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Reform Measures and Policy Initiatives

3.1 Measures related to augmenting Production and Efficiency in the Coal Sector

3.1.1 Enhanced exploration efforts

Central Mine Planning & Development Institute (CMPDIL) is the nodal agency for implementing the Plan scheme of Detailed Drilling in Non-CIL blocks. The CMPDIL executes the job through Mineral Exploration Corporation Limited (MECL) and through outsourcing. The target, actual drilling in Non-CIL blocks during last two financial years & current year is as follows;

(Drilling in lakh metre)

Year	Target	Actual	Growth % w.r.t. Previous Year
2012-13	1.75	2.28	3%
2013-14	3.62	2.38	4%
2014-15	4.16	2.82	18%
2015-16	4.82	3.20 (Projected)	13% (Projected)
2016-17	3.48		

Table 3.1

During the XIIth Plan-period, drilling of about 19.03 lakh meter in 58 Non-CIL blocks has been planned. CMPDIL envisages to increase the departmental capacity from approx. 3.5 lakh meters/annum to 4.00 lakh m./annum by 2015-16 to cater to the increased requirement of detailed drilling in CIL & Non-CIL blocks.

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 last three financial years and for the current financial year 2015-16 is as follows:

(Drilling in lakh metre)

Year	Target	Actual	Growth % w.r.t. Previous Year
2012-13	4.07	3.35	23%
2013-14	5.38	4.59	37%
2014-15	7.84	5.25	14%
2015-16	10.18	6.30 (Projected)	20% (Projected)
2016-17	7.52		

Table 3.2

The shortfalls are due to many factors. One of the core issue pertains to serious law & order problems in many coal blocks. Non availability of Forest clearance is another reason for shortfall in achieving the target of drilling. A total of 83 applications are pending with forest authorities at various levels for the last 4/5 years. Lack of skilled manpower and inadequate capacities in the private sector are some of the other reasons for non-achievement of targets. To offset this, strengthening of CMPDIL in the coming years together with a policy prescription for attracting global majors in exploration is being planned. It is also expected that the process of Forest Clearance will be fast tracked.

3.1.2 Completion of projects and expansion of existing projects in Coal India Ltd.

There are 158 ongoing projects at different stages of implementation. Projects with cost of more than Rs 500 crores and with capacity of 3 Mty and above are reviewed by Secretary, MoC on a quarterly basis. Performance of all projects of Rs. 150 crores and above is monitored by the Ministry of Statistics and Programme Implementation (MOSPI). Further, the Ministry monitors ongoing projects of CIL through updated information received on its portal at the CABSEC/PMG website.

CIL has identified 129 new projects, with estimated capacity of 458.04 Mty and estimated capital requirement of Rs. 79200.01 crores. Out of this, 29 projects with capacity of 171.14 Mty and capital requirement of Rs. 24150.84 crores has so far been approved. Project Reports for additional 77 projects for an estimated capacity of 200.05 Mty have also been prepared.

To expedite the implementation of projects, regular inter-ministerial meetings are held. The Ministry of Coal also regularly interacts with State officials to pursue critical issues such as land acquisition, environment & forest clearances, relief and rehabilitation issues, and law and order situation amongst a gamut of related areas.

3.1.3 Rationalization of Coal Linkages

An Inter-Ministerial Task Force (IMTF) was constituted on 13th June, 2014 by the Ministry of Coal to review rationalization of linkages. The objective of the exercise of rationalization was to undertake a comprehensive review of existing sources of coal and consider the feasibility for rationalization of these sources with a view to optimize transportation cost and materialization under the given technical constraints. The end result was minimization of overall transportation cost and overall optimization of materialization of coal at thermal power plants. The report of IMTF was submitted in February, 2015.

In stage 1, rationalization has been implemented for 17 Thermal Power Plants for which revised Fuel Supply Agreements (FSAs) have been signed. This has resulted in movement rationalization of 24.6 MT coal and annual savings of Rs 876.76 crore of recurring transportation cost. In stage 2, one set of swaps has been implemented resulting in movement rationalization of 1.3 MT coal and potential annual savings of Rs. 458 crore of transportation cost. Overall, movement rationalization of 25.9 MT coal has taken place with potential annual savings of Rs 1,371 crore of transportation cost.

