

6

COAL AND LIGNITE PROJECTS

6.1 COAL PROJECTS APPRAISAL & MONITORING

6.1.1 On being conferred the 'Navratna' status, Coal India Limited (CIL) is now empowered to sanction/approve and implement all its projects including those which are beyond the delegated powers of the Boards of its subsidiaries. Being conferred the status of "Mini Ratna" Board of directors of Northern Coalfields Limited (NCL), Western coalfields Limited (WCL), South Eastern Coalfields Limited (SECL), Mahanadi Coalfields Limited (MCL) and Central Coalfields Limited (CCL) are empowered to approve projects costing up to Rs.500 crores. The Board of Directors of Central Mine Planning & Design Institute Limited (CMPDIL) is empowered to approve projects costing up to Rs.300 crore as the company comes under the Mini Ratna category-II. Board of Directors of Eastern Coalfields Limited (ECL) and Bharat Coking Coal Limited (BCCL) can approve coal projects up to Rs.20 crores. Board of Directors of Singareni Collieries Company Limited (SCCL) is also empowered to approve coal projects up to Rs.500 crores. Projects of

SCCL costing above Rs.500 crores are approved by the Govt. through EFC/PIB and CCEA. Environmental clearance is mandatory before the project proposal is posed to Cabinet Committee on Economic Affairs for approval.



6.1.2 Coal projects are monitored in the coal companies at colliery level, area level and HQ level. Remedial actions, wherever warranted, are taken. Quarterly Project Monitoring Reports of projects costing Rs.20 crore and above are submitted by all companies to this Ministry as well as Ministry of Programme Implementation. In the Ministry of Coal, major coal projects costing above Rs.100 crore are monitored at the level of Secretary (Coal) on quarterly basis. In this meeting representative from

Planning Commission, Department of Expenditure, Ministry of Statistics & Programme Implementation and Ministry of Environment & Forest also participate. Such meetings are taken on the basis of inputs furnished by the companies indicating various problems encountered by them in implementation of projects under their jurisdiction and command. Based on the decision taken in the review

meetings, appropriate follow up action is taken both in the Ministry of Coal and by the coal companies concerned. This apart, whenever coal companies approach the Ministry for extending Governmental support for resolution of any pending issues affecting implementation of coal projects, the matter is taken up by the Ministry at the appropriate level with the concerned authorities.

6.2 COAL AND LIGNITE PROJECTS

6.2.1 During the period from April to December, 2009 4 projects including 3 RCEs have been sanctioned by Government:

Sl. No	Name of the projects	Company	Date of Approval	Capacity (Mty)	Capital cost (Rs. Crores)
1	RAJMAHAL EXPANSION	ECL	22.09.2009	17.00 (6.50 Incr)	153.82
2	RCE OF ADRIYALA SHAFT PROJCT	SCCL	24.12.2009	2.81 MTPA	846.06
3	RCE OF BARSINGSAR LIGNITE PROJECT (RAJASTHAN)	NLC	25.08.2009	2.10 MTPA	254.60
4	RCE OF BARSINGSAR THERMAL POWER PROJECT (RAJASTHAN)	NLC	25.08.2009	250 MW	1626.09

6.2.2 During the year, draft PIB Memo along with the Feasibility Report for both mine and power project was submitted to MOC on 06.10.2009 for processing for obtaining GOI sanction for the Bithnok Mine (2.25 MTPA) cum Power Project (250 MW) and Thermal Project at Neyveli (1000 MW).

