CHAPTER - II
CHAPTER - 2
PROFILE OF SINGARENI COLLIERIES COMPANY LIMITED

This chapter mainly focuses on profile of the SCCL. It is divided into two parts. Part - A covers brief history of SCCL, initiatives taken by Government of India since 1997, Training Programme, Election, Grievance procedure and application of industrial Law in SCCL. Part- B covers Coal mining policy and major initiations like legislative changes, allocation of coal blacks and New coal policy in terms of capital outlay, coal production, coal distribution, and safety in coal mines, etc.

PART -A
Introduction

SCCL commenced coal-mining operations in 1889 at Yellandu located in Khammam District of Andhra Pradesh. It was then known as Hyderabad Deccan Company Limited. The company was renamed as The Singareni Collieries Company Limited’ (SCCL) in 1921 and its scrip listed in the London Stock Exchange.

The Nizam of Hyderabad purchased majority shares of the Company in 1945 making SCCL the first Government managed Coal Company in India. The Company came under State control in 1949 and is now jointly owned by Government of Andhra Pradesh and Government of India with equity participation in the ratio of 51: 49.

The first coal mine was opened in 1889 at Yellandu and coal mining continued in only Yellandu Area in Khammam District till 1927. In the inaugural year (1889) 56,671 tonnes of Coal was produced.
During the period between (1928-1960) the Company commenced coal-mining operations in Bellampalli and Kothagudem areas. During this period, the Company grew from a production level of 0.70 m.t. in 1928 to 2.49 m.t. in 1960.

During the period between 1961-1973 the company witnessed a steep growth in coal production as the Government of India also participated in investments in SCCL from 1960. Coal mining activities were extended to other areas like Mandamarri and Ramagundam (1961) and Ramakrishnapur (1963) in the districts of Karimnagar and Adilabad.

In the year 1973 coal mines in other parts of India were nationalized to spur the growth in coal production for meeting the increasing energy requirements of the country. Large-scale expansion/modernization of mines were taken up during the period from 1973-92. A number of mines were opened with large investment and support from Government. Opencast mining was commenced in SCCL during this period in 1975 with the opening of Manuguru Opencast-1 mine in Manuguru area.

The Company at present operates 12 opencast mines and 55 underground mines. SCCL achieved an all-time record production of 33.16 million tonnes in the financial year 2002-03. The total manpower in the Company as on 31st March 2003 is 97,053 including 2,341 executives. In its long history of over a century SCCL has gone through several ups and downs. The Company has faced many serious problems including:

- Difficult geo-mining conditions leading to high cost of production and low productivity.
- Limited economically viable opencast reserves; high stripping ratios.
- Low quality coal seams with intermittent bands of shale stone & clay.
• Too many trade unions (98 Nos.) operating in the Company leading to lot of industrial unrest and wildcat strikes.

• The mines are located in an under-developed region of the State with naxalite activities causing disturbances.

Due to combination of the factors mentioned above the Company touched its peak in the year 1996-97 when the accumulated losses crossed Rs.1219 crores. It was at this juncture that the Andhra Pradesh Government took a set of visionary, bold and courageous initiatives, which helped the Company to achieve a stunning turnaround.

SCCL had undertaken a series of structural reforms, which enabled it to wipe out its accumulated losses and post a provisional net profit of Rs.139 crores in 2002-03. The reforms that have contributed to this successful turnaround are:

1. Holding Trade Union ejections
2. Transparency in management
3. Public-Private partnerships:
   3.1 Outsourcing of OB Removal
   3.2 Outsourcing of Ancillary Activities
4. Financial Restructuring Package:
5. Financial Re-engineering
6. Employee-centric welfare measures

**Initiatives taken since 1997:**

The Company has made a dramatic turnaround since 1997-98 posting profits for the sixth consecutive year in 2002-03. The Company has successfully wiped out the accumulated losses of Rs.1219 crores as at the end of March 1997 and posted a
provisional net profit of Rs.139 crores in the financial year 2002-03, thereafter this company is achieving significant results.

**SCCL: Strategic Role in Industrial Development**

The Company plays a strategic role in the coal industry being the only coal mining company in Southern part of India. Its locational advantage enables it to service a large market in and around its areas of operation. SCCL serves not only major Power Houses and Cement industries located in Andhra Pradesh, Karnataka, Maharashtra, Gujarat, but also has more than 2500 customers belonging to the medium and small-scale industries.

**STRUCTURE AND FUNCTIONING OF THE HUMAN RESOURCE DEPARTMENT**

HRD DEPARTMENT of SCCL deals with the training of the workers and officers as per the statutory requirements and as well as for upgradation of skills of latest management techniques and latest scientific developments. The training is imparted in the Vocational training centres located in various parts of the company. The details of the different programmes are listed below:

**STATUTORY TRAINING PROGRAMMES UNDER THE MINES ACT, 1952**

The following statutory/non statutory training programmes are being conducted at these Mine Vocational Training Centres.

- Basic training.
- Refresher training.
- Change of Job training.
- Special training & Coaching classes for supervisory staff like Shot Firers, Mining Sirdars, Overmens and Surveyors.
I. Basic Training

It is the training that is imparted to new incumbents to the Organized DN when they join the Organized DN. The necessary schedules and time frame is as per the statute specified in the mine vocational training rules.

II. Refresher Training

It is the training given to the workers to refresh their skills learned during the course of their employment and the necessary time frame is as per the time mentioned and syllabus as per the statute.

III. Change of Job Training

It is the type of training given to the workmen when there is any change of Job requirements. All the new skills that are required for the change are given to the workmen before the said job is undertaken.

IV. Special Training

Special Training is generally imparted to workmen and supervisory whenever there is requirement arises for examination and other departmental matters, like special safety sessions etc.,

V. Other programmes taken up by the HRD are listed below

- **Management Development Programmes**: In-house Seminars / Workshops, Induction Training Programmes for newly recruited Executive & Supervisory Trainees, Sponsoring Executives & Non-executives to training programmes, seminars, exhibitions etc. elsewhere in India and abroad as per the approval.

- Complying the statutory provisions as per the MVTC Rules, 1966.

- Complying the provisions of Apprentices Act, 1961 with regard to Tradesmen and Graduate Trainees.
Knowledge & Skill up-dation for para-medical staff.

Preparation of Course Material for Training Programmes and guides for employees.

At the corporate level HRD does the following activities

- The department invites various internal and external faculty to train the SCCL employees and it is located in Ramagundam called Nargundkar Institute of Management. Similarly a Computer Training Centre is located at Kothagudem which is catered to the needs of SCCL employees.

- The department also arranges various training programmes for executives/supervisors and tradesmen in the various reputed institutes in India and abroad.

- For SCCL employees in-house Programmes are also arranged for Health programme (Like Yoga, Meditation etc.) for employees.

- Monthly debriefing sessions and technical presentations are also being conducted regularly for dissemination of knowledge.

Evaluation of the Training Programmes

The department also monitors and evaluates its various programmes under the following heads:

a) By periodical inspections.

b) As per the provisions of the Apprenticeship Act.

c) Monitoring the training programmes in respect of Mining Graduate trainees (MGTs), Junior Executive Trainees (JETs), welfare Officer trainees (WOTs) etc., and conducting phase wise examinations and viva-voce to evaluate their performance.
CONDUCT OF ELECTIONS:

Election to trade unions operating in SCCL were first held on 9th September, 1998, through secret ballot, under Code of Discipline in which only 13 unions have participated. The SC Worker’s Union (AITUC) has emerged as recognised union.

The Management has laid down clear Industrial Relations Policy through Office Memorandum dt.05.10.1998 providing for mechanism to discuss the issues with recognised union at company level and area level and with representative Status Union at area level.

It was clearly laid down that except with recognised union and representative Status Union of the area, management will not deal with any other union about industrial relations matters.

During May, 2000, penal wage cut was imposed under the provisions of Payment of Wages Act, 1936 in Bhupalapalli Area declaring that 2 days wages for each day of illegal strike will be deducted from the workmen participating in illegal strikes.

Election was held to trade unions through secret ballot for the second time on 19.02.2001, in which the S C Workers' Union (AITUC) has emerged as recognised union.

The Management has entered into 8 memorandums of settlements with recognised Union during the period September, 1998 to February, 2003, benefiting the majority of the workmen.
For the first time, from 1978 to August 2000 remained as a strike free calendar in the history of SCCL.

As the tenure of 2 years of the recognised Union expired by 06.03.2003, the Ministry of Labour, GOI and the Central Labour Department were requested to fix the tenure for 4 years from the next election. Ministry of Labour, GOI has decided that the grant of the period of the recognition this time as 4 years and appointed the Regional Labour Commissioner (Central), Hyderabad as Returning Officer during the last week of March, 2003.

The consistent comprehensive written Industrial Relations policy followed by the management in dealing with unrecognized unions, after holding elections has led to disappearance of many of the craft unions/small unions. The other unrecognized unions have also realized that management is following the Industrial Relations Policy and Code of Discipline strictly without any deviation and hence they have no role to play in representing major issues in the Company, which rightly comes under the purview of organized union.

Holding periodical meetings with the recognised Union and Representative Status Unions of the areas are yielding good results in redressing the genuine problems of the workmen and maintaining harmonious industrial relations. If the present Industrial Relations Policy is followed scrupulously, it will lead to further improvement in the industrial relations scenario of SCCL in the coming years.
3 (a) CHANGES IN SCCL

Though coal-mining activities were started in SCCL in the year 1889, the organized labour movement started on a later date. This was due to the illiteracy and ignorance of workers and also due to repressive methods adopted by the labour contractors and the then Government of Hyderabad.

