earmarked for State PSUs of non-host States. Accordingly, 5 coal mines have been allocated to State PSU’s of coal bearing host States and 2 coal mines have been allocated to State PSUs of other than

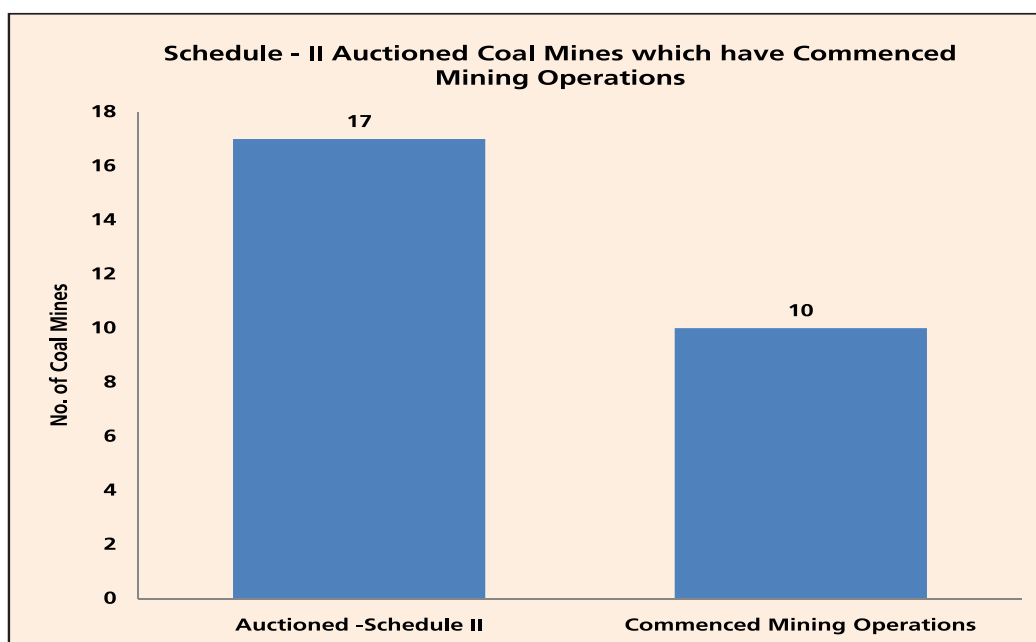
host States for sale of coal. As specified above, a total of 7 coal mines has thus been allocated for sale of coal (commercial mining). Allotment Agreements have also been executed with the allocattee companies of the above 7 coal mines.

Schedule II of the Coal Mines (Special Provisions) Act, 2015 comprises of 42 coal mines, which were operational / ready to produce, out of the 204 coal mines cancelled by the Supreme Court. Of the 42 Schedule II coal mines, 35 have been auctioned/ allotted under the provisions of the Coal Mines (Special Provisions) Act, 2015, of which mining operations have

commenced/mine opening permission granted to 12 Schedule II coal mines (10 auctioned and 2 allotted). In addition, 1 Schedule III coal mine is also operational. Rest of the Schedule II coal mines are in the process of starting mining operations after obtaining necessary statutory clearances as well as appointment of mining

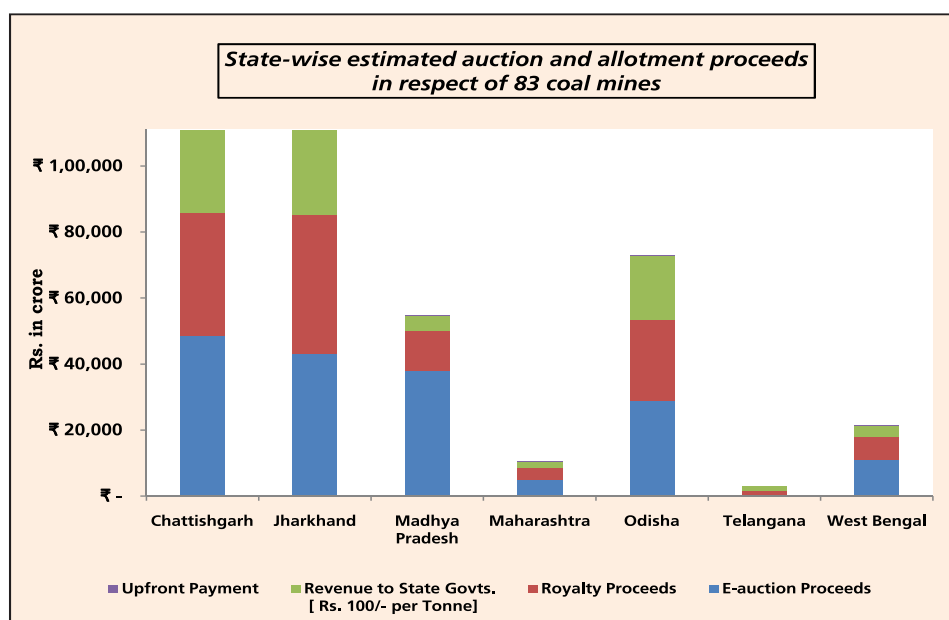
contractor. Further, monitoring of the development of coal mines in accordance with the efficiency parameters specified in the agreement with the allottee companies is being undertaken on a regular basis.

