

CHAPTER III

REFORM MEASURES AND POLICY INITIATIVES

Policy Initiatives

3.1 Supply of coal to consumers in small and medium sector

Under the New Coal Distribution Policy (NCDP) which is in place since 18.10.2007, 8 million tonne of coal has been earmarked for distribution to the consumers with annual coal requirement upto 4200 tonne per annum, through agencies nominated by the State Governments. These agencies could be State Govt. Agencies/Central Govt. Agencies/National Co-operative Consumers Federation (NCCF)/National Small Industries Corporation (NSIC) etc, or industries association as the State Govt. may deem appropriate. The agency so notified would be required to enter FSA with the coal company. The agency so notified will continue to distribute coal until the State Govt. decides to de-notify it. These State Government/Central Government agencies would be free to devise their own distribution mechanism but such mechanism should inspire public confidence and should result in distribution of coal in a transparent manner. The concerned State Governments and Central Govt. Departments, having administrative control over the agencies would be responsible to ensure that coal allotted for targeted consumer is distributed in a fair and transparent manner and appropriate action is taken to prevent its misuse. The price charged to such agencies would be the notified price as applicable to other consumers entering into FSA, but the agency would be entitled to charge actual freight and upto 5% margin as service charge, over and above the basic price charged by the coal company, from their consumers.

For the year 2012-13, till December 2012, 18 States/Union Territories sent their nomination/confirmation of agencies in whose favour coal was to be released for distribution to the small and medium sector consumers. There are 29 State agencies who were allocated coal of 5.3 million tonnes of coal for drawal under FSA. So far, 19 State agencies are drawing coal under FSA with annual contractual quantity of 3.962 million tonnes.

In Singareni Collieries Company Limited, the classification of customers into Core & Non-core sector existing prior to NCDP was dispensed with in NCDP. SCCL has been

supplying coal to small and medium scale units based on the recommendation of the Industries Department, considering Industries Department recommendations as normative quantity and fixing their MPQ at 75% of the recommended quantity. The units where the quantity is less than 350 TPM/4200 TPA (75% of the recommended quantity), coal is supplied at the notified price.

At present, SCCL is supplying coal to small and medium scale units under FSAs. In all the FSAs, the minimum obligation to supply/purchase coal is kept at 60% of the Annual Contract Quantity (ACQ). Small and tiny industries whose recommended quantity is less than 350 TPM (75% of the normative quantity) will be supplied coal under non-FSA category at a notified price.

3.2 Supply of coal on “cost plus basis”

Under this scheme, financially non viable specific mines/projects are offered on cost plus basis to ensure IRR of 12% and to maintain a certain level of production. Consumers are required to enter into a cost plus agreement for supply of coal from such mines/projects. Prior to NCDP, consumers were accorded cost plus linkages by Standing Linkage Committee-Long-term (SLC(LT) for issuance of LoA on cost plus basis.

As per the policy guidelines to this effect, cost plus projects can be offered to existing linkage holder, FSA holders and then to future LOA applicants- with preference to power sector including IPPs, followed by Fertilizer, Cement, Sponge Iron. The cost plus project can now be offered to multiple consumers and if the total quantity applied becomes less than the estimated production, the balance quantity can be offered through long-term e-auction and the reserve price for such auction can be fixed keeping in view cost of production from such mines.

WCL even prior to the policy notification, had identified five projects for supply on cost plus basis to MAHAGENCO and MPPGCL. After introduction of the policy, twelve projects aggregating annual production of 10.4 MT were offered for supply under cost plus policy. So far 7.4 MT have been tied up in the cost plus FSA with MAHAGENCO, Ultratech Cement and Wardha Power Co. Limited.