Workers organized strikes during the years 1921, 1922 & 1935. But the real movement of trade unionism started with the establishment of AITUC under the name of Singareni Collieries Workers' Union on 16th July 1945 at Kothagudem as its Head Office. The Tandur Coal Mines Labour Union was started at Bellampalli in February 1949 under the influence of INTUC leaders. After 1950 the trade union movement grew in leaps and bounds in SCCL and a number of new unions came up. In 1990, there were 32 registered trade unions operating in SCCL. Out of which 17 were craft unions representing sectional interests of the workers and the remaining 15 were general unions, affiliated to different national level unions. With the growth of the organized movements of workers from time to time by way of increase in the number of trade unions, the disunity and inter union rivalry also increased substantially. The industrial relations scenario in SCCL has been plagued by a number of catcall/illegal strikes. There after the name of Singareni has become synonymous with strikes.

The problems have been compounded because of multiplicity of unions and inter union rivalry leading to enormous loss of production to the Company and wages to the workmen affected by the illegal strikes. There has been mushrooming of trade unions in the Company, the number going upto as high as 77 by May 1998 (which figure has gone upto 93 by Feb.2003, out of which 65 are craft unions/associations).
The analysis of the strike culture in SCCL during the last 214 decades throws up the following interesting facts. During the decadal period of 1978-88, the average number of strikes in the Company was 315 per year. Average production loss per year was 1.07 million tonnes. The number of strikes reached a peak during three-year period from 1982-83 to 1984-85 with an average of 440 Nos. The production loss per year during this period was 1.53 million tonnes. Manpower in 1978-79 was around 62,000. During the decade it went up by 58% to 98,276 in 1987-88. Coal production in 1978-79 was 9.01 million tonnes. During the decade it went up by 82% to 16.40 million tonnes in 1987-88 with an increase in production of 7.39 million tonnes over 10 years. Average annual expenditure on welfare during this decade was about Rs.15 crores only. During the next decadal period of 1988-98, the average number of strikes per year in SCCL rose to 350 number from 315 number in previous decade. The average production loss per year was 1.43 million tonnes as against 1.07 million tonnes in previous decade.

The number of strikes reached a peak of 475 numbers in 1991 -92. There was a spurt in activities of militant trade unions and SIKASA especially during the period from 1989-90 to 1992-93. The average number of strikes during these four years was 446 with a production loss of 1.83 million tonnes per year.

Frequent strikes, law and order problems and high cost of production notice during the period from 1989-90 to 1991-92 affected the financial health of the Company. Manpower crises reached a peak of 1,16,918 in 1990-91. SCCL became a Sick Industrial Company and had referred to Board for Industrial & Financial Reconstruction (BIFR) during May 1992.
Restructuring package approved by Govt. of India during March 1994 enabled
the Company to come out of BIFR fold in April 1994.

However, the efficacy of the re-structuring package was greatly undermined
due to non-revision of coal prices through timely and periodic revisions after
17.6.1994. A major strike by workmen in 1995, demanding wage arrears resulted in
production loss of 1.85 million tonnes.

SCCL incurred heavy losses of Rs.191 crores and Rs.247 crores in 1995-96
and 1996-97 respectively. The accumulated loss by the end of VIII Plan period in
1996-97 rose to Rs.1219 crores. Frequent strikes disrupted the normal operation of the
mines thereby affecting coal production & productivity. The overall output per
Manshift was almost stagnant at about 0.70 tonnes in VI Plan period (1980-85), 0.80
tonnes in VII Plan period (1985-90) and 0.91 tonnes in VIII Plan period (1992-97).
The improvement in productivity during these three Plan periods was mainly on
account of increasing coal production from opencast mines whose share in total coal
production went up from 15% in the beginning of VI Plan period (1980-81) to 52%
by the end of VIII Plan period (1996-97).

Competition and one-upmanship among multiple Trade Unions in 1998 was
the main reason for the large number of strikes in the Company especially during the
last 2 decades.

With a view to streamline industrial relations, the Management had formulated
an Industrial Relations Policy in August 1991. However, the same could not be
implemented due to threat of opposition and direct action by Trade Unions.
In response to strike call given by JBCCI Unions, SAAJAC and Mining Technical & Staff Association (MTSA), and other two unions, finally there was a major company-wide strike in May and June 1998.

CONDUCTING OF TRADE UNION ELECTIONS

As directed by Hon'ble Chief Minister at the end of this major strike, elections to trade unions through secret ballot were conducted in SCCL for the first time in Indian coal industry in September 1998.

13 Unions participated in these elections and S.C. Workers' Union (AITUC) emerged as the recognised Union at Company level by polling highest number of votes (33.24%) and also as Representative Union in 7 areas (YLD, RG-III, BHPL, BPA, MM, RKP & SRP).

The Management has laid down clear Industrial Relations Policy through Office Memorandum on 05.10.1998 providing for mechanism to discuss the issues with recognised Union at Company level and area level and with Representative Status Union.

It was clearly laid down that except with Recognised Union and Representative Status Union of the area, Management would not deal with any other union about industrial relations matters. With this the trade unions for different craftsmen have lost their existence.
MEMBERSHIP

Number of employees in different recognized Trade Unions in 1983 was 55,784. With the labour movement deeply divided between the Check-ff (advocated by INTUC) and secret ballot (demanded by the Communists) there was nothing to go by other than the Claims of the Unions themselves. The reason is that all the registered trade unions do not submit returns on their memberships.

The claimed membership could often be vastly in excess of total employment as no details of actual patronage of workmen are known. Same situation prevailed in SCCL also. All the registered trade unions operating in SCCL were claiming large membership to verify the relative strength of the trade unions.

GRIEVANCE PROCEDURE AND CONFLICT IN SCCL:

Problems in SCCL

Some of the major problems faced by the Company are as follows:

- All the Unions viewed with each other for supremacy i.e., inter-union rivalry, raised false aspirations among workmen of various categories and put forth unlawful, unreasonable and unjustifiable demands.

- As a result, the number of catcall / wildcat flash strikes on frivolous and minor issues increased causing enormous loss of production to the company and wages to the workmen thus creating industrial unrest.

- The managerial personnel engaged in tackling the industrial relations are not in a position to give full attention to production and welfare related matters.
DIFFERENT STAGES FOR REDRESSAL OF GRIEVANCES PROVIDED FOR UNDER COMPANY'S GRIEVANCE REDRESSAL PROCEDURE:

1) FIRST STAGE (Mine/Department Level):

The aggrieved employee shall represent his grievance either in person or in writing to the Welfare Officer or any other Officer in the Mine/Department, which should be acknowledged. A written reply should be sent to the workers under the signature of the Manager/HOD within 10 days.

2) SECOND STAGE:

If the employee is not satisfied, he may request the Manager/HOD to forward his grievance to the Grievance Committee constituted at area level which consists of

<table>
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<tr>
<th>Management Representatives</th>
<th>Workmen Representative</th>
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<tbody>
<tr>
<td>a) General Manager of the area</td>
<td>a) One permanent member nominated by the recognized Trade Union of the area or in his absence, a representative duly authorized by the said Union</td>
</tr>
<tr>
<td>b) Member/HOD</td>
<td>b) A representative of the registered Trade Union or a Coworker of the worker's choice</td>
</tr>
<tr>
<td>c) Area Personnel Department Head (Member Secretary)</td>
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The recommendations of the Grievance Committee shall be communicated to the concerned workmen within 10 days. A copy of the minutes of the Grievance Committee meeting may be supplied to the representative of the recognized Union.

3) THIRD STAGE (Appellate Authority – Corporate Level):

- If the employee is not satisfied with the reply given by the Grievance Committee at area level, he can represent the matter to the Director (PA&W i.e. at corporate level). The representation will be disposed of within 15 days.
• Pit Safety Committees are also constituted as required under Mines Rules, 1955 at Unit level.

• At area level, GMs of the area are holding monthly meeting with area level representatives.

• At Corporate level, structured meetings are arranged bi-monthly with recognized Union.

• Once in 3 months, meeting with 8 representatives of recognized Union at C & M.D. level are arranged.

4) NAXALITE AND TRADE UNION:

• Naxalite movement is very active in Telangana Region, where Coal Mines are also located and affected naturally.

• Peoples War Group (PWG), a major naxalite group is having a "Labour Wing" named "Singareni Karmika Samakhya (SIKASA)

• SIKASA treats the Management of SCCL as "Class enemy"

• SCCL was worst hit by the destructive activities of SIKASA/PWG especially during the period 1988-1998.

METHODS TO SOLVE PROBLEMS

➢ Transparency in Management is maintained.

➢ Letters were addressed to workers individually by Chairman & Managing Director (C&MD) on Independence Day, Republic Day, New Year Day covering future of Coal Industry, financial health of the Company, Welfare measures etc.
➤ Improvement in further communication with workmen of:

a. Telecasting programmes on local Siti Cable pertaining to various activities of the Company.

b. Starting Communication Cells in all the areas.

c. Displaying wall posters on various issues in the mines and departments and colonies.

d. Interaction with the workmen by Multi-departmental teams.

e. Visit to colonies by the Team of Officers to have first hand report about welfare measures implemented in the colonies and also to take suggestions from the workmen and their family members.

f. Holding press meets regularly.

➤ Improvement in discipline by way of:

a. Maintaining strict timings.

b. Taking disciplinary action on chronic absentees.

c. Improvement in work norms.

d. Controlling of Play day and Overtime.

e. Regulating provision of dependent employment.

➤ Statutory procedures are laid down for redressal of grievances.