Details of Schedule II auctioned coal mines which have commenced mining operations is represented as under:



The auction and allotment proceeds from 83 coal mines allocated so far, have been estimated at more than Rs. 3.95 lakh crore over the life of the mine/lease period, which shall be accrue entirely to the coal bearing States.

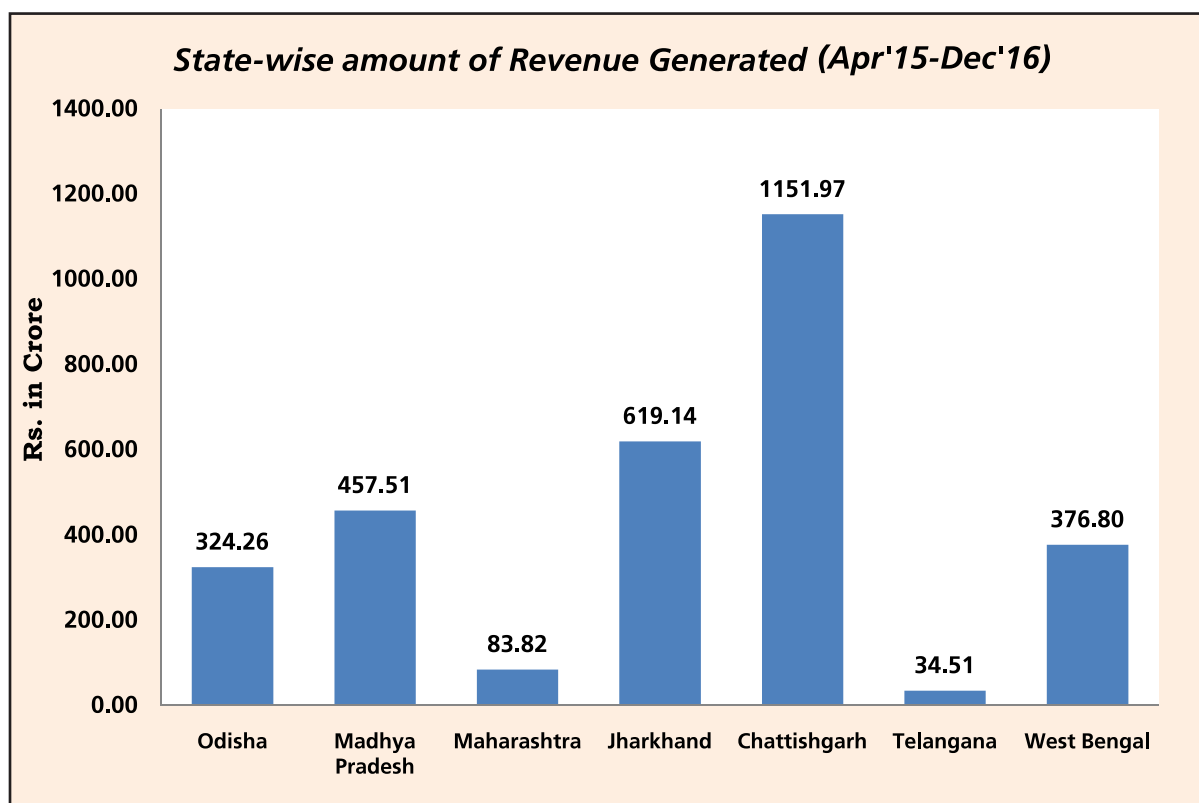
Details of State-wise estimated auction and allotment proceeds in respect of 83 coal mines is as below:



The benefit to consumers in terms of reduction of electricity tariffs from auction of 9 coal blocks to 'Power' sector is likely to be about Rs. 69,310.97 crore. The actual revenue generated

from these coal mines till December 2016 is approximately Rs. 3,048.01 crore (excluding Royalty, Cess and Taxes).