6.2.3 List of new projects /Revised Cost estimates/ Revised Project Report sanctioned by Coal India limited and its subsidiary companies under their delegated powers from April to December, 2009 are given as under:

A. New projects sanctioned by Coal India Ltd from April to December, 2009

Sl. No	Name of the projects	Company	Date of Approval	Capacity (Mty)	Capital cost (Rs. Crores)
1	BLOCK IICM	BCCL	01.10.09	0.45	113.37
2	DIPKA EXPN OC	SECL	01.10.09	25.00(5 Incr)	675.13

B (i) New projects sanctioned by coal companies from April to December, 2009

Sl. No	Name of the projects	Company	Date of Approval	Capacity (Mty)	Capital cost (Rs. Crores)
1	HURA-C SE SECTOR OC	ECL	09.05.09	2.00	16.224
2	KARMA OC	CCL	04.06.09	1.00	162.46
3	GOVINDPUR PH II OC	CCL	23.12.09	1.20	142.11
4	BELLORA-NAIGAON OC	WCL	22.04.09	1.00	114.407
5	NANDAN-2 EXTN UG IN DHAU(N) BLOCK	WCL	18.09.09	0.36	41.704
6	MANIKPUR EXPN OC	SECL	11.11.09	3.50	137.95
7	AMLAI EXPN OC	SECL	10.11.09	1.50	100.85
8	LAJKURA EXPANSION				
9.	PHASE- I OC	MCL	13.06.09	2.50(1.5 Incr)	43.27

(ii) RCE / RPR sanctioned by coal companies from April to December, 2009

Sl. No	Name of the projects	Company	Date of Approval	Sanctioned Capacity (Mty)	Capital cost (Rs. Crores)
1	KOLGAON OC	WCL	22.04.09	0.50	49.594

C. Projects sanctioned by Singareni Collieries Company Limited (SCCL)

Sl. No.	Name of the project	Company	Date of Approval	Sanctioned capacity (MTPA)	Sanctioned Capital (Rs. Crores)
1	RG OC-II Extension	SCCL	30.12.2009	4.00	418.97
2	RKNT Short Wall Mining	SCCL	30.12.2009	0.54	54.19

6.2.4 The number of mining projects of CIL and SCCL costing Rs. 2 crores and above sanctioned since nationalization till 31.12.2009 is as under:

Company	Costing				Sanc. Cost (Rs. Crs)	Sanctioned Capacity (Mty)
	More than Rs. 100 Crs	Rs. 20 to 100 Crs	Rs.2 to 20 Crs.	Total		
ECL	13	16	93	122	5627.114	75.607
BCCL	4	9	90	103	2123.68	43.09
CCL	18	22	63	103	7597.44	149.95
NCL	14	9	3	26	12058.33	101.20
WCL	6	62	78	146	5536.688	82.511
SECL	16	59	73	148	11534.835	187.70
MCL	20	22	17	59	6906.63	228.81
NEC	--	4	--	4	172.69	1.20
CIL	91	203	417	711	51557.41	870.07
SCCL	9	41	34	84	5357.48	73.89

6.2.5 As on 31.12.2009, out of total 711 mining projects in CIL, costing Rs. 2 Crores & above, 418 projects stand completed (including projects which are merged, completed and merged & where coal reserves have since been exhausted) and 159 projects are under various stages of implementation. Out of 159 on-going projects, 128 are on schedule and 31 are delayed. Remaining 134 projects have either been shelved or withdrawn. In Singareni Collieries Company Limited (SCCL) out of total 84 mining projects, 55 projects have been completed and out of remaining 29 projects, 18 are on schedule, 8 are delayed and 3 are kept on hold.

6.2.6 Status of projects monitored at the Government level

Project costing Rs. 20 crores & above are being monitored at the Government level. As on 31.12.2009, 130 mining and 8 non-mining ongoing projects, costing Rs. 20 crores & above, are under implementation in CIL. Out of which, 14 mining projects and 5 non-mining projects are delayed. In SCCL out of total 29 projects (27 mining+2 non-mining), 20 projects (18 mining+2 non-mining) are on schedule, 7 (mining) projects are delayed, 2 are kept on hold. In the case of NLC, implementation of 2 lignite mining projects and 3 thermal power stations are

on-going. Except one Thermal Power Station other projects are delayed.

Summarized positions of the projects are as follows.