➤ The grievance redressal machinery is functioning in SCCL as per Statute. Grievance redressal procedure is designed to suit SCCL conditions and implemented.
GRIEVANCE REDRESSAL PROCEDURE AIMS AND OBJECTIVES:

To provide the employees easy and readily accessible machinery for, prompt disposal of day-to-day grievances.

NATURE OF GRIEVANCES THAT FALL UNDER GRIEVANCE REDRESSAL PROCEDURE

Complaints affecting one or more individual workers in respect of their:-

- Wages
- Payment of overtime wages
- Bonus
- Railway fare (LTC/LLTC)
- Leave
- Transfer
- Promotions
- Increments
- Seniority
- Work assignment
- Working conditions
- Hours of employment
- Output of workmen (work load)
- Training
- Settlement of terminal benefits
APPLICATION OF INDUSTRIAL LAWS IN SCCL

5. LIST OF APPLICABLE ACTS AND LAW:

Following is the list of various Acts and Laws that are applicable in the mining industry

1. The Mines Act, 1952
2. The Mines Rules, 1955
3. The Coal Mines Regulations, 1957
4. The Mines Rescue Rules, 1985
6. The Mines and Minerals (Development and Regulation) act, 1957
7. The Mineral Concession Rules, 1960
8. DGMS Circulars

Important Safety measures undertaken by SCCL

Policy decision has been taken to introduce semi-mechanization. Accordingly 95 SDLs and 37 LHDs are introduced. Bulk introduction of mechanical Roof Bolter i.e. 26 procured, 198 under procurement.

2 years & 5 years Projection Plans for all UG mines. Dy.DGMS(SZ), Hyderabad took the initiative and positively suggested to prepare 2yrs/5 yrs projection plans for all UG mines. Plans included related developmental activities, technology and sequence of applying permissions etc.

Any changes in the plan under inevitable circumstances can be considered only by a committee constituted by the senior officers to avoid short-cut methods.
Risk Assessment & Management Plan

Risk Management plans is required for 7 Accident-prone mines as per DGMS. SCCL has prepared Risk Management Plan for 52 UG mines out of 58. For the balance 6 mines, the Risk Management Plans will be completed within one month.

Monitoring of Fire prone parameters through Software

➢ To identify the Fire prone situations at early stage.
➢ Data of every panel will be entered in the Web.
➢ Can be monitored from mine level to corporate level.

ORGANIZATION STRUCTURE AT THE MINE LEVEL:

The organization structure of mining activities at the mine level shows that the colliery manager is overall in-charge of the operations of the mine. He is accountable to the general manager of the area through the Deputy Chief Mining Engineer (Agent) of the mine. A superintendent mine is assisted by Safety Officer, Welfare Officer, Deputy Superintendent (Pit Engineer), Division-wise Manager, Assistant Manager; Senior Survey Officer and Senior personnel Officer and Pit Officer Assistant.

Coal Industry in India:

Coal is the primary source of energy supply in India accounting for almost 75% of the electricity generation in the Country. The world's third largest hard coal reserves of 233 billion tones in India have served as a source for secure energy supplies to meet the requirements of a growing economy, expanding population and rapid urbanization. Coal reserves are expected to last for more than 220 years at the present level of production.
India is the third largest coal producer in the World with an output of 328 million tones in 2001-02. About 80% of this output is dispatched to consumers in the power sector. Public sector coal companies contribute 95% of India's coal production, of which Coal India Limited account for 85% and Singareni Collieries Company Limited for 10%. Other companies like TISCO & captive mining firms make up the balance.

The Singareni Collieries Company Limited Strategic role in Coal sector:

SCCL is the only coal company in southern part of India catering to the requirements of coal consumers in power, cement and other industries in this region. The Company is engaged in mining coal in the Godavari Valley Coalfield spread over the four districts of Andhra Pradesh viz., Adilabad, Karimnagar, Warangal and Khammam districts. Coal mining activities in this coalfield were commenced in 1889 in Yellandu area in Khammam District by Hyderabad Deccan Coal Company. The Company was registered as the Singareni Collieries Company Limited and its scripts were listed on London Stock Exchange in 1921.

SCCL earned the distinction of being the first Government -managed Coal Company in India when the Nizam of Hyderabad purchased the shares of the Company in 1945. SCCL came under State control in 1949 and from 1960 onwards is jointly owned by Government of Andhra Pradesh and Govt. of India with equity participation in the ratio of 51:49.

COAL RESERVES

The mining rights of the Company cover a stretch of 320 Kms, in the Godavari Valley with proved coal reserves of about 5,726 million tones. The main
coal fields are located at Kothagudem, Yellandu, Manuguru, Ramagundam, Mandamari, Ramakrishnapur, Bellampalli, Bhoopojapalli and Sri Rampur.

**Growth of SCCL:**

SCCL has grown from a production level of 0.47 metric tonnes at the beginning of the 20th century (1900-01) to achieve 30.81 metric tonnes at the beginning of the 21st century (2001-02). The company contributed 10% of national coal production with only 6% of the total geological reserves. SCCL operates 12 opencast mines and 54 underground mines in Godavari Valley coalfield at present with a total manpower of around 97,053.

Over the years, the Company has progressively increased its production capacity and productivity by opening up new underground/opencast mines and introducing mechanization in underground mines. The proportion of output from mechanized underground and opencast mines has grown by 136% over the decade enabling total coal production to increase by 71% even with 10% reduction in manpower.

Persistent efforts by workmen and effective management enabled significant increase in output per manshift in conventional underground mines also from 0.65 tonnes in 1990-91 to 0.86 tonnes in 2002-03.

**Pioneers in Technology Introduction:**

Technology upgradation has received utmost attention in this Company with mechanization being one of key priority areas to reduce human drudgery and improve productivity. Mechanized coal loading and transporting in underground mines by Joy
loaders and Shuttle cars were introduced for the first time in this country at SCCL way back in 1948. Opencast mining, started in SCCL in 1975, has improved the production by leaps and bounds over the years and now contributes to more than half of the total coal output. Further impetus to underground mine mechanization in SCCL was given in early 1980s with the introduction of Side dump loaders (SDLs). Load hauls dumpers (L.HDs) and Roadheaders.

To meet the escalating demand for coal from thermal power stations in South India, SCCL introduced mechanized Long wall Technology in underground mines in 1983. SCCL introduced Blasting Gallery technology, a special method for extraction of thick seams (7-11m thickness) in underground minds, with French assistance in 1986. This method is being adopted successfully for extraction of developed pillars in thick seams with high levels of production, productivity and percentage of extraction (71%). In-pit crushing & conveying technology for OB and coal was introduced for the first time in this country at RG OC-II project with German assistance in 1994.

The Company has limited reserves amenable for opencast mining with stripping ratio upto 1 in 6. Besides, the coal seams are characterized by steep gradient (upto 1 in 2), poor quality ("E/F"-grade), presence of numerous faults/ geological disturbances and clay bands.

Regulated coal linkages & Administered pricing - Impact on SCCL performance

SCCL has coal producer in South India and the only one in this region, benefited from the Government of India's continued budgetary support to help augment its production capacity by opening new mines or introducing mechanization
in existing mines. In view of the growing energy requirements the emphasis was more on enhancing coal production than on project viability. Coal prices were fixed by Central Government and invariably pegged down keeping in view its impact on power, railways, cement and steel sectors. The hike in input costs like wages due to periodical wage revisions under National Coal Wage Agreements (NCWA), stores and interest etc., were also not fully compensated in the annual/ bi-annual price revisions by Central Government.

The above factors compounded with the inherent adverse geo-mining conditions and poor quality of coal left SCCL in the red many of the times. Other adverse factors viz.. difficult law & other situation leading to production loss, skewed equity - debt ratio adding to the interest burden and capital intensity of mechanization of underground mines have resulted in the company to incur heavy losses during the years 1989-90 to 1992-93.

The accumulated losses, high debt and interest burden, rising input costs and inadequate cash flows forced the Company to seek suitable restructuring package from Government of India (GOI) and Government of Andhra Pradesh in 1993-94. The Company came out of the purview of BIFR and earned profits of Rs.17.76 crores and Rs. 26.64 crores in 1993-94 and 1994-95 respectively.

However, the efficiency of re-structuring package was greatly undermined due to non-revision of coal prices through timely and periodic revisions after 17.6.1994 for neutralizing the escalation in input costs. A major strike by workmen in 1996 demanding wage arrears resulted in loss of production of 3.2 metric tonnes SCCL
incurred heavy losses of Rs.191 crores and Rs.247 crores in 1995-96 and 1996-97 respectively. The accumulated loss by the end of VIII Plan (1996-97) rose to Rs.1219 crores.

**Remedial steps taken to turnaround the Company**

The factors identified for the relatively poor performance of the company in earlier years include presence of 77 registered unions all over the Collieries who viewed with each other for supremacy leading to wildcat strikes & industrial relations problems, low productivity due to indiscipline & surplus manpower. Also, external factors like extremist activities; unremunerative price during administered price regime had a bearing on the performance of the Company.

The diagnosis indicated the need for adopting an integrated approach for tackling ailments afflicting the company. SCCL undertook a comprehensive set of measures for improving its performance in the following areas:

**Boosting awareness of employees**

The Company has opened Communication cells and taken up a vigorous literacy campaign for the benefit of the workmen. Posters, pamphlets and letters addressed to individual workmen by C&MD are used to highlight the issues facing the company and exhorting them to strive for improving the performance of the company.

Multi Departmental Teams comprising of members from various disciplines visit mines/colonies to educate the workmen and their families. street plays, dial-your GM, video programmes are organized and shown on CITI cable network to spread awareness.
Preventive/pro-active medical camps are organized periodically for all employees. Yoga & meditation classes are arranged in specially built meditation-halls at mine entrances.

