

CHAPTER XIII

DEVELOPMENT ACTIVITIES IN NORTH EAST

DEVELOPMENTAL ACTIVITIES IN NEC

13.1 Introduction

In the North Eastern Region, there are coalfields in the states of Assam, Arunachal Pradesh, Meghalaya and Nagaland. However, CIL has its mining activities mainly in Makum coalfield of Assam. Five mines are now in operation in North Eastern Coalfields (NEC), out of which three are underground and two are opencast. Production in NEC has gradually depleted from 6.87 lakh Tonnes in 1997-98 to 6.33 lakh Tonnes in 2002-03, it has again started improving to 7.33 lakh tonnes in 2003-04. The production of the current year till December, 2004 has been 4.81 lakh tonnes and it is expected that the annual target of 8.0 lakh tonnes will be achieved by 31st March, 2005. This is due to improvement of market.

13.2 Market Scenario – Past & Present

Coal of NEC has gradually lost market over last 20 years. It improved constantly from 1973-74 till 1995-96. Thereafter, it fell till 2002-03. There has again been improvement during 2003-04 till date. The trend of despatch of NEC coal is as follows:-

(Fig. In Lakhs)

Rev. Yr.	By rail	By road	Total
1973-74	3.40	0.78	4.18
1978-79	4.66	1.56	6.22
1983-84	5.19	2.56	7.75
1988-89	6.22	2.24	8.46
1993-94	6.35	1.16	7.51
1995-96	7.37	2.94	10.31
1996-97	4.93	3.35	8.28
1997-98	3.47	2.20	5.67
1998-99	5.04	1.96	7.00
1999-00	5.18	3.03	8.21
2000-01	5.40	2.20	7.60
2001-02	4.32	1.88	6.20
2002-03	4.89	1.51	6.40
2003-04	7.39	1.31	8.70
2004-05 till Dec-04	3.23	1.49	4.72

There is hardly any linked consumer for NEC. Apart from some tea gardens, brick kilns & small coke plants of the region. BRK industries of Punjab & Haryana are the big consumers outside the region, NER has no major coal based Industry excepting

Hindustan Paper Corporation's Jagiroad & Panchgram mills, Cement Corporation or India's Bokajan factory, and Bongaigaon Thermal Power Station of Assam State Electricity Board at Salakati. These industries are not lifting their total requirement of coal from NEC except CCI, Bokajan whose requirement is only 0.36 lakh tonnes per annum. The reasons for not lifting the total requirement of coal by the remaining three industries are as under:

- HPC, Jagiroad is consuming only around 50% of their total requirement from NEC and rest is being taken from Meghalaya where coal is available at cheaper cost.
- HPC, Panchgram can not lift coal from NEC as there is no broad gauge line connected to NEC and transportation by road is costlier due to hilly terrain.
- B T P 8, Salakati does not take coal from NEC due to its high sulphur content. BHEL, the manufacturer of their boiler, made a study as to the use of NEC coal for B T P S. As per the study, 30% of NEC coal mixed with 70% of ECL coal was found to be not harmful for their boilers. Though an agreement was made between ASEB and NEC, BTPS has been failing to lift coal from NEC.

In view of reluctance as stated above, NEC has to depend on the distant consumers, which is again a hurdle for its high transporting cost to the consumers. Presently NEC has hardly any linkage, long term or short term, to any power house or any major industry. Steps should be taken to improve the market share of NEC, like linkage to power plants, setting up new coal based power plant or other coal based industries in North Eastern Region through the concerned Ministries or allowing NEC to have at least its own captive power plant. For the use of NEC coal without reservation, the technology need be developed both for design of boilers and process of fuelling through the Coal Division of Regional research Laboratory, Jorhat, Assam.

13.2.1 Introduction of e-auction for NEC coal

Implementation of E-auction for sale of coal would help the buyers to get the coal of their choice regarding grade of coal by payment of market determined price. Buyers can also opt for a particular source/siding. They can access the bidding process which is more transparent. The system will eliminate the differences between linked and non-linked consumers as directed by the Hon'ble Calcutta High Court. Genuine non-linked consumers who have no official source of supply of coal and are to solely depend on black market will have an official channel for supply of coal. The coal price will be determined by the demand & supply situation rather than current system of price notification.