3.3 E-auction of coal/E-marketing

New Coal Distribution Policy (NCDP) issued by Government of India on 18.10.2007 paved way for launching of a fresh scheme for sale of coal through e-auction. E-auction would be of two types Spot E-auction and Forward E-auction. Spot E-auction is almost similar to the old E-auction scheme introduced earlier prior to NCDP, where an intended buyer can participate in auction. In case of Forward e-auction, only end-users/actual consumers are eligible to have assured supply over a long period of one year. Each forward e-auction shall be for a period of 12 months consisting of 4 following quarters of 3 months each. Consumers will have the flexibility to bid for any one quarter or for up to all the four quarters in one go. Source selected for offer under forward –auction are having surplus stock of at least 15 days production and also after ensuring the normal dispatch to consumers under FSA (Fuel Supply Agreement). While incase of Spot e-auction, coal was offered at 30% above notified price as minimum reserve price, incase of forward e-auction reserve price was fixed at notified price of all grades of coal plus 60% of the notified price of coal irrespective of whether the mine is running in profit or loss till 31.12.2011. While spot e-auction has been in operation since November, 2007, forward e-auction commenced only from August 2009. Forward e-auction could not be started earlier due to difficulties in implementing certain terms and conditions incorporated in the scheme which were subsequently resolved. Initially reserve price under e-auction was fixed at cost of production plus reasonable return or 100% above notified price whichever was lower which continued to 31.3.2010. But it was noted that such high reserve price was standing as a deterrent and impeding the actual performances. Accordingly Reserve price was reduced to 80% above notified price. But even then performance was not found encouraging. Subsequently from September 2010 same was further reduced to 60% with the hope that position would improve. From 1.1.2012 when the pricing of coal has been switched over to GCV system, reserve price for both spot and forward e-auction has been modified as follows:

- i) When the midpoint of the GCV range for the colliery/source exceeds 5500 Kcal/Kg, the notified price of the GCV band corresponding to such midpoint as

applicable for sectors other Power Utilities (including IPPs), Fertilizer and Defense shall be the reserve price for e-auction.

- ii) When the midpoint of the GCV range for the colliery/source does not exceed 5500 Kcal/Kg, the notified price of the GCV band corresponding to such midpoint as applicable for sector other than Power Utilities (including IPPs), Fertilizer and Defence plus 20% shall be the reserve price for e-auction.

Under NCDP, CIL has been mandated to offer around 10% of estimated Annual Production of CIL and quantity allocated to the successful bidders has been 10% or above. Performance of E-Auction after implementation of NCDP is given as under :-

Table No. 3.1
Performance of E-Auction after implementation of NCDP

Heads	Spot E-Auction				Forward E-Auction	
	April 2009-Mar.,2010	April 2010-March.,2011	April 2011-March.,2012	April 2012-Dec.,2012	April 2011 Mar.,2012	April 2012-Dec.,2012
No. of Bidders	78155	70977	82343	55696	464	265
No. of Successful Bidders	40848	43929	47860	30877	361	185
Total Qty. offered (lakh tonnes)	541.392	552.71	574.79	345.4	124.17	68.13
Total Qty. allocated (lakh tonnes)	457.321	465.57	497.21	300.83	75.5	37.61
Notified Price of Total Allocated Qty.(in Rs. Crore)	4528.956	5048.86	8300	5038.62	907.8	550.58
Bid Price of Total Allocated Qty. (in Rs. Crore)	7238.478	9120.92	13826.88	7616.1	1617.25	691.97
% increase over Notified Price	59.8	80.7	66.6	55.1	78.15	25.68

As per NCDP, SCCL is conducting E-auction from December, 2007. The details of Spot E-auction conduction by SCCL from Dec., 2008 to Dec., 2011 are as below :

Table No.3.2
Status of spot E-auction

Year	Quantity sold (in lakh Tonnes)
2008-2009	26.34
2009-2010	18.61
2010-2011	53.15
2011-2012	29.72
2012-13 (April-January 2013)	30.38

3.4 Measures being taken to increase coal production

The major increase in production is envisaged from the ongoing & the future projects. During the terminal year of XII Plan period, the likely increase in production from the ongoing projects shall be about 114 Mt & from the future/ new projects is likely to be 97 Mt.