As part of the community development initiatives, vocational/self-employment training is imparted to unemployed children of the employees by "Singareni Seva Samithi", a special service organization formed within the company. Special welfare amenities are taken up in the colonies to improve the living conditions of employees.

The above measures in conjunction with Trade Union elections have enabled significant improvement in the Industrial Relation scenario and productivity of the workmen.

**Competitive pricing of coal**

As a part of its continuing economic reforms, Govt. of India deregulated the pricing and distribution of coal partially in April 1996 (A, B & C grades) and D grade from March 1997. Total deregulation was made effective from 1.1.2000.

**Selective Mining & Fuel Supply Agreements**

Selective mining was adopted in underground and opencast mines by installing shale picking arrangements in the mines and at CHPs to improve the quality of coal dispatches. Fuel supply agreements and Joint sampling protocols including bonus/penalty clauses were entered with major coal consumers in power and cement sectors for ensuring customers satisfaction and assured demand.
SCCL has installed Coal samplers and analysers in the coal handling plant CHPs. Besides, computerization of coal sales, marketing departments has taken up to ensure transparency and reduce waiting time for consumers.

Restructuring Package

To facilitate adequate investment to meet the demand for increased coal supplies and to make good the losses suffered by SCCL on account of non-revision of coal prices in time, Government of India approved restructuring packages in 1999 for SCCL.

This included a 10- years moratorium on payment of interest accrued on Government loans of Rs.663.34 crores, waiver of penal interest accrued and infusion of fresh equity by Government of Andhra Pradesh and Government of India of Rs.268.00 crores and Rs.257.51 crores respectively during the IX Plan Period.

SCCL on its part committed to reduce manpower, improve productivity and reduce its outstanding loans to Government of India, which has been achieved as targeted on all fronts.

Cost cutting measures

SCCL has taken in the lead in forging public private partnerships by outsourcing of ancillary activities like overburden removal in open cast mines. This enabled the company to reduce the cost of production.

SCCL has taken up a vigorous energy conservation drive to control power pilferage and effect savings in energy consumption. Energy efficient CFLs, Tube
Lights, Air Conditions and Ceiling Fans etc are being used in company offices/quarters. Energy meters and Pole mounted transformers are installed in townships to regulate power consumption. In addition solar fencing for magazines/stores, installation of FRP runners for main ventilation fans and modification of pumping, haulage and ventilation layouts in the mines have helped in reducing the specific energy consumption.

The company has also undertaken several inventory control measures like staggered deliveries, establishing supplier's depots, entering into rate contracts for spares/fast moving items etc. Computerization and strict monitoring of materials consumption have enabled the Company to effect reduction of Stores inventory.

The Company also leveraged its finances by pledging tradable bonds (issued by APGENCO in liquidation of coal dues) for obtaining loans at lower interest rates.

**Technological measures**

Recognising the need to accelerate the use of numerous applications of IT in line with the vision of Government of Andhra Pradesh, an in-house Software Development Group (SDG) comprising of trained personnel from various disciplines was constituted to develop department-wise applications. OC/UG mine management systems, on-line material and marketing management systems are developed. Biometric based attendance recording systems are being tried in corporate offices.

Ceramic-coated Drill bits, Metallon coal tub pedestals, Mechanical roof bolting winches were introduced in underground mines. Collaboration with National Institute of Design, Ahmedabad is in progress for design of better drill machines, coal tubs and coal miner's apparel/equipment etc to reduce workmen fatigue.
SCCL is the largest public sector undertaking in Andhra Pradesh in terms of annual turnover and operates in a socially and economically backward region of the State. SCCL has received many accolades for its performances including the "Best Management Award" from the State Government for the year 2002-03. The Company would continue to retain its competitive advantage and also fulfill its societal obligations for development of this region and the State.

A motivated world force and a highly focused management aim to work towards achievement of the business objective and play a positive role in development of the Nation.

Keeping in view the production programme of the Company perspective plan for coal exploration has been drawn up, which envisages drilling of nearly 13.25 lakh meters by the end of plan i.e., 2006-2007. On completion of the programme, the proven reserves are expected to go upon 7,500 million tones.

LONGWALL

Singareni is the first Company in India to introduce AM-50 Road Headers for drainage of gate roadways for forming retreat long wall faces in 1979. At present Road Header are working in Kothagudem, Yellandu, Srirampur and Godavari Khani group of mines for formation of long wall faces. The first long wall face was commissioned at GDK-7 incline in 1983 and presently four Longwall units are in production.
Singareni would like to progressively increase its mechanisation plans in the years to come by introducing 6 more longwall faces in Godavari Khani-11 A, Godavari Khani-10A., Vakipalli Block-GDK-9, Ravindra Khani-NT and Coleti-1&2. Inclines during the VIII Plan Period.

The long wall face at JK-5 incline achieved an all time high daily production figure of 5,000 tonnes on 20th July, 1991 and highest so far monthly production of 87,189 tonnes during September, 1991.

**Blasting Gallery Method**

As such, French Technology for mining the thick seams using a special method known as 'Blasting Gallery Method' was successfully introduced at Godavari Khani-10 in 1989-90 with the collaboration of Cdf, France. This unit achieved a daily production of 2,801 tonnes on 2-2-1990 which is a world record with this technology. SCCL is taking steps to introduce this method of extraction of thick seam in another panel at GDK-10 Incline and at GDK-8 Incline.

**Opencast mining**

Thick coal seams occurring at shallow depths are suitable for opencast method of mining. Comparatively short gestation period, high rate of production with scope of high degree of mechanisation and safety of operations are the main advantages of this method of mining. Singareni Collieries Company Limited has adopted this method of mining with advantage wherever conditions are favourable by introducing the latest type of heavy earth moving machinery.
There are 7 opencast mines in operation now and 3 more opencast mines are under construction at Ramagundam, Yellandu and Manuguru. A large sized Dragline with 96 Metro boom and 24 cub.mts bucket is in operation at Opencast-I, Ramagundam.

10 cub.mts. shovels in combination with 85 tonne dumpers have been introduced at Manuguru Opencast-11 and Ramagundam Opencast-Ill projects.

The latest method of open cast mining with inpit crushing technology in conjunction with belt conveyors and spreaders is proposed to be introduced at Ramagundam opencast-II project, with the technical and financial assistance under Indo-German Collaboration. This Technology will be introduced in India for the first time, which might prove to be fuel efficient. This technology is also expected to facilitate in better environment management.

Deep shaft mining

SCCL has been so far working only shallow depths by underground as well as opencast methods. To meet the future demands of Coal, the Company has drawn a scheme of exploiting deeper deposits by shafts.

Feasibility report of Ramagundam Block-I is under appraisal for approval of Government authorities and more feasibility reports are being prepared.

The help of U.S.S.R experts was taken for preparation of Master Plan for Godavari Valley Coalfield, and also for preparation of technical recommendation and reports for PK-I & 2 inclines, Goleti-1 & 2 inclines and RK-New Tech. for achieving optimum production of coal from these mines.
Computerisation

SCCL has initiated computerization activity in the early eighties utilizing outside facilities and installed an in-house Computer in the corporate office in 1986. Since then number of systems are developed such as pay roll, stores accounting, Management Information System, personnel data, inventory management etc.

- SCCL is an oldest public sector Coal Company in India whose mining operations started in the year 1889 in Yellandu of Khammam Dist., in Andhra Pradesh.

- SCCL has its mining operating spread over in four districts namely Adilabad, Karimnagar, Warangal and Khammam of Andhra Pradesh which is its command area.

- SCCL extracts about 10% of annual coal production of the country with 4% of country's coal reserves, catering to the needs of coal for power, cement and other industries in South India.

- PRODUCTION: The following is the development of technology wise coal production from V Plan to IX plan periods:

Technology

SCCL was always in the fore front for introduction of mechanization in UG mines of SCCL even before the nationalization of coal mines in India. Following is the list of mechanization introduced in UG mines.

(a) Arcwall coal cutting machine, gathering arm loader and shuttle Car combination in Board & Pillar development with roof bolting support.

(b) Long wall face with stowing with individual friction props and coal plough

(c) Armstrong air breakers
(d) From V plan onwards due to steep increase in coal demand, SCCL had also started OC mining. Presently it has

i) Shovel - dumper combination

ii) Dragline, Shovel-Dumper combination

iii) In-pit crusher conveyor technology for overburden and coal.

SCCL maintains separate R&D Department working as facilitator between the national research institutes like NIRM, CMR1, CFRI, NID etc., and field managers of SCCL covering various activities of mining like supports, strata control, ventilation, haulage, illumination etc.,

**Future requirement from DGMS**

- In some of the BG panels where the depth is around 250 mtrs. SCCL has experienced strata control and spontaneous heating problems. As adequate statutory provisions are already available in the Mines Act, SCCL would expect early clearance of permissions for continuance of BG panels, while simultaneously steps are being taken to overcome the problems.

- The renewal of permission for use of LW equipment based on the certification of the competent engineers of SCCL.

- In introduction of continuous miners, in development of suitable roof bolting and goaf edge supports to suit to the technology, as the concentration of men in working place is now reduced.

- As around 50% of OB removal in existing OC mines is off-loaded to private agencies and as all the new OC mines in X plan are planned with off-loading concept for OB removal, DGMS may advise and guide SCCL for smooth and safe management of such OB removal contracts.
In some of the mines of SCCL long wall units with power supports and sharers are in use, whose performance is good at national level though much improvement is required when compared to international standards. Capacity of the supports has been increased from 350T to 500T in the last 15 years.