Details of State-wise amount of Revenue Generated is as below:



Allotment of Coal/Lignite Blocks under MMDR Act

Under the provisions of 'Auction by Competitive Bidding of Coal Mines Rules, 2012', 11 coal blocks were allocated for the end use power and 2 coal blocks for commercial mining to the Government companies / corporations. The Coal Block Development and Production Agreement has been signed with the Allottee companies in respect of 8 coal blocks.

Further, 3 lignite blocks have been allocated to entities of the State of Gujarat. Out of these, 1 lignite block has been allocated for end use power and 2 lignite blocks for commercial mining. The Lignite Block Development and Production Agreement has been signed with the Allottee Company in respect of 1 lignite block allocated for end use Power.

Quality and Third Party Sampling - Recent decisions

An independent third party agency has been empanelled by Central Institute for Mining and Fuel Research (CIMFR) at loading end on behalf of both the power plant and the coal companies. It shall enlist third party agencies through a transparent process. This new system has commenced on 01.01.2016.

CIMFR has signed tripartite MoUs for sampling 304 MT coal to be supplied to power sector units as on 30.12.2016, CIMFR has started sampling of 337.773 MT of coal and for 149.931 MT of coal, sampling is yet to be started by CIMFR.

CIMFR has been directed by Ministry of Coal to declare the result of Referee sample within 15 days.

Rationalization of Coal Linkages

An Inter-Ministerial Task Force has been constituted by MOC in June 2014 to undertake for a comprehensive review of existing coal sources and also feasibility for rationalization of these sources with a view to optimize transportation cost. As a part of this exercise, rationalization of sources has been implemented in following steps:

Rationalization Stage	Rationalization Quantity (in MT)	Potential annual savings in Transportation cost (in Rs. Crore)
IMTF – Source rationalization	24.2	1013
IMTF – Swapping of sources	1.3	458
Post – IMTF	15.0	1032
Total	40.5	2503

Automatic transfer of coal linkage/LoA granted to the old plants while scrapping and replacing them with new plants

Policy guidelines regarding automatic transfer of coal linkage/LoA granted to the old plants while scrapping and replacing them with new plants have been issued.

Under these guidelines, LoA/linkage granted to the old plant shall be automatically transferred to the new plant of super critical capacity. If the capacity of the new super critical plant is higher than the old plant, additional coal may be accorded priority subject to availability of coal. This policy shall be applicable to pre-NCDP plants in public sector only, which have already been granted long term Linkages/LoAs. Automatic transfer of linkages/LoA from the scrapped to a new unit would be permitted outside the State in which the old unit is located for Thermal Power plants in central Sector.

Transparent Auction of coal linkages

All allocations of linkages/LoAs for non-regulated sector viz. cement, steel/sponge iron, aluminum and others [excluding fertilizer (urea) sector], including their CPPs, shall henceforth be on auction basis. The policy on auction of linkages of non-regulated sector has been approved on 15.02.2016. The proposed auction of coal linkages is transparent, and creates a level playing field. It ensures that all market participants have a fair chance to secure the coal linkage, irrespective of their size. The auction methodology leads to the price through a market mechanism; it does not seek to maximize revenue.

CIL has completed the first tranche of auction on the linkages for non-regulated sector. In accordance with the procedure prescribed and in view of the lapsed FSAs and incremental production, 23.75MTPA became eligible for auction of linkages. The auction to sub-sectors viz. sponge iron, cement and Captive

Power Plant (CPP) were conducted during the process.

The un-bidder quantity of Sponge Iron (1.73 MTPA) and Cement (1.47 MTPA) were re appropriated to the CPP sector for offer, Quantity left from CPP was added to the offer pool for 'Others' sub sector. Total quantity earmarked for all Sub sectors was 23.75 MT, out of which 22.14 MT was booked and 1.61 MT left un-booked. For CPP subsector, consumption norms issued by CCEA were followed. Co-generation plants were also given an option to participate in the CPP sub-sector. This has resulted in success rate of 96% in CPP sub-sector.