At present there are 147 ongoing projects with an ultimate capacity of 436.94 Mty, are under various stages of implementation. These projects are likely to contribute 326 Mt during the terminal year of XII Plan period. Out of these 147 projects required clearances are available in 82 projects, 34 projects are awaiting forestry clearances, 13 projects are awaiting environmental clearances & 18 projects require both the environmental & forestry clearances. About 42 major projects are affected due to delays in Land acquisition.

In addition, CIL has taken following steps to increase production of coal by overcoming the perennial constraints:

- All new mines are being planned with mechanization.
- Increasing productivity both in underground & opencast mines.
- Persistent efforts to augment production level to meet the rise in demand of coal and to increase production from existing mines through improving capacity utilization, efficiency improvement and modernization.
- Actions are also being taken to implement ongoing project in time bound manner to achieve targeted production as per schedule.

- Efforts are being taken by all the subsidiaries for obtaining EC/FC within the schedule time frame so that projects could able to start production in time.
- All out efforts are being taken by the subsidiaries with state Government agencies to acquire land for identified & expansion projects.

SCCL has taken the following steps to increase the coal production:

- Planning of new mines with mechanization.
- Introduction of High capacity Longwall for extraction of deeper deposits.
- Introduction of Continuous Miner.
- Optimum utilization of resources to enhance productivity.
- Expediting implementation of the projects.

3.5 Emergency Coal Production Plan

16 Opencast projects/mines had been identified (3 in CCL, 6 in NCL, 3 in SECL & 4 in MCL) where production from existing mines/projects could have been enhanced at a higher level yielding additional production of 87.50 Mt.

Details of Projects under Emergency Coal Production Plan are given below:

**Table No.3.3
Details of Projects under Emergency Coal Production Plan**

Sl No	Project	Sanc. Cap (Mty)	Enhanced Capacity Proposed (Mty)	Incr. Prod Capacity under ECPP (Mty)	Likely Capital for Incr. Capacity (Rs. Crs)	Target for 2012-13 (Mte)	Remarks
1	Lakhanpur OC Expn, MCL	10.00	15.00	5.00	116.54	15.00	Expn PR of 15 Mty (Incr 5 Mty) approved in Sep-08 for sanc. Capital of Rs. 116.54 Crs. EMP clearance obtained. FC for 94.399 Ha granted in 19.01.12.
2	Ashoka OC, CCL	6.50	10.00	3.50	341.63	8.70	Expn PR of 10 Mty (Incr 3.5 Mty) approved in Dec-07. EMP clearance obtained. Project delayed due to delay in construction of Railway siding & due to delayed diversion of forest land which is awaiting Stage-I clearance at MoEF, New Delhi.

Sl No	Project	Sanc. Cap (Mty)	Enhanced Capacity Proposed (Mty)	Incr. Prod Capacity under ECPP (Mty)	Likely Capital for Incr. Capacity (Rs. Crs)	Target for 2012-13 (Mte)	Remarks
3	Kaniha OC Expn, MCL	3.50	10.00	6.50	457.77 (Incl 96.18 existing capital)	2.00	Expn PR of 10 Mty (Incr 6.5 Mty) approved in Dec-07 for a capital of Rs. 457.77 Crs. EMP clearance obtained. 167.70 Ha Forest land awaiting Stage-I clearance for want of NOC from DC, Angul, CA scheme by DF, Angul, DGPS map and Wildlife Plan.
4	Bhubaneswari Expn, MCL	10.00	20.00	10.00	490.10 (Incl 336.68 existing capital)	10.00	Expn PR of 20 Mty (Incr 10 Mty) approved in Dec-07 for Sanc. Capital of Rs. 490.10 Crs. EC for 20 MTY obtained on 30.11.12.
5	Dipka OC Expn, SECL	20.00	25.00	5.00	675.13	25.00	Expn PR of 25 Mty (Incr 5 Mty) approved in Dec-09 for sanc. Capital of Rs. 1946.66 Crs (Incr Rs. 675.13 Crs.). EMP clearance obtained. 148.87 Ha forest land pending at State level stage II for CA scheme & FRA, 33.84 Ha forest land pending at State level stage II for NOC under FRA & 206.64 forest land pending at MoEF level stage II for final clearance. Compensation for 299.19 Ha Other land under preparation.
6	Gevra OC Expn, SECL	25.00	35.00	10.00	1008.11	35.00	Expn PR of 35 Mty (Incr 10 Mty) approved in Dec-09 for sanc. Capital of Rs. 2675.67 Crs (Incr Rs. 1008.11 Crs.). EMP clearance obtained. 126.34 Ha forest land pending at State level stage I for NOC under FRA & R&R plan of tenants, other three proposals of 564.86 Ha, 46.20 Ha & 192.05 Ha forest land pending for clearance at MoEF level stage II for resolution of Gramsabha, payment of difference of CA & PCA at new rates. 896 Ha Tenancy notified u/s 11(i). Compensation settled for 146 Ha Tenancy land. Disbursement under progress. 291.285 Ha land of Pondi (2nd extn.) notified u/s 11(i) on 5.2.11
7	Krishnashila OC, NCL	4.00	4.00	-	741.62	4.00	UCE of ongoing project approved in Jun-11. EMP for 4 Mty obtained. EC for 5.0 awaiting. FC obtained. Possession