(a) SCCL was also first to introduce Blasting Gallery method whose performance is excellent.

(b) LHDs are also in use where ever the conditions are favourable.

All the above mechanization was possible due to close association of DGMS and their positive approach through out.

Future Projection of Technology

In view of the successful operation of SDLs in CIL mines, SCCL, is proposing to introduce SDLs in large number to increase the profitability of UG mines. Wherever the conditions are favorable, SCCL propose to introduce Continuous Miners in large scale for depillaring operations where SCCL DGMS involvement fully for successful introduction.

Work force and welfare

SCCL has on data 97,053 employees on its roll.

SCCL is always in the fore front of providing welfare amenities to their workmen with residential accommodation, educational facilities, treated drinking water supply, regular internal colony roads, encouragement to games and sports with adequate funding and provision.

Medical facilities: Seven Hospitals, forty four Dispensaries, with 1070 bed strength with a ratio of 100:1 for employees and beds are available.
PART – B
COAL MINING POLICY AND MAJOR INITIATIVES

LEGISLATIVE CHANGES

Notification of coal gasification and coal liquefaction as specified end uses

It was felt that in view of the rising demand for energy in a rapidly growing economy the efforts to locate alternative/additional sources of energy to supplement the available energy resources needs to be supported strongly for the sake of energy security of the country. The need, necessity and justification for encouraging Underground Coal Gasification (UGC) and coal liquefaction were considered on the following grounds:

(i) Reserves beyond 300 meters which are not feasible for conventional mining can be exploited through coal gasification and liquefaction.
(ii) This is a clean coal technology with no environmental issues.
(iii) It is necessary to encourage private entrepreneurs to invest in development of these frontier technologies.
(iv) Isolated small patches can be exploited through this technology.
(v) This is an alternative source of energy.
(vi) This can be used to meet part of the increasing demand for energy of the country.

The Integrated Energy Policy has also recommended that in-situ coal gasification and coal liquefaction should be notified as specified end-uses under the current captive consumption policy. The Notification specifying coal gasification and liquefaction as end-uses has been published in the Gazette of India on 12th July, 2007.
Proposal for introduction of system of auction by competitive bidding for allocation of coal block.

With the progressive allocation of coal blocks, the number of coal blocks available for allocation is declining, while the number of applicants per block is increasing, as the demand for coal keeps increasing. This has made selection of an applicant in respect of a block difficult and vulnerable to criticism on the ground of lack of transparency and objectivity. While efforts are on hand to continuously add blocks to the captive list, it is also expected that the demand for blocks would remain far ahead of supply. Therefore, there is an urgent need to bring in a process of selection that is not only objective but also demonstrably transparent. Auctioning through competitive bidding is one acceptable selection process.

The Government is contemplating an amendment in the Mines & Minerals (Development & Regulation) Act, 1957, in order to introduce auction, through competitive bidding as a selection process for allocation of coal blocks for captive mining for specified end uses on such terms and conditions as may be prescribed by the rules. A Bill for amendment in the MM(D&R) Act, 1957 is being prepared accordingly.

ALLOCATION OF COAL BLOCKS

Under the Coal Mines (Nationalisation) Act, 1973, coal mining was mostly reserved for the public sector. By an amendment to the Act in 1976, two exceptions to the policy were introduced viz., (i) captive mining by private companies engaged in production of iron and steel and (ii) sub-lease for coal mining to private parties in isolated small pockets not amenable to economic development and not requiring rail transport.
The Coal Mines (Nationalisation) Act, 1973 was amended in June, 1993 to allow coal mining for captive consumption for generation 17 of power, washing of coal obtained from a mine and other end uses to be notified by Government from time to time. As per the provisions in Section 3 (3) (a) (iii) of the Coal Mines (Nationalisation) Act, 1973, a company engaged in production of iron and steel, generation of power, production of cement, and production of syn-gas obtained through coal gasification (underground and surface) and coal liquefaction only can do coal mining in India for captive consumption.

The Central Government, a Government company (including a State Government company), a Corporation owned, managed and controlled by the Central Government can do coal mining without the restriction of captive use.

The allocation of coal blocks to private parties is done through the mechanism of an inter-Ministerial and inter-Governmental body called the Screening Committee. The Screening Committee is chaired by the Secretary (Coal) and has representation from Ministry of Steel, Ministry of Power, Ministry of Commerce and Industry, Ministry of Environment and Forest, Ministry of Railways, Coal India Limited, CMPDIL and the concerned State Governments.

<table>
<thead>
<tr>
<th>Sector / End Use</th>
<th>No of blocks</th>
<th>Geological Reserves (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Public Sector Undertakings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I Power</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Captive Dispensation</td>
<td>31</td>
<td>7896.07</td>
</tr>
<tr>
<td>(b) Govt. dispensation</td>
<td>20</td>
<td>10476.07</td>
</tr>
<tr>
<td>Sub-total</td>
<td>51</td>
<td>18372.14</td>
</tr>
<tr>
<td>II Commercial Mining</td>
<td>39</td>
<td>5929.83</td>
</tr>
<tr>
<td>III Iron and Steel</td>
<td>3</td>
<td>1492.30</td>
</tr>
<tr>
<td>Total</td>
<td>93</td>
<td>25794.27</td>
</tr>
</tbody>
</table>
NEW POLICY OF DISTRIBUTION OF COAL

The New Coal Distribution Policy has been announced by the Government on 18th October, 2007. The salient features of the new policy are given below:

(i) The existing classification of consumers into Core & Non-core has been reviewed and it has now been decided to dispense with the same. Instead, each sector/consumers would be treated on merit keeping in view, inter-alia, the regulatory provisions applicable thereto and other relevant factors.

(ii) Requirements of defence sector and Railways will be met in full at notified price, as at present.

(iii) While 100% of the quantity as per the normative requirement of the Power Utilities including Independent Power Producers (IPPs), Captive Power Plants (CPPs) and Fertilizer Sector consumers would be considered for supply of coal, through Fuel Supply Agreement (FSA) by Coal India Limited (CIL), 75% of the quantity as per the normative requirement of the Other consumers/actual users would be considered for supply of coal through FSA at fixed prices to be declared/ notified by CIL.

<table>
<thead>
<tr>
<th>B. Private Companies</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>(a) Power</td>
<td>20</td>
<td>2702.21</td>
</tr>
<tr>
<td>(b) Iron and Steel</td>
<td>47</td>
<td>6703.27</td>
</tr>
<tr>
<td>(c) Small and Isolated</td>
<td>2</td>
<td>9.34</td>
</tr>
<tr>
<td>(d) Cement</td>
<td>3</td>
<td>232.34</td>
</tr>
<tr>
<td>(e) Ultra Mega Power Project</td>
<td>7</td>
<td>2607.24</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>79</td>
<td>12254.24</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td>172</td>
<td>38048.67</td>
</tr>
</tbody>
</table>
(iv) Enhancement of present cap of 500 tonnes per annum to 4200 tonnes per annum for the small & medium sector consumers. The earmarked quantity would be distributed through state government agencies, central government agencies or industry associations as notified by the State Governments. The quantity earmarked for distribution to these agencies would also be increased to 8 million tonnes annually, to start with.

(v) The linkage system will be replaced with a more transparent bilateral commercial arrangement of enforceable Fuel Supply Agreements (FSAs).

(vi) The Letter of Assurance (LoA) to be issued to new consumers now pursuant to the new policy will have a validity of 24 months for consumers/applicants of Power Utilities, CPPs & IPPs and 12 months for other consumers instead of 30 months as earlier. The allottee of LoA would be required to fulfill certain stipulated conditions and meet the milestones within this period and thereupon approach coal companies for entering into FSA.

(vii) E-auction scheme for distribution of coal to be introduced to provide access to such consumers, who are unable to source coal through available institutional mechanisms.

(viii) CIL would undertake verification of such consumers of erstwhile non-core sector consumers, in a time bound manner, either directly or through an agency, so as to check the veracity of their claim of being bonafide consumers of coal and thereafter act accordingly.
JBCCI FOR WAGE REVISION

Prior to nationalization of coal industry, the wage structure and other service conditions including fringe benefits were covered under the recommendations of the Central Wage Board for Coal Mining Industry. On the persistent demand of the workmen in coal industry, the Government of India decided to review the wage structure and consequently in 1973 set up a Joint Bipartite Wage Negotiations Committee for the coal industry which later came to be known as the Joint Bipartite Committee for Coal Industry (JBCCI).

Successive JBCCIs have been constituted from time to time to finalize the National Coal Wage Agreements (NCWAs). So far seven wage negotiations have been concluded. The validity period of Seventh National Coal Wage Agreement (NCWA) has expired on 30.6.2006. The Eighth JBCCI has been constituted by Coal India Limited on 16.5.2007 to negotiate NCWA-VIII in accordance with the DPE guidelines.