NEC has already notified for sale of coal through e-auction on 29th December, 2004. M/s MSTC Ltd, a Govt. of India enterprise, was entrusted the job of conducting the e-auction on 14th January & 21st January, 2005 on behalf of NEC. Sufficient number of the prospective buyers have already registered themselves with MSTC and deposited

EMD with NEC for the same. However, unfortunately this e-auction has been challenged by a few traders in the Hon'ble Guwahati High Court at Guwahati as well as at its bench at Itanagar in Arunachal Pradesh. Though the operation of the said notice for e-auction has been stayed by the Hon'ble court, all steps are being taken to vacate the same at the earliest.

13.3 Performance of NEC during last five years

	99-00	00-01	01-02	02-03	03-04
PRODUCTION (Tonnes)					
i) Underground	198872	204693	180896	112000	122559
ii) Opencast	373410	455487	459119	521000	610585
iii) Total	572282	660180	640015	633000	733144
DESPATCH (Tonnes)					
	820747	759610	620300	639780	869680
PROFIT/LOSS (Rs. CRORE)					
i) Underground	-67.76	-76.32	-59.54	-64.96	-74.01
ii) Opencast	4.48	11.69	20.39	18.70	31.68
iii) Overall	-63.28	-64.63	-39.15	-46.26	-42.33

NEC has all along been incurring loss barring few years between 1991-92 to 1994-95. In view of the mounting losses of NEC, Ministry of Coal conveyed the sanction of Rs.55.14 crore to CIL, in March 2001 for covering up the losses to the extent of cash loss suffered during 1999-00 by NEC. While conveying sanction of Rs.55.14 crore, Ministry had asked for a rehabilitation proposal to be prepared for NEC. Accordingly Draft Rehabilitation Plan for NEC was prepared.

A committee was constituted at CIL to examine the Draft Rehabilitation Plan for NEC. The Committee visited the mines of NEC, examine the Plan and submitted the report. The report was then sent to CMPDIL for further examination. CMPDIL examined and prepared the "REVIVAL PLAN OF NORTH EASTERN COALFIELDS" afresh in August, 2004. This Plan was submitted to CIL Board in its 218th meeting held on 8th & 9th November, 2004. The Board noted that the current operation of underground mines in NEC is resulting in very heavy losses offsetting the small profits generated by opencast mines. The revival plan proposes enhancement of production from existing opencast mines of Triap and Tikak and opening of new opencast projects of Ledo and Tikak Extension at an estimated cost of Rs. 70.0 crores. It also envisages an investment of Rs. 8.95 crores for investment in underground mines to increase production there from. However, the Board noted that the cost of production in underground mines would continue to be very high and the viability of the underground mines could not be established even after making fresh investment. Director(Tech.), CIL clarified that it was not possible to ensure the sustained viability of underground mines in the foreseeable future. Therefore, the Board directed that the revival plan should also include the option where the underground mines are closed and production is increased in opencast mines to ensure a turn-around. The Board directed that this option should also be worked out and the revival proposal should be resubmitted expeditiously. As directed, NEC moved a proposal to CIL immediately thereafter to advise CMPDIL for review of the said plan and resubmit expeditiously.

Performance of NEC during 2003-2004

1.	Coal Production	
	Underground	1.13 Lakh Tonnes
	Opencast	3.48 Lakh Tonnes
	Total	4.61 Lakh Tonnes
2.	OMS	
	Underground	0.26 Tonnes
	OC	3.07 Tonnes
	Overall	0.76 Tonnes
3.	Coal Despatch / offtake	
	Despatch	4.72 Lakh Tonnes
	Domestic consumption	0.03 Lakh Tonnes
	Offtake	4.75 Lakh Tonnes
4.	Pit-Head Coal Stock	
	As on 31-12-2004	3.17 Lakh Tonnes
5.	No. of Mines	5 (Five) working

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