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

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

Under these guidelines, LoA/linkage granted to old plants shall be automatically transferred to new plants of super critical capacity. If the capacity of a new super critical plant is higher than the

old plant, additional coal may be accorded priority subject to the 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 linkage/LoA as explained above shall be permissible only when the new plant is set up within the State in which the old plant was located. An old unit which has completed its useful life & is being replaced needs to be retired in a phased manner.

3.1.3.2 Transparent Auction of coal linkages

All allocations of linkages/LoAs for non-regulated sector viz. Cement, Steel/Sponge Iron, Aluminium, and Others [excluding Fertilizer (urea) sector], including their CPPs, shall henceforth be auction based. 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. It attempts to ensure an optimal allocation of coal across user industries and geographies. The proposed framework attempts to make the coal available in a fair manner to the end-users. The proposed auction methodology leads to the price through a market mechanism; it does not seek to maximize revenue.

3.1.3.3 Opening of two separate e-auction windows exclusively for power sector.

Two separate e-auction windows have been opened, exclusively for the power sector, created for plants which are stressed or in short supply of coal. A 5 MT e-auction window was opened for long and medium term PPA holders, with floor price of CIL notified price plus 20% premium. Another 5 MT e-auction window was opened for short term PPA or 'No PPA' holders, with floor price of CIL notified price plus 40% premium. 7.37 MT of coal was booked in two-rounds of e-auction through exclusive windows for power sector.

3.1.3.4 Opening of a separate e-auction window exclusively for non-power sector for a quantity of 4 MT.

A separate e-auction window exclusively for non-power sector for a quantity of 4 MT was opened by CIL for all non-power consumers. Since this window was available only for end-users of non-power sector, therefore, traders were not permitted to participate in the same. Approximately 1.2 MT was booked under this e-auction window.

3.1.4 Quality and Third Party Sampling - Recent decisions

To address the issues of dispute between coal companies and power utilities/developers and to bring about improvement in the quality of coal supply, the system of 3rd Party Sampling was further improved. In addition to the agency engaged by CIL a panel of reputed 3rd party samplers was jointly drawn up by a Committee consisting of representatives from power utilities and CEA. Power utilities/developers were authorized to select and appoint the 3rd party sampler from this panel. However, billing was done based on sampling and analysis done at the loading end by the agency. Payment for sampling was made by the power utilities/developers. 25 3rd Party Agencies were empanelled. The system was put in place at several loading points. However, power utilities requested for further improvements in the system.

Accordingly, as per revised instructions on 3rd Party sampling issued by Ministry of Coal on 26.11.2015, an independent 3rd Party Agency is to be empanelled by the Central Institute for Mining and Fuel Research (CIMFR) at the loading end on behalf of both the power plant (consumer) and the coal companies (supplier). It shall enlist third party agencies through a transparent process.

The authorized representatives of power plant and coal company shall jointly witness the process of sample collection and preparation of the laboratory samples. The samples shall be collected and prepared by the 3rd party agency/independent sampler as per BIS norms. The fee for independent sampling agency shall be equally borne by both the coal company (supplier) and the power utility (consumer). The final laboratory sample shall be divided into 4 (four) parts. Part-1 of the sample is for analysis by the independent 3rd Party Agency at a government laboratory or NABL accredited laboratory as appointed by CIMFR. Part-2 and part-3 of the sample are to be handed over to the coal company and the power utility respectively for their own analysis. Part-4 of the sample, called referee sample, shall be sealed jointly by the third party agency, representatives of the coal company and the power plant and shall be kept with the 3rd Party Agency under proper lock and key arrangement. The Referee sample shall be preserved for a period of 30 days from the date of sample collection.

The 3rd Party Agency shall communicate the Analysis Results of the sample within 18 (eighteen) working days of the sample collection to the coal company and the power plant. The coal company or the power plant may raise dispute, if any, within 07 (seven) days of the submission of the result by the 3rd Party. In case of dispute raised within the stipulated time period, the referee sample shall be analyzed by a government laboratory.

This new system has commenced on 01.01.2016 in NCL and then stabilized in other subsidiaries.