PLANNING, COAL PROJECTS, COAL PRODUCTION, DISTRIBUTION AND MARKETING

ELEVENTH FIVE-YEAR PLAN (2007-2012)
COAL DEMAND

The Working Group (WG) for Coal & Lignite for formulation of XI Plan has assessed the coal demand of 731.00 MT in the terminal year of XI Plan i.e. 2011 – 12. The annualized growth rate of coal demand is expected to be about 9 % over X Plan terminal year demand (BE) of 474.18 MT. The All India coal demand for the year 2007 – 08 and 2008 – 09 have been assessed as 492.50 MT and 555.00 MT respectively. Sector wise break-up is as under:
Coal Supply

The Indigenous coal supply projection in the terminal year of XI Plan is projected to be 680.00 MT. Out of these, share of CIL and SCCL sources are 520.50 MT and 40.80 MT respectively. Other producers comprising of PSUs, State Enterprises and Captive Producers are anticipated to increase supply to a level of 118.70 MT. The demand – supply gap estimated as 51.00 MT, which will be met by imports of 40.85 MT of coking coal and 10.15 MT of non-coking coal. The scenario stated above is summarized in the table below along with a coal supply plan of 2007 – 08 & 2008 - 09:

(Million Tonnes)

<table>
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<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>CIL</td>
<td>385.90</td>
<td>385.90</td>
<td>405.00</td>
<td>520.50</td>
</tr>
<tr>
<td>SCCL</td>
<td>38.04</td>
<td>40.508</td>
<td>41.50</td>
<td>40.80</td>
</tr>
<tr>
<td>Others</td>
<td>37.95</td>
<td>36.85</td>
<td>50.79</td>
<td>118.70</td>
</tr>
<tr>
<td><strong>Total Indigenous Supply</strong></td>
<td><strong>461.89</strong></td>
<td><strong>463.258</strong></td>
<td><strong>497.29</strong></td>
<td><strong>680.00</strong></td>
</tr>
<tr>
<td><strong>Import – Coking</strong></td>
<td><strong>20.00</strong></td>
<td><strong>19.00</strong>*</td>
<td><strong>17.80</strong></td>
<td><strong>40.85</strong></td>
</tr>
<tr>
<td>- Non-Coking</td>
<td>10.61</td>
<td>10.45*</td>
<td>40.36</td>
<td>10.15</td>
</tr>
<tr>
<td><strong>Total Imports</strong></td>
<td><strong>30.61</strong></td>
<td><strong>29.45</strong></td>
<td><strong>58.16</strong></td>
<td><strong>51.00</strong></td>
</tr>
<tr>
<td><strong>Gap</strong></td>
<td>0.00</td>
<td>0.00</td>
<td>+ 0.45</td>
<td>0.00</td>
</tr>
</tbody>
</table>

* As per the AP 2007-08..26
COAL PRODUCTION

Subsidiary wise coal production targets of CIL and Others for the XI th Plan Period (2007 – 12) are given below. Actual production of CIL till December, 2007 is also furnished.

(Million Tonnes)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>ECL</td>
<td>33.41</td>
<td>15.496</td>
<td>30.50</td>
<td>31.00</td>
<td>43.74</td>
<td>45.08</td>
<td>46.00</td>
</tr>
<tr>
<td>BCCL</td>
<td>25.20</td>
<td>16.144</td>
<td>25.50</td>
<td>26.50</td>
<td>27.50</td>
<td>28.50</td>
<td>30.00</td>
</tr>
<tr>
<td>CCL</td>
<td>44.00</td>
<td>24.525</td>
<td>44.00</td>
<td>47.00</td>
<td>55.00</td>
<td>65.00</td>
<td>78.00</td>
</tr>
<tr>
<td>NCL</td>
<td>58.00</td>
<td>42.267</td>
<td>59.20</td>
<td>61.25</td>
<td>65.00</td>
<td>68.00</td>
<td>70.00</td>
</tr>
<tr>
<td>WCL</td>
<td>42.40</td>
<td>30.996</td>
<td>42.90</td>
<td>43.05</td>
<td>43.65</td>
<td>44.50</td>
<td>45.00</td>
</tr>
<tr>
<td>SECL</td>
<td>91.50</td>
<td>67.118</td>
<td>93.20</td>
<td>96.00</td>
<td>101.10</td>
<td>106.30</td>
<td>111.00</td>
</tr>
<tr>
<td>MCL</td>
<td>88.00</td>
<td>60.526</td>
<td>88.00</td>
<td>99.00</td>
<td>111.00</td>
<td>122.00</td>
<td>137.00</td>
</tr>
<tr>
<td>NEC</td>
<td>2.00</td>
<td>0.682</td>
<td>1.10</td>
<td>1.20</td>
<td>2.50</td>
<td>3.00</td>
<td>3.50</td>
</tr>
<tr>
<td>CILTotal</td>
<td>384.51</td>
<td>257.754</td>
<td>384.40</td>
<td>405.00</td>
<td>449.49</td>
<td>482.38</td>
<td>520.50</td>
</tr>
<tr>
<td>SCCL</td>
<td>38.04</td>
<td>29.962</td>
<td>40.508</td>
<td>41.50</td>
<td>39.00</td>
<td>40.00</td>
<td>40.80</td>
</tr>
<tr>
<td>Others #</td>
<td>37.95</td>
<td>21.803</td>
<td>36.85</td>
<td>50.79</td>
<td>61.51</td>
<td>87.62</td>
<td>118.70</td>
</tr>
<tr>
<td>All India</td>
<td>460.50</td>
<td>309.519</td>
<td>461.75</td>
<td>497.29</td>
<td>550.00</td>
<td>610.00</td>
<td>680.00</td>
</tr>
</tbody>
</table>

# Others include other PSU, TISCO, Captive Mining & Meghalaya

PROJECTION OF OUTPUT PER MANSHEIF (OMS)

(Figs in tonnes)

<table>
<thead>
<tr>
<th>Year</th>
<th>Coal India Ltd</th>
<th></th>
<th></th>
<th>Singareni Collieries Company Ltd</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UG</td>
<td>OC</td>
<td>Overall</td>
<td>UG</td>
<td>OC</td>
<td>Overall</td>
</tr>
<tr>
<td>2007 – 08 (BE)</td>
<td>0.75</td>
<td>8.92</td>
<td>3.84</td>
<td>1.07</td>
<td>8.20</td>
<td>2.48</td>
</tr>
<tr>
<td>2007 – 08 (RE)</td>
<td>0.81</td>
<td>9.34</td>
<td>4.09</td>
<td>1.07</td>
<td>8.55</td>
<td>2.50</td>
</tr>
<tr>
<td>2007 – 08 Actual upto Dec.2007</td>
<td>0.72</td>
<td>9.12</td>
<td>3.98</td>
<td>1.00</td>
<td>9.53</td>
<td>2.54</td>
</tr>
<tr>
<td>2008-09 (BE)</td>
<td>0.81</td>
<td>9.34</td>
<td>4.09</td>
<td>1.17</td>
<td>10.73</td>
<td>2.97</td>
</tr>
<tr>
<td>2011 - 12</td>
<td>0.94</td>
<td>13.18</td>
<td>5.54</td>
<td>1.14</td>
<td>8.40</td>
<td>2.67</td>
</tr>
</tbody>
</table>

UC = Underground OC = Opencast
CAPITAL OUTLAY

To achieve the projected coal production in XI Plan, Working Group in Coal & Lignite for XI Plan has estimated a total capital outlay of Rs.34259 Crore for CIL, SCCL and NLC. Capital Outlay for the departmental schemes of the Ministry of Coal has been estimated at Rs.7702 Crore. Thus the total Capital Outlay works out to Rs.41961 Crore. However, the Ministry of Coal has proposed for a total Capital Outlay of Rs.43554.20 Crore.

5.4.2 The proposal is under finalization at the Govt level. The details of Capital Outlay for 2007–08, 2008–09 and for the total plan period is as under:27

(Rupees in crores)

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Coal India limited</td>
<td>15875.00</td>
<td>17390.07</td>
<td>2472.14</td>
<td>1167.63</td>
<td>2066.97</td>
<td>3214.31</td>
</tr>
<tr>
<td>SCCL</td>
<td>3340.00</td>
<td>3340.30</td>
<td>570.58</td>
<td>196.21</td>
<td>520.00</td>
<td>655.30</td>
</tr>
<tr>
<td>NLC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mines</td>
<td>2993.00</td>
<td>2826.00</td>
<td>795.83</td>
<td>484.53</td>
<td>696.72</td>
<td>772.00</td>
</tr>
<tr>
<td>Power</td>
<td>12051.00</td>
<td>12218.00</td>
<td>1211.14</td>
<td>751.55</td>
<td>1233.28</td>
<td>1945.00</td>
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<tr>
<td>Total NLC</td>
<td>15044.00</td>
<td>15044.00</td>
<td>2006.97</td>
<td>1236.08</td>
<td>1930.00</td>
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<tr>
<td>Sub-total (Coal PSUs)</td>
<td>34259.00</td>
<td>35774.37</td>
<td>5049.69</td>
<td>2599.92</td>
<td>4516.97</td>
<td>6596.61</td>
</tr>
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<td>Departmental schemes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Science &amp; Technology</td>
<td>214.40</td>
<td>100.00</td>
<td>22.54</td>
<td>11.50</td>
<td>12.86</td>
<td>21.00</td>
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<tr>
<td>Regional Exploration</td>
<td>383.50</td>
<td>383.50</td>
<td>63.59</td>
<td>34.99</td>
<td>65.85</td>
<td>66.90</td>
</tr>
<tr>
<td>Detailed drilling</td>
<td>816.50</td>
<td>893.89</td>
<td>104.50</td>
<td>40.00</td>
<td>43.84</td>
<td>13.87</td>
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<tr>
<td>Env. Mgmt &amp; subsidence control</td>
<td>4622.00</td>
<td>4642.88</td>
<td>31.12</td>
<td>15.12</td>
<td>28.22</td>
<td>25.69</td>
</tr>
<tr>
<td>Conservation &amp; Safety in coal mines</td>
<td>692.95</td>
<td>692.95</td>
<td>0.01</td>
<td>0.00</td>
<td>165.00</td>
<td>300.00</td>
</tr>
<tr>
<td>Development of Transport infrastructure in coalfield areas</td>
<td>972.65</td>
<td>972.65</td>
<td>0.01</td>
<td>0.00</td>
<td>45.00</td>
<td>50.00</td>
</tr>
<tr>
<td>Coal controller’s office</td>
<td>--</td>
<td>1.13</td>
<td>0.23</td>
<td>0.15</td>
<td>0.22</td>
<td>0.22</td>
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<tr>
<td>Information Technology</td>
<td>--</td>
<td>15.00</td>
<td>3.00</td>
<td>0.00</td>
<td>1.00</td>
<td>3.00</td>
</tr>
<tr>
<td>North-Eastern Region</td>
<td>---</td>
<td>77.83</td>
<td>25.00</td>
<td>0.00</td>
<td>15.20</td>
<td>53.41</td>
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<tr>
<td>Sub-Total (Departmental Schemes)</td>
<td>7702.00</td>
<td>7779.83</td>
<td>250.00</td>
<td>101.76</td>
<td>377.19</td>
<td>534.09</td>
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<tr>
<td>Grand Total –Moc</td>
<td>41961.00</td>
<td>43554.20</td>
<td>5299.69</td>
<td>2701.68</td>
<td>4894.16</td>
<td>7130.70</td>
</tr>
</tbody>
</table>
Main reasons for slippage in the implementation of projects:

a) Delay in acquisition of land and associated problems of rehabilitation,

b) Delay due to adverse geo-mining condition,

c) Delay due to fire,

d) Delay due to law & order problems.