	No of Projects	Sanctioned Capital (Rs. Crs)	Ultimate Capacity (Mty)	Projects on Schedule	Projects Delayed
CIL	138	25520.93	397.87	119	19
SCCL	29	3246.46	46.69	20	07
NLC	5	11539.73	6.60 1750 MW	1	4

6.3 MAIN REASONS FOR SLIPPAGE IN THE IMPLEMENTATION OF PROJECTS

- (a) Delay in acquisition of land and associated problems of rehabilitation.
- (b) Delay in diversion of forest land
- (c) Delay due to non-approving/permitting exploration in forest area.
- (d) Delay due to adverse geo-mining condition.
- (e) Delay due to fire.
- (f) Delay due to law & order.
- (g) Other misc. problems such as delay or discontinuance of work by contractor, non participation in tender, DGMS permissions.
- (h) Delay in supply & erection by main contractors i.e. BHEL in case NLC's Power Projects.

- (ii) Regular meetings with State Authorities viz. Land Revenue Commissioner, LR Secretary, Chief Secretary and Committees constituted by respective State Govts are held to sort out acute problems.
- (iii) Forest officials are contacted on regular basis at District and Tehsildar level to fulfill the requirement & queries. Periodical contacts are done with the Regional Office & Main office of MoEF for expeditious clearance of the forestry proposals.
- (iv) Discussions held with land owners / villagers for selection of rehabilitation site and they are persuaded to accept the rehabilitation benefits and to shift to the rehabilitation site.

6.4 STEPS TAKEN TO IMPROVE PROJECT IMPLEMENTATION

6.4.1 Land acquisition and rehabilitation

- (i) Vigorous follow up action with concerned State Govt. Officials are being actively done to expedite land acquisition proceedings.

6.4.2 Geo-mining constraints

Sophisticated geological and geo-physical exploration technique adopted for advance forecasting of geo-mining condition.

6.5 PROJECT MANAGEMENT

(i) Director (Projects & Planning) posted in each company with overall responsibility of implementation of projects.

(ii) Comprehensive guidelines for project formulation and monitoring issued by the Govt.

(iii) The system of monitoring at various levels has been standardized.

- Project monitoring is done on monthly basis or at shorter intervals at the area level by GM / CGMs and by Director (Projects) and CMDs at corporate level
- Status of project is also reviewed at every Company Board meeting by exception.
- Mandatory review of the projects are carried out at company level when the expenditure of the project exceeds 50% of the sanctioned capital.
- Projects costing Rs.100 crores & above are also reviewed in CIL Board by exception.
- Progress reports in respect of projects costing Rs. 100 crores & above are also submitted to Department of Programme Implementation regularly.

- Department of Programme Implementation regularly monitors the implementation of projects costing 20 crores and above.

- Quarterly review in the administrative Ministry/Department at the level of Secretary is taken for major projects.

6.5.1 Assistance required in Project Implementation

- State Govt. may also share the responsibility for acquisition of land along with Coal Companies. Delivery of possession of land by the State Govts be ensured after the requisite fund is deposited with State Govt, so as to avoid any delay in implementation of projects.

- Now-a-days, land acquisition is becoming very difficult due to competitive scenario, arising out of acquisition of land by several other agencies in the near-by areas of coal projects of CIL. Different agencies of other sectors as well as captive coal mine owners, by direct negotiation with the land owners, are offering much higher rate of land compensation compared to the rate of compensation offered by CIL Coal Companies as per prevailing rates calculated as per provisions of CBA

Act & LA Act. It is suggested that a comprehensive view may be taken at the Government level to devise the methodology for fixing rate of compensation of land taking into account the existing rates in the surrounding areas.

- Suitable amendments may be considered in CBA Act so that compensation earlier approved under the CBA Act [based on the date of notification u/s 4(1)] and compensation not accepted, may be re-assessed considering the prevalent market rates of the adjoining area at the time of delivering the physical possession of land. For fresh cases, compensation rates may be assessed based upon the prevalent market rates of the adjoining area at the time of delivering the physical possession of land and not based upon the date of notification u/s 4(1) of the CBA Act.
- Responsibility for acquisition of forest land should be restricted to payment of Net Present Value charges etc. only by the Coal Companies. The time now required for processing the proposal may be reduced by restricting the movements of file in different channels.