Sl No	Project	Sanc. Cap (Mty)	Enhanced Capacity Proposed (Mty)	Incr. Prod Capacity under ECPP (Mty)	Likely Capital for Incr. Capacity (Rs. Crs)	Target for 2012-13 (Mte)	Remarks
							Required immediately.
8	Amlohri OC Expn, NCL	4.00	10.00	6.00	1670.875 (Incl 1143.54 Incr)	8.00	Expn PR for 10 Mty (Incr. 6 Mty) sanctioned in Dec-09 for Sanc. Capital of Rs.1670.65 Crs (Incr Rs. 1143.54 Crs.). EMP for 10 Mty obtained in Feb-06.
9	Kusmunda OC Expn, SECL	10.00	15.00	5.00	450.56	15.00	Expn PR of 15 Mty (Incr 5 Mty) approved in Jun-08 for sanc. Capital of Rs. 1188.31 Crs (Incr Rs. 450.56 Crs.). EMP for 10 Mty obtained in Feb-06. 40.54 Ha forest land pending at State level stage I for NOC under FRA, 324.84 Ha forest land pending at MoEF level stage I for NOC under FRA & 72.42 Ha(combined) forest land pending at State level stage I for NOC under FRA. Compensation settled for 23 Ha Tenancy land. Disbursement under progress.
10	Block-B OC, NCL	3.50	3.50	-	535.10	4.00	UCE of ongoing project approved in Jun-11. Compensation for 43.32 Ha other land is being paid. 85 Ha notified u/s 9(i) and revenue records are being collected.
11	Magadh OC Expn, CCL	12.00	20.00	8.00	706.40 (Total OS option)	0.00	Expn PR of 20 Mty (Incr 8 Mty) approved in Aug-08 for sanc. Capital of Rs.706.40 (Incr Rs. 236.62 Crs.). EMP clearance obtained. Physical possession of tenancy land delayed due to demand of compensation & employment beyond company norms.
12	Bharatpur OC Expn, MCL	11.00	20.00	9.00	131.39 Coal & Incr OB - OS for 5 years	10.00	Expn PR of 20 Mty (Incr 9 Mty) approved in Feb-07 for Incr capital of Rs. 131.39 Crs. EMP clearance obtained. 134.59 Ha forest land pending for Stage I clearance at State level. Proposal pending at CCF (Nodal) for FRA of 0.18 Ha. Safety Zone Area.
13	Khadia OC Expn, NCL	4.00	10.00	6.00	1131.28	4.50	Expn PR of 10 Mty (Incr 6 Mty) approved in Jun-11 for sanc. Capital of Rs.1720.03 (Incr Rs. 1131.28 Crs.). EMP clearance obtained. Stage-II clearance obtained on 14-09-