Steps taken to improve project implementation:

Land acquisition and rehabilitation:

i) Vigorous follow up action with concerned State Govts. officials are being actively done to expedite land acquisition proceedings.

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 R&R problems.

iii) To overcome the problem of acquisition of land, forestry and environmental clearance, Advance actions for projects(costing Rs. 50 crores and above) are being sanctioned up to Rs. 20 crores to help initiate processes for various clearances before sanction of the projects by the Govt.

Geo-mining constraints:

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

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

ii) Comprehensive guidelines for project formulation and monitoring have been 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 General Manager/Chief General Manager and by Director (Projects) and CMDs at corporative level.

- Status of project is also reviewed at every company board meeting by exceptions.

- 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.

- 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.
COAL MINING POLICY AND MAJOR INITIATIVES

LEGISLATIVE CHANGES

Notification of coal gasification and coal liquefaction as specified end uses

It was felt that in view of the rising demand for energy in a rapidly growing economy the efforts to locate alternative/additional sources of energy to supplement the available energy resources needs to be supported strongly for the sake of energy security of the country. The need, necessity and justification for encouraging Underground Coal Gasification (UGC) and coal liquefaction were considered on the following grounds:

(i) Reserves beyond 300 meters which are not feasible for conventional mining can be exploited through coal gasification and liquefaction.

(ii) This is a clean coal technology with no environmental issues.

(iii) It is necessary to encourage private entrepreneurs to invest in development of these frontier technologies.

(iv) Isolated small patches can be exploited through this technology.

(v) This is an alternative source of energy.

(vi) This can be used to meet part of the increasing demand for energy of the country.

The Integrated Energy Policy has also recommended that in-situ coal gasification and coal liquefaction should be notified as specified end-uses under the current captive consumption policy. The Notification specifying coal gasification and liquefaction as end-uses has been published in the Gazette of India on 12th July, 2007.
Proposal for introduction of system of auction by competitive bidding for allocation of coal block.

With the progressive allocation of coal blocks, the number of coal blocks available for allocation is declining, while the number of applicants per block is increasing, as the demand for coal keeps increasing. This has made selection of an applicant in respect of a block difficult and vulnerable to criticism on the ground of lack of transparency and objectivity. While efforts are on hand to continuously add blocks to the captive list, it is also expected that the demand for blocks would remain far ahead of supply. Therefore, there is an urgent need to bring in a process of selection that is not only objective but also demonstrably transparent. Auctioning through competitive bidding is one acceptable selection process.

The Government is contemplating an amendment in the Mines & Minerals (Development & Regulation) Act, 1957, in order to introduce auction, through competitive bidding as a selection process for allocation of coal blocks for captive mining for specified end uses on such terms and conditions as may be prescribed by the rules. A Bill for amendment in the MM(D&R) Act, 1957 is being prepared accordingly.

**ALLOCATION OF COAL BLOCKS**

Under the Coal Mines (Nationalisation) Act, 1973, coal mining was mostly reserved for the public sector. By an amendment to the Act in 1976, two exceptions to the policy were introduced viz., (i) captive mining by private companies engaged in production of iron and steel and (ii) sub-lease for coal mining to private parties in isolated small pockets not amenable to economic development and not requiring rail transport.
The Coal Mines (Nationalisation) Act, 1973 was amended in June, 1993 to allow coal mining for captive consumption for generation, power, washing of coal obtained from a mine and other end uses to be notified by Government from time to time. As per the provisions in Section 3 (3) (a) (iii) of the Coal Mines (Nationalisation) Act, 1973, a company engaged in production of iron and steel, generation of power, production of cement, and production of syn-gas obtained through coal gasification (underground and surface) and coal liquefaction only can do coal mining in India for captive consumption.

The Central Government, a Government company (including a State Government company), a Corporation owned, managed and controlled by the Central Government can do coal mining without the restriction of captive use.

The allocation of coal blocks to private parties is done through the mechanism of an inter-Ministerial and inter-Governmental body called the Screening Committee. The Screening Committee is chaired by the Secretary (Coal) and has representation from Ministry of Steel, Ministry of Power, Ministry of Commerce and Industry, Ministry of Environment and Forest, Ministry of Railways, Coal India Limited, CMPDIL and the concerned State Governments.

Table 3.10. ALLOCATION OF COAL BLOCKS

<table>
<thead>
<tr>
<th>Sector / End Use</th>
<th>No of blocks</th>
<th>Geological Reserves (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Public Sector Undertakings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I Power</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Captive Dispensation</td>
<td>31</td>
<td>7896.07</td>
</tr>
<tr>
<td>(b) Govt. dispensation</td>
<td>20</td>
<td>10476.07</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>51</strong></td>
<td><strong>18372.14</strong></td>
</tr>
<tr>
<td>II Commercial Mining</td>
<td>39</td>
<td>5929.83</td>
</tr>
<tr>
<td>III Iron and Steel</td>
<td>3</td>
<td>1492.30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>93</strong></td>
<td><strong>25794.27</strong></td>
</tr>
</tbody>
</table>
### B. Private Companies

<table>
<thead>
<tr>
<th>Category</th>
<th>Quantity</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Power</td>
<td>20</td>
<td>2702.21</td>
</tr>
<tr>
<td>(b) Iron and Steel</td>
<td>47</td>
<td>6703.27</td>
</tr>
<tr>
<td>(c) Small and Isolated</td>
<td>2</td>
<td>9.34</td>
</tr>
<tr>
<td>(d) Cement</td>
<td>3</td>
<td>232.34</td>
</tr>
<tr>
<td>(c) Ultra Mega Power Project</td>
<td>7</td>
<td>2607.24</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>79</strong></td>
<td><strong>12254.40</strong></td>
</tr>
</tbody>
</table>

**Grand total**

|                 | 172      | 38048.67  |

Source: Ministry of Coal Mines.

### NEW POLICY OF DISTRIBUTION OF COAL

The New Coal Distribution Policy has been announced by the Government on 18th October, 2007. The salient features of the new policy are given below:-

(i) The existing classification of consumers into Core & Non-core has been reviewed and it has now been decided to dispense with the same. Instead, each sector/consumers would be treated on merit keeping in view, inter-alia, the regulatory provisions applicable thereto and other relevant factors.

(ii) Requirements of defence sector and Railways will be met in full at notified price, as at present.

(iii) While 100% of the quantity as per the normative requirement of the Power Utilities including Independent Power Producers (IPPs), Captive Power Plants (CPPs) and Fertilizer Sector consumers would be considered for supply of coal, through Fuel Supply Agreement (FSA) by Coal India Limited (CIL), 75% of the quantity as per the normative requirement of the Other consumers/actual users would be considered for supply of coal through FSA at fixed prices to be declared/ notified by CIL.
(iv) Enhancement of present cap of 500 tonnes per annum to 4200 tonnes per annum for the small & medium sector consumers. The earmarked quantity would be distributed through state government agencies, central government agencies or industry associations as notified by the State Governments. The quantity earmarked for distribution to these agencies would also be increased to 8 million tonnes annually, to start with.

(v) The linkage system will be replaced with a more transparent bilateral commercial arrangement of enforceable Fuel Supply Agreements (FSAs).

vi) The Letter of Assurance (LoA) to be issued to new consumers now pursuant to the new policy will have a validity of 24 months for consumers/applicants of Power Utilities, CPPs & IPPs and 12 months for other consumers instead of 30 months as earlier. The allottee of LoA would be required to fulfill certain stipulated conditions and meet the milestones within this period and thereupon approach coal companies for entering into FSA.

vii) E-auction scheme for distribution of coal to be introduced to provide access to such consumers, who are unable to source coal through available institutional mechanisms.

viii) CIL would undertake verification of such consumers of erstwhile non-core sector consumers, in a time bound manner, either directly or through an agency, so as to check the veracity of their claim of being bonafide consumers of coal and thereafter act accordingly.
COAL PRODUCTION, DISTRIBUTION AND MARKETING

COAL PRODUCTION

Through sustained programme of investment and greater thrust on application of modern technologies, it has been possible to raise the production of coal from a level of about 70 million tonnes at the time of nationalization of coal mines in early 1970's to 430.83 million tonnes (All India – excluding Meghalaya) in 2006-07.