3.1.5 Technology development and Modernization of Mines in CIL

CIL/CMPDIL has engaged the KPMG advisory group [India] in association with the John T Boyd Company [USA] for studying and advising on technology development and modernization of mines in CIL. The terms of reference of the Study are as follows:

- To assess the status of existing technology for safety, production and productivity in the underground and opencast coal mines of various coal fields of CIL;
- To assess the gaps in technology upgradation in underground and opencast mines in various coalfields of CIL;
- To assess the requirements of technology and infrastructure development for mine planning and mine design and construction with regard to projected coal production plans of CIL for XII, XIII and XIV Five Year Plans;
- To assess the indigenous capabilities in meeting the projected technology upgradation requirement vis-à-vis import dependence;
- To assess the system development for meeting the projected technology upgradation coalfields-wise and to assess the barriers;
- To assess the application of IT and automation in technology development
- To prepare a road map for technology upgradation covering different Plan periods

The study which has since been completed covers 85 units in 14 coalfields including 36 underground mines, 35 opencast mines and 14 infrastructure facilities. The final report on “Technology Development and Modernization of Mines of Coal India Limited” has been submitted on 30.11.2014. It has been accepted by CIL for implementation.

3.2 Master Plan to address Fire, Subsidence and Rehabilitation areas

The Master Plan for Jharia and Raniganj Coalfields dealing with fire, subsidence and rehabilitation and diversion of surface infrastructure has been approved in August, 2009 at an estimated investment of Rs. 9657.61 crore (Rs. 7028.40 crore for Jharia Coalfield and Rs.2629.21

crores for Raniganj Coalfield) excluding Rs. 116.23 crore sanctioned earlier for various EMSC schemes for implementation in 10/12 years in two phases of five years each.

The Jharia Rehabilitation and Development Authority (JRDA) and Asansol Durgapur Development Authority (ADDA) have been identified as implementing agencies for rehabilitation of non-ECL/non BCCL households by the State Governments of Jharkhand and West Bengal respectively.

Demographic survey has been completed in Jharia and 91879 encroacher families have been identified for rehabilitation. It is proposed to optimize the land for requirement by opting for G+ 8 constructions and developing integrated townships in four places.

In RCF demographic Survey work has been completed for all 126 locations. In JCF, as per the Master Plan total 54159 families were estimated to be surveyed in 595 sites but survey has been completed in 434 sites for 75978 families.

In JCF Satellite Township, 3072 houses have been constructed in Belgoria Rehabilitation Township “JhariaVihar” in which 1340 families have been shifted. Out of 2000 units in BSPU houses under JNNURM norms (carpet area 25.10sqm) are under construction, 720 units are completed and rest are in progress. Construction of 2000units G+3(Four storied building) by JRDA at Belgoria Township phase III has started.

In BCCL 1496 houses have been constructed and families from fire & subsidence places have been shifted to these houses. Construction of another 4080 units by BCCL is near completion. 4020 triple storied quarters in different non-coal bearing areas are in an advanced stage of completion. Further construction of 2248 (B,C,D Type) triple storied quarters and 4008 units triple storied miners quarters has been started.

3.3 Satellite Surveillance for land reclamation

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 for 2014-15,

for the projects under monitoring based on Satellite Data only, as on 31.03.2015 are furnished in the table below:

Company	Land Excavated (Ha)	Reclamation (Ha)	
		Biological	Technical
WCL	11423.96	4305.68	4745.36
SECL	10441.14	5327.51	3362.57
NCL	11278.00	5768.00	3050.00
MCL	5270.95	1553.52	1791.52
CCL	7625.95	3306.78	2193.69
BCCL	1821.19	306.23	1152.41
ECL	2175.12	639.25	1024.04
NEC	279.29	118.57	120.92
TOTAL CIL	50315.60	21325.54	17440.51
SCCL	4471.59	1278.42	

Table 3.3

The image interpretation and analysis for the year 2015-16 is under progress and the results of analysis are expected to be known after final compilation [by February end]. The status of land reclamation subsidiary-wise for the year 2015-16 will be subsequently updated based on these results.

3.4 Resolution of disputes through ADRM Forum:

Secretary(Coal) vide DO dated 09.09.2015 has requested to all the Chief Secretaries of States/UTs seeking their Government's willingness for resolution of disputes between CIL (and its subsidiaries) and the State Electricity Agencies through ADRM forum with the condition that they will accept the decision of the ADRM Committee and will not go to any other judicial forum. Responses/willingness from few State Govt. have been received.