Sl No	Project	Sanc. Cap (Mty)	Enhanced Capacity Proposed (Mty)	Incr. Prod Capacity under ECPP (Mty)	Likely Capital for Incr. Capacity (Rs. Crs)	Target for 2012-13 (Mte)	Remarks
							2010. 38 Ha. Land handed over. Early hand over of balance land is required.
14	Piparwar OC, CCL	6.50	10.00	3.50	21.87	11.00	Expn PR of 10 Mty (Incr 3.5 Mty) approved in Sep-06 for sanc. Capital of Rs.812.52 (Incr Rs..21.87 Crs.). EMP clearance obtained. Completion delayed due to delay in land acquisition and commissioning of Rly siding
15	Jayant OC, NCL	10.00	15.00	5.00	1060.03	13.00	Stage-I clearance obtained but final clearance could not be obtained due to lack of EMP clearance over extended area. EMP clearance for 15.5 Mty in area of 10 Mty mine obtained. 94 Ha Forest land awaiting Stage-I clearance.
16	Dudhichua OC, NCL	10.00	15.00	5.00	326.75	13.00	Stage-I clearance obtained but final clearance could not be obtained due to lack of EMP clearance over extended area. EMP clearance for 15.5 Mty in area of 10 Mty mine obtained. 443 Ha Forest land awaiting Stage-I clearance.

3.6 Acquisition of Coal Assets Abroad

Government of India has issued a set of guidelines to CPSEs for acquiring raw materials abroad. The policy guidelines envisage enhancing flexibility of the CPSEs in process related and other issues for acquisition of mineral resources abroad..

3.6.1. Acquisition of coal blocks in Mozambique

CIL was allocated exploration license for two coal blocks i.e. A1 & A2 w.e.f. 6.8.2009 for a period of 5 years in Mozambique. Coal India Africana Limitada (CIAL), a wholly owned subsidiary of Coal India Ltd. was registered in August, 2009 in Mozambique to operationalise mining. CIAL has engaged M/s Aurecon for preparation of Environmental Management Plan (EMP) for obtaining prospecting licenses in February, 2012. Based on the EMP report submitted by M/s Aurecon application has been made to the Ministry of Environment and Manpower Resources, Government of Mozambique (GOM) for issuing license for carrying out exploration/ drilling in the allotted coal blocks. A drilling company

has been selected for initial 10000 meters of drilling on 20th October, 2012 and the drilling work in the allotted coal blocks started on 9th November, 2012.

The delineation of boundary of the allotted coal blocks was taken up by a Survey Team from CMPDI and 60% of the work has been completed by December, 2012.

The work of geological mapping has also been awarded and the job is expected to be completed by March, 2013. It has also been decided that additional drilling of approximately 66000 meters is to be taken up at the earliest.

3.6.2 Formation of a Special Purpose Vehicle (SPV) and empowered Committee of Secretary for considering investment abroad.

International Coal Venture Limited (ICVL), a Joint Venture company, Navratna Company under the Ministry of Steel, promoted by 5 PSUs viz. CIL, SAIL, RINL, NMDC & NTPC was formed on 20th May, 2009 to secure coal supplies from its acquired coal assets overseas. Approval for ICVL was accorded by the Government of India with an initial authorized capital upto Rs. 10,000/- Cr. and an initial equity capital of upto Rs. 3500/-Crores to be contributed by the members. Coal India Ltd.'s share of equity capital in ICVL was Rs.1000 Crs.

Coal India Ltd. in its 283rd Board Meeting held on 18/5/2012 decided to opt out from this Joint Venture i.e. ICVL. However, based on a reference from Ministry of Coal continuation of the Coal India Limited in the ICVL is under consideration of the Board of Coal India.

3.7 Measures to improve financial viability of public sector enterprises

Regarding revival of sick companies of the subsidiaries of Coal India Limited viz. Eastern Coalfields Ltd. (ECL) and Bharat Coking Coal Ltd. (BCCL), a meeting of Board for Reconstruction of Public Sector Enterprises (BRPSE) was held on 30.10.2012 to review the status of implementation of revival scheme of ECL/BCCL. BRPSE has recommended measures for ECL and BCCL to come out of the BIFR status. A review meeting with representatives of ECL and BCCL was also held in the Ministry of Coal on 19.11.2012 to discuss the recommendations of BRPSE and CIL was requested for taking appropriate action.