Tranche-II of auction is scheduled to start from 17.01.2017 in which 14.5 MT will be offered. Further, auction will start with sponge-iron sub-sector for a quantity of around 5 MT. Auction for coking coal consumers will be conducted as a separate phase under Tranche II.

Policy on Bridge Linkages

Policy guidelines for grant of 'Bridge Linkage' to specified end-use plants of Central and State Public Sector Undertakings (Both in Power as well as Non-Power sector) which have been allotted coal mines/block, have been circulated to all concerned. 'Bridge linkage' shall act as a short term linkage to bridge the gap between requirement of coal of a specified end use plant of Central and State PSUs and the start of production from the linked. Schedule-III coal mines and coal blocks allotted under MMDR Act.

Thrust on Washing of Coal

To comply with the guideline issued by MoEF&CC for supply of coal with less than 34% ash to thermal power plants located beyond 500 km, CIL has planned to set up 9 new non-coking coal washeries having a total capacity of 75.5 MTPA. These washeries are at various stages of construction. Besides this, 6 new coking coal washeries having a total capacity of 18.6 MTPA are also

at different stages of implementation. Further, efforts are being made to construct additional coking coal washeries in BCCL and CCL command area so that burden of importing coking coal could be reduced and valuable foreign currency could be saved.

Master Plan to address Fire, Subsidence and Rehabilitation areas:

The 79th CCDA committee directed the representatives of ECL and BCCL to submit the latest status considering the issues discussed in the previous meeting of High Powered Central Committee (HPCC) in consideration with ADDA & JRDA.

Satellite Surveillance for land reclamation

Coal India Limited (CIL)

Reclamation of mined out areas is important for sustainable development. Emphasis is being laid on proper reclamation (both technical and biological) and mine closure. Satellite surveillance for land reclamation is being given the requisite thrust by partnering with the National Remote Sensing Centre at Hyderabad. The company wise details of the area excavated and reclaimed in 2015-16 for 155 projects under monitoring based on satellite data as on 31.03.2016 are furnished in the table below:

Company	Land Excavated (Ha)	Reclamation (Ha)		Total
		Biological	Technical	Reclamation (Ha)
WCL	11724.29	4385.51	5008.11	9393.62
SECL	11387.03	5347.80	3735.78	9083.58
NCL	11505.00	5752.00	3103.00	8855.00
MCL	5079.53	1508.32	1863.31	3371.63
CCL	7977.00	3181.29	2502.69	5683.98
BCCL	1195.70	216.61	789.12	1005.73
ECL	2340.05	631.07	1204.07	1835.14
NEC	279.29	118.57	120.92	239.49
TOTAL (CIL)	51487.89 (100%)	21141.17 (41%)	18327.00 (35.6%)	39468.17 (76.6%)

The image interpretation and analysis for the year 2016-17 is under progress and the result of analysis can be known after final compilation which will be over by the end of March 2017.

Singareni Collieries Company Limited (SCCL):

Ministry of Environment, Forest and Climate Change has stipulated in one of the conditions of Environmental Clearances issued to coal mining projects that "For monitoring land use pattern and for post mining land use, a time series of land use

maps based on satellite imagery (on a scale of 1:5000) of the core and buffer zone, from the start of the project until end of mine life shall be prepared once in three years (for any one particular season which is consistent in the time series) and the report submitted to MoEF and its regional office at Bangalore".

Also, MoC advised all the coal mining companies that all the opencast mines shall be brought under satellite surveillance for periodical monitoring of land reclamation.

Accordingly, The Singareni Collieries Company Limited is complying with the condition of monitoring land use pattern by satellite imagery maps and submitting the same to MoEF&CC and its regional offices once in three years.

Further, the details of land excavated and land reclaimed pertaining to opencast mines in SCCL is as below:

Company	Land Excavated (Ha.)	Land reclaimed (Ha.)
SCCL	4571.35 Ha	1691.11 Ha *(37%)

* Most of the OC projects are being operated as relay projects and the back filling operations are still in active stage. The biological reclamation of the back filled areas will be taken up after attaining final profile as per the schedules of approved mining plans.