6.6 LIGNITE PROJECTS UNDER CONSTRUCTION / IMPLEMENTATION

6.6.1 Government of India sanctioned the expansion of Mine-II from 10.5 MTPA to 15.0 MTPA of lignite linked to TPS-II Expansion with 2 Units of 250 MW each on 18th October 2004 at a capital cost of Rs. 4192.06 Crores.

6.6.2 In Mine-II Expansion project, New overburden system has been commissioned in March 2008. Mine development is in progress. The lignite system is expected to be completed in February 2010 against the sanction date of June 2009. A delay of eight months took place in supply of major components for Specialized Mining equipments and conveyors by M/s. L&T, M/s. MTI & M/s. TKIL, leading to slow pace of erection activities.

6.6.3 In respect of TPS-II Expansion project, major work like lifting of Boiler Drums for Unit-I & II civil works in Ash handling system, circulating water system, Lignite Handling System and water treatment Plant have been completed. Erection works are in progress in respect of Boilers, Turbine, Generator and balance of work. As the progress of main plant package contractor M/s. BHEL is not satisfactory to fulfill the commitment, there is a likely delay of about 20 months in the commissioning of units. It is now

anticipated that Unit-1 will be commissioned in August 2010 and Unit-2 in February 2011.

6.6.4 Government of India sanctioned Barsingsar lignite Mine Project of 2.1 MTPA linked to the Barsingsar Power Project of 2 units of 125 MW each on 15th December 2004 at a cost of Rs. 1368.25 Crores, at Rajasthan.

6.6.5 In respect of Mines Project, both overburden removal and lignite production have been outsourced. Lignite excavation commenced on 23rd November 2009 and supplied to Thermal Power Station.

6.6.6 In respect of Thermal Power Project, lifting of Boiler drums and Hydro test for Unit-I & II were Completed. Unit-I synchronized on 27th October 2009.

Project execution is getting delayed by 9 months due to delay in supply and erection activities of Main Plant package, Switch yard and Power transformers by M/s BHEL. Unit-2 is anticipated to be synchronized in March 2010.

6.6.7 Government of India sanctioned Coal based Power Plant at Tuticorin during May 2008 at a cost of Rs. 4909.54 Crs. LOA for Steam Generator (SG) & Auxiliaries and Turbine Generator (TG) & Auxiliaries were issued in January 2009. LOA of Coal Handling System (CHS) was issued in July 2009. LOA of Power Transformers issued in September 2009. Awards for other major packages are under various stage of processing. There is a delay in commencement of civil works by M/s BHEL.

6.7 PROJECTED TARGETS FOR THE PERIOD FROM JANUARY TO MARCH , 2010

A. (i) New projects likely to be sanctioned by Coal India Ltd from January to March, 2010

Sl. No	Name of the projects	Company	Capacity (Mty)	Capital cost (Rs. Crores)
1	HURA C OC	ECL	3.00	176.74
2	AMRAPALI OC	CCL	12.00	682.35
3	KHADIA OC	NCL	10.00	1488.57
4	GEVRA OC	SECL	35.00(10 Incr)	1667.54
5	NORTH-SOUTH TISRA OC	BCCL	6.00	281.94

(ii) RCE / RPR likely to be sanctioned by Coal India Ltd from January to March, 2010

Sl. No	Name of the projects	Company	Capacity (Mty)	Capital cost (Rs. Crores)
1	KOTTADIH CM UG	ECL	0.51(Incr)	122.39(Estm)

B. New projects likely to be sanctioned by coal companies from January to March, 2010

Sl. No	Name of the projects	Company	Capacity (Mty)	Capital cost (Rs. Crores)
1	KDH EXTN OC	CCL	4.50	475.30
2	RAJNAGAR EXPN OC	SECL	1.70	95.36
3	UKNI DEEP OC	WCL	2.00	311.61
4	PAONI III OC	WCL	1.25	355.487
5	KAMPTEE DEEP	WCL	1.50	189.248
6	LINGRAJ EXPN PH III OC	MCL	16.00 (3.00 Incr)	52.25



A Panaromic view of Mine-II (NLC)