2. Implementation of Revival Scheme is being regularly monitored by BRPSE. Physical and financial performance of various parameters including the ongoing projects are regularly monitored by Company Board. Major ongoing and future projects and various activities are also being regularly monitored by the Project Monitoring Division of CIL and the Projects whose capacity are more than 3 Mt. and Project costing Rs. 500 Cr. and above are being monitored at the level of Ministry of Coal. Monthly performance of BCCL and ECL are also being monitored in the meeting of CMD's Co-ordination held in every month.

3.8 Captive Mining

- The Coal Mines (Nationalization) Amendment Act, 1973 was amended from time to time to allow private sector participation in coal mining for manufacturers of steel & iron, generation of power, washing of coal obtained from a mine and for other end uses to be notified by Government from time to time.
- Subsequently, captive mining of coal for production of cement was also permitted vide notification-dated 15.03.1996 and production of syn-gas obtained through coal gasification (underground and surface) and coal liquefaction was also notified as end use vide notification dated 12.07.2007.
- Further, the State Government companies or undertakings are allowed to do mining of coking and non-coking coal reserves, either by opencast or underground method, anywhere in the country, subject to certain conditions under the revised State Coal Mining Policy 2001, dated 12th December, 2001.

218 coal blocks with geological reserves of about 50 billion tonnes have been allocated to eligible public and private companies under the Coal Mines (Nationalisation) Act, 1973. Sector-wise no. of coal blocks allocated to Government/Private and power projects allotted on tariff based competitive bidding/ Ultra Mega Power Projects (UMPP) is given below:

Table No.3.4**Status of Coal Blocks Allocations**

Sl. No.	Sector	To Govt. Companies	To Private Companies	To UMPPs/Tariff based bidding	Total blocks
		No. of Blocks	No. of Blocks	No. of Blocks	
1.	Power	55	28	12	95
2.	Commercial Mining	41*	-	-	41
3.	Iron & Steel	4	65	-	69
4.	Cement	-	8	-	8
5.	Small & Isolated	-	3	-	3
6.	CTL	-	2	-	2
Total		100	106	12	218

*Vijay Central coal block allocated to Coal India Limited as leader and SKS Ispat & Power Ltd as associate. Hence taken in Govt category.

2. Out of these, as on date, 47 coal blocks have been de-allocated. Out of de-allocated coal blocks, two coal blocks were allocated afresh to eligible companies under the said Act. In case of 5 coal blocks, de-allocation has been withdrawn and 3 coal blocks have been assigned to Coal India Limited for development. In view of above, the net allocated blocks are **178** with geological reserves of about **40.00** billion tonnes.

3.8.1 Production of coal from captive blocks

As reported by the Coal Controller's Organisation, Kolkata, out of allocated coal blocks, **33** blocks started production. Production for the year 2012-2013 (Upto the month January, 2013) is 30.70 million tonnes (Provisional).

3.8.2 Review of Allotment of Coal Blocks by Inter-Ministerial Group (IMG)

In pursuance of the announcement of the Hon'ble Finance Minister in the budget speech for the year 2012-13, an Inter-Ministerial Group (IMG) headed by Additional Secretary, Ministry of Coal has

been constituted on 21.06.2012 to undertake periodic review of the development of coal / lignite blocks allotted by the Government. The terms of reference (TOR) of the IMG are:

- i) The IMG shall undertake periodic review and the progress of allocated coal mines / blocks and make recommendations on action to be taken including de-allocations, if required.
- ii) The IMG may consider the replies where the show cause notices have been given and recommend action against the allocate companies including de-allocation, wherever necessary.
- iii) The IMG may make its own assessment and recommend action as to deduction of Bank Guarantee, if required.
- iv) Any matter where a reference is made by the Competent Authority.