Review of productivity norms

Different Committees have gone into the issue of productivity of Heavy Earth Moving Machinery (HEMM) at different points of time. Additionally, CMPDI formed a committee in May 2013 to review the 'Availability' and 'Utilization' norms of Heavy Earth Moving Machinery (HEMM). Committee report to review the existing 'Availability' and 'Utilization' norms of HEMM was submitted to CIL in May, 2015.

As per the advice of CIL Board, a Committee was formed by CIL for review of the productivity norms of Side Discharge Loaders(SDLs)

and Load Haul Dumpers (LHDs) used in underground mines. The Committee submitted its draft report to CIL in April,2014. SCCL is following CMPDI norms for HEMM performance. Norms for underground machinery is being reviewed and revised annually based on various parameters like geological conditions of mines, past performance etc.

Corporate Social Responsibility (CSR)

Coal India Limited (CIL) and its subsidiary companies and NLC India Limited (NLCIL) are undertaking different welfare activities under the CSR policy. The allocations of funds under CSR are as per DPE guidelines. These guidelines are based on Section 135(1) of Companies Act, 2013 which stipulates to spend at least 2% of the average net profit of the company for the three immediate preceding financial years. While NLC India Limited (NLCIL) has allocated CSR funds as above, Coal India Limited (CIL) has formulated its own policy and allocated funds based on 2% of the average net profit of the company for the three immediate preceding financial years or Rs.2 per tonne of coal production of previous year, whichever is higher.

The details of the amount earmarked and utilized by the Coal India Limited (CIL), its subsidiaries and NLCIL under the Corporate Social Responsibility (CSR) fund during each of the last three years and the current year subsidiary-wise are as under:

(Figures in Crore)

Company Coal India and its subsidiaries	2013-14		2014-15		2015-16		2016-17	
	Allocated	Utilized	Allocated	Utilized	Allocated	Utilized	Allocated	Utilized (April-Dec., 16)
ECL	29.35	---	37.90	24.85	46.22	62.61	29.17	1.30
BCCL	30.50	20.00	30.00	14.33	48.67	50.67	26.85	6.02
CCL	26.42	26.94	47.86	48.87	350.67	212.79	55.90	28.76
WCL	29.46	23.80	7.96	20.15	91.92	65.27	8.96	4.14
SECL	63.94	43.91	129.97	40.43	379.46	270.85	228.85	49.21
MCL	101.72	111.48	113.96	61.30	421.50	184.64	207.72	135.54
NCL	48.99	39.72	80.28	61.77	196.25	153.97	74.23	36.73
CMPDIL	1.82	01.82	2.00	1.68	2.00	2.01	1.20	0.34
CIL & NEC	142.16	141.70	24.04	24.72	98.85	73.26	127.34	45.44
2.Neyveli Lignite Corporation Limited (NLC)	26.04	26.30	41.60	47.49	44.27	81.93	43.46	17.56

The details of the amount earmarked and utilized by the private coal block developers under the CSR fund during each of the last three years and the current year are given below:

(Rs. in Lacs)

Name of Private Coal Company	2013-14		2014-15		2015-16		2016-17	
	Allocated	Utilized	Allocated	Utilized	Allocated	Utilized	Allocated	Utilized (April-Dec.,16)
Belgaon* under ground Coal Mine won by Sunflag Iron & Steel Co Ltd	NA	NA	NA	NA	25	25	17	5
SialGhogri of M/s @ Reliance Cement Co	-	-	NA	NA	12	Nil	24 (including spill over of previous year.	7.30
Talabira Coal Mine of M/s @ GMR Chhatisgarh Energy Ltd	-	-	-	-	56	15.59	58.6 (including spill over of previous year.	35.51
Mohar& Moher Amlahri of Sasan Power Ltd.	539	539	470	470	422	422	451	160

*A. Mine allocated through auction from 1st April 2015. As such two year operation only considered.

B) Cost Mine allocated for captive use to integrated steel plant as such no separate Balance & Profit & Loss Account.

C) Activity wise coal mine actually of total company operation is 10% only.

@ During 2015-16 expenditure towards CSR was less as GCEL was a new allottee. Till March, 31st 2017, expenditure of Rs.50,16,561 will be incurred towards CSR and balance will be carried forward to the next year.