2. The Committee for monitoring and Bank Guarantee stands subsumed in the IMG. The IMG took up for review, the 58 cases where the show cause notices were issued consequent to the Review / recommendations by the Review Committee held on 11th & 12 January, 2012. In addition the cases where a decision was taken, on the basis of earlier reviews, to deduct BG and were pending were also taken up.

3. The IMG has held 17 meetings so far. The IMG has discussed and finalized the guidelines/modalities for conduct of its business and also regarding computation of deduction of BG. The IMG has also decided to give an opportunity of giving personal hearing to all the allocatee companies of coal blocks before giving its recommendations. With respect to the allocations made to the Private Companies, the IMG has recommended de-allocation of 13 coal blocks allocated to 29 companies, deduction of Bank Guarantee in the cases of 14 blocks allocated to 19 companies and imposition of BG in case of 1 coal block. No action has been recommended in cases of 3 coal blocks allocated to 2 companies. The recommendations of the IMG have been accepted by the Competent Authority and action has been taken in all cases except in one case where action would be taken as per the orders of Hon'ble High Court of Jharkhand. Further, the IMG took up the cases of PSUs and after hearing the allocatees, the IMG recommended de-allocation of 11 blocks, deduction of BG in 5 cases, imposition of BG in 11 cases and no action in 6 cases including 3 cases on account of Court orders. Action has been initiated on these recommendations.

3.9 Status on the proposal for introduction of system of auction by Competitive Bidding for allocation of Coal Blocks for captive use:

The Mines and Minerals (Development and Regulation) Amendment Act, 2010 has been notified in Gazette of India (Extraordinary) on 9th September, 2010 to provide for grant of reconnaissance permit, prospecting licence or mining lease in respect of an area containing coal and lignite through auction by competitive bidding, on such terms and conditions as may be prescribed. This, would however, not be applicable in the following cases:-

- where such area is considered for allocation to a Government company or corporation for mining or such other specified end use;
- where such area is considered for allocation to a company or corporation that has been awarded a power project on the basis of competitive bids for tariff (including Ultra Mega Power Projects).

The 'Auction by Competitive Bidding of Coal Mines Rules 2012' were notified on 2.2.2012 and the commencement of process of Competitive Bidding was notified on 13.2.2012. MOC has finalized Auction by Competitive bidding of Coal Mines (Amendment) Rules 2012 and has invited applications for 17 Coal Blocks (14 for Power and 3 for mining) from various Government companies and corporations. With regard to allocation of coal blocks through auction, M/s CRISIL Infrastructure Advisory has been engaged a Consultant to suggest methodology for fixing floor price/reserve price, model tender documents and draft agreement to be entered into with the successful bidders. The Ministry is consulting various stake holders including Finance Ministry in the matter.

3.10 Master Plan for Jharia and Raniganj for Subsidence and Fire Control and Rehabilitation Programme

The problems of subsidence and fires are the result of unscientific mining carried out by the earstwhile mine owners over more than 200 years of operations in these coalfields of Jharia and Raniganj prior to nationalisation. The population living in the old mining areas has increased many times over the years, though these areas became unsafe for habitation.

In spite of the declaration of these areas unsafe by the local administration, the habitation increased unabated. The problem of subsidence and fire are being addressed by the Government from time to time. In this regard a High Level Committee was set up in December, 1996 under the Chairmanship of the then Secretary, Ministry of Coal with representatives from other Departments, Coal companies and the concerned State Governments to deal with the problem in a comprehensive manner. Based on the recommendations of the Committee a Master Plan was prepared to deal with the problems of fire and subsidence and related rehabilitation covering the areas under Bharat Coking Coal Ltd. (BCCL) and Eastern Coalfields Ltd. (ECL) in 1999 for implementation of the same in a phased manner.

Based on this, the Government has approved the Master Plan dealing with fire, subsidence and rehabilitation and diversion of surface infrastructure within the leasehold of Bharat Coking Coal Limited (BCCL) and Eastern Coalfields Limited (ECL) on 12.08.2009 at an estimated investment of Rs 9773.84 crore (Rs 7112.11 crore for Jharia Coal Field (JCF) and Rs 2661.73 crore for Raniganj Coal Field (RCF) including Rs 116.23 crore sanctioned earlier for various Environmental and Subsidence Control (EMSC) Schemes. The Master Plan is scheduled to be implemented in 10 years time and in case of BCCL two additional years for completion of pre-implementation activities. All the existing EMSC Scheme have been dovetailed into the Master Plan for Jharia and Raniganj Coal Field approved by the Government. The scheme is funded to EMSC Plan Scheme of Ministry of Coal.

Asansol-Durgapur Development Authority (ADDA) and Jharkhand Rehabilitation Development Authority (JRDA) have been notified by the state Governments of West Bengal and Jharkhand respectively as implementing agencies for rehabilitation purposes. Coal companies (ECL & BCCL) will provide technical support and the outlay will be funded partially through the internal resources of CIL and the cess collection under CCDA.

For speedy implementation of the Master Plan for Jharia and Raniganj Coalfields a High Powered Central Committee was constituted by this Ministry under the chairmanship of Secretary (Coal) for monitoring the implementation aspects

The implementation of these schemes helped in achieving in liquidating 10 fires completely and controlling majority of the fires. They also reduced the total surface area affected by fire from 17.32 to 8.90 sq.km and reduced the blockage of coal from 1864 MT to 1433 MT.

3.11 Measures for Welfare of Employees

Coal India Limited has initiated a number of welfare measures for the welfare of its employees. The details of such measures are as under:

**Table No.3.5
Status of Welfare Measures**

Items	At the time of Nationalisation	As on 31.03.2011	As on 31.03.2012	As on 31.12.2012
Number of Houses available	1,18,366	4,19,102	4,15,826	3,99,311
Housing satisfaction(%)	21.07%	100%	100%	100%
Population covered under Water Supply Scheme	2,27,300	22,94,973	21,03,328	21,16,923
Hospitals (Nos.)	49	86	85	85
Dispensaries (Nos.)	197	423	424	424
Ambulance(Nos.)	42	640	664	664
Hospital Beds	1,482	5,835	5,806	5,806
Educational Institutions who have been provided grant-in-aid// infrastructure/ Occasional Help	287	623	681	683
Canteen (Nos.)	210	481	481	446
Co-operative Nos.	177	333	333	333

3.12 Resettlement and Rehabilitation Policy

CIL has a well-defined Resettlement and Rehabilitation policy (R & R Policy-2012), which has provision of Employment against land acquired in exceptional circumstances only to fill vacancies subject to the land losers meeting the eligibility criteria and further subject to approval of the Board of Directors of the subsidiary company concerned.

3.13 Establishment of Regulator for coal sector

A proposal on setting up of an independent Coal Regulatory Authority was submitted for consideration of the Cabinet. The same was considered by the Cabinet in its meeting held on 10.5.2012, wherein it was decided to refer the issue to the Group of Ministers (GOM) headed by the Finance Minister. The GOM has held two meetings so far. Recommendations of the GOM are awaited.

3.14 Revision of Royalty on Coal and Lignite

A Study Group was constituted by the Ministry of Coal on 4.2.2010 for revision of rates of royalty on coal and lignite. Based on the recommendations of the Study Group, approval of the Cabinet has been obtained for revision of royalty rates @ 14% ad valorem on coal and @6% ad valorem on lignite and notified by the Government in the Gazette vide notification No.G.S.R.349(E) dated 10.5.2012.

3.15 The pricing of Coal on GCV based grading system (Effective from 01/01/2012)

The Government has decided to switch over from the existing Useful Heat Value (UHV) based grading and pricing system to Gross Calorific Value (GCV) based classification of non-coking coal w.e.f. 01.01.2012. Accordingly, the earlier existing system of UHV based grading of coal was replaced by GCV based classification and coal companies have notified the new prices w.e.f. 01.01.2012. Under the GCV system, 17 bands, each of 300 Kcal/Kg width have been notified with intention of incorporating the improvement in quality of coal to the consumers and commensurate realization for the coal company.