Coal India limited and its subsidiaries are the major producers of coal. 257.754 million tonnes (provisional) of coal was produced by Coal India Ltd. and its subsidiaries during 2007-08(April-December) as against the production of 250.073 million tonnes in the year 2006-07 (April-December), showing a growth of 3.07%.

Singareni Collieries Company Limited (SCCL) is the main source for supply of coal to the southern region. The company produced 31.11 million tonnes(provisional) of coal during 2007-08 (April-December) as against 26.097 million tonnes during the corresponding period last year. Small quantities of coal are also produced by TISCO, IISCO, DVC and others.

Coal produced in the country (excluding Meghalaya) during the year 2007-08 (April-December, 07) has been 309.517 million tonnes (provisional) as compared to the production of 295.148 million tonnes achieved during the same period of the previous year i.e. 2007-08 showing a growth of 4.87%.

COAL DISTRIBUTION AND MARKETING

The Marketing Division of CIL coordinates marketing activities for all its subsidiaries. CIL has set up Regional Sales Offices and Sub-Sales Offices at selected places in the country to cater to the needs of the consuming sectors in various regions.
**Linkage Committees**

Two types of linkage committees function for deciding the coal linkage and distribution to the consumers belonging to Cement, Power & Steel including Sponge Iron Units.

(i) Standing Linkage Committee (Long-term)

(ii) Standing Linkage Committee (Short-term)

**Standing Linkage Committee (Long-term)**

Standing Linkage Committee (Long-term) for Power, Cement and Sponge Iron considers requirement of coal of consumers at the planning stage and links the requirement in the long-term perspective from a rational source after examining factors like quantity and quality required, time frame, location of the consuming plants, transport logistics, development plan for the coal mine etc.

The Long-term linkage Committees are Chaired by Additional Secretary, Ministry of Coal and has representatives from Ministry of Power, Ministry of Steel, Ministry of Commerce & Industry, Ministry of Railways, Department of Shipping, Central Electricity Authority, Coal India Limited, CMPDIL and Singareni Collieries Company Limited (SCCL).

In addition to above there is another committee known as Standing Linkage Committee(Short-term), an inter Ministerial Committee consisting of the representatives of Ministry of Power, Central Electricity Authority, Railways, Department of Industrial Policy and Promotion and coal companies. This Committee allocates coal to consumers of Power and Cement Sector on quarterly basis taking
into account coal production and logistic involved therein. The short-term linkages to power and cement industries are granted once every quarter. SLC also takes care of mid-term deviations. Coal India Limited, Kolkata, decides allocation to Sponge Iron Units.

Linkages of coal to thermal power stations are allocated by Standing Linkage Committee (ST) on quarterly basis keeping in view the recommendation made by the Central Electricity Authority (CEA). The CEA recommendations are based on the power generation programme, ground stock with individual power houses etc. Factors for deciding the linkages are power generation programme, availability of coal and carrying capacity of Railways as well as feasibility of movement by other modes.

**CHANGES MADE UNDER NEW DISTRIBUTION POLICY OF COAL**

Prior to introduction of New Coal Distribution Policy in October, 2007, the consumers were broadly classified in two categories to Core and Non Core Sector. The basis for earlier classifying consumers was solely based on there role in economic development. However, the erstwhile classification of the consumers under New Coal Distribution Policy has been dispensed with. This policy was formulated in view of the direction of the Apex Court and came in force w.e.f 18.10.2007.

Under this Policy each sector/consumers have been treated on merit, keeping in view the regulatory provisions applicable thereto.

Earlier Standing Linkage Committee (Long Term), inter alia, granted long-term coal linkage to power utilities, IPP, CPP and Cement units with firm commitment of the coal quantity and the identified sources of coal supplies. However,
it was observed that many of the power projects, which were granted long-term coal linkage, did not come up as planned resulting in preemption of coal linkage. Therefore, under New Coal distribution Policy it was decided to introduce the concept of “Letter of Assurance” (LOA), which provides for assured supply of coal to developers, provided they meet stipulated milestones. Once the milestones as stipulated in the LoA are met by the developers, LoA holders would be entitled to enter into Fuel Supply Agreements (FSAs) for long-term supply of coal.

**DISTRIBUTION OF COAL TO SMALL & MEDIUM CONSUMERS**

Supply of Coal to non core sector consumers (small and medium industry consumers) have been revisited in the new Distribution Policy. The New Coal Distribution Policy also specifically addresses the issue of supply of coal to consumers in small and medium sector since the classification of the consumers as core and non core sector has been dispensed with under the New Coal Distribution Policy.

Under this policy, the State Governments are required to work out genuine requirement of such units in small and medium sector like Smokeless fuel, brick kiln, coke oven units etc. in a transparent and scientific way and distribute coal to them accordingly. The State Governments are to take appropriate steps to evaluate the genuine consumption and monitor use of coal. The cap has also been enhanced to 4200 tonnes per annum from 500 tonnes for the targeted consumers under this category. In order to meet the enhanced cap fixed for such consumers, the quantity earmarked for distribution by State nominated agencies would be increased to 8 million tonnes annually to start with. This quantity would be allocated for distribution
to those units/consumers in small and medium sector across the country whose requirement is less than 4200 tonnes per annum and are otherwise not having any access to purchase coal or conclude Fuel supply Agreement (FSA) for coal supply with coal companies.

The earmarked quantity would be distributed through agencies notified 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 associations, as the State Govt. may deem appropriate. The agency so notified will continue to distribute coal until the State Govt. decide to denotify it.

The FSA would be based on firm commitment and compensation for default in performance on either side. The State Government/Central Govt. agencies would be free to devise their own distribution mechanism. However, the said mechanism should inspire public confidence and should result in distribution of coal in a transparent manner.

The price charged to such agencies would be the notified price as applicable to other consumers entering into FSA. 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. The concerned State Governments and Central Govt. Deptt. 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 taken to prevent its misuse.
IMPORT OF COAL

As per the present Import policy, coal can be freely imported (under Open General Licence) by the consumers themselves considering their needs based on their commercial prudence.

Coking coal is being imported by Steel Authority of India Limited (SAIL) and other Steel manufacturing units mainly to bridge the gap between the requirement and indigenous availability and to improve the quality. Coast based power plants, cement plants, captive power plants, sponge iron plants, industrial consumers and coal traders are importing non-coking coal. Coke is imported mainly by Pig-Iron manufacturers and Iron & Steel sector consumers using mini-blast furnace.

Details of import of coal and products during the last five years is as under:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Coking Coal</td>
<td>12.95</td>
<td>12.99</td>
<td>16.93</td>
<td>16.89</td>
<td>22.00</td>
</tr>
<tr>
<td>Non-coking Coal</td>
<td>10.31</td>
<td>8.69</td>
<td>12.03</td>
<td>21.70</td>
<td>23.00</td>
</tr>
<tr>
<td>Coke</td>
<td>2.25</td>
<td>1.89</td>
<td>2.84</td>
<td>2.62</td>
<td>3.80</td>
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<tr>
<td>Total Import</td>
<td>25.51</td>
<td>23.57</td>
<td>31.80</td>
<td>41.21</td>
<td>48.80</td>
</tr>
</tbody>
</table>

COAL CONSUMERS COUNCILS

For redressal of consumer's grievances and monitoring of complaints received from the consumers, one Regional Coal Consumers Council has been set up for each coal company. An Apex body viz. National Coal Consumers Council has also been set up at the Headquarters of Coal India Limited. In case the complainant does not receive a reply within a month or the complainant is not satisfied with the reply of Coal Company, he may prefer a complaint to the National Coal Consumers Council.
SAFETY IN COAL MINES

Safety of coal miners is the top priority area. As the production of coal increases, measures for producing the same with safety are implied. Coal companies as operators of mines are primarily responsible for conducting safe mining operations and improving safety and health of miners. Directorate General of Mines Safety under Ministry of Labour & Employment is the safety regulatory authority and enforces the safety legislation in mines.

Over the years the safety performance in the coal mines of the country has improved significantly and the fatality rate in 2007 at 0.21 per thousand persons employed is the lowest so far in the country. However, there is need to further improve safety records with an aim to achieve zero harm to miners.

While the coal companies take all care in observing safety legislation, they have also a stringent safety monitoring mechanism at corporate and local levels mainly through Internal Safety Organisations. The Workmen Inspectors are also deployed in each mine as per the statutory requirement and periodic reviews are held at colliery level, area level and corporate level involving workers representatives and management. Over and above, the regulatory authority the Directorate General of Mines Safety regularly undertakes safety inspection of the mines to enforce compliance of safety legislation. At national level the safety aspects of coal mines in the country are reviewed periodically by a Standing Committee on Safety in Coal Mines under the Chairmanship of Minister of Coal.
In addition to compliance with the requirements of mine safety laws, Coal companies are taking the following actions to reduce number of accidents:

- Scientific roof support systems based on rock-mass-rating.
- Increased use of steel supports and roof bolts in place of timber supports.
- Avoiding exposure of workers to hazardous conditions by mechanisation of loading operations in underground mines through deployment of side discharge loaders (SDLs) and load haul dumpers (LHDs) etc. and replacing rope haulages with conveyor belts wherever feasible.
- Introduction of continuous miner technology and long wall technology in underground mines wherever feasible.
- Regular monitoring of mine environment for detecting inflammable and noxious gases using modern equipments like digital Multi-Gas Detectors etc.

Before every monsoon preventive measures against inundation are implemented through:

- Strengthening pumping arrangements
- Emergency plan for keeping vigil on situations
- Check co-relation survey to establish the barriers between waterlogged workings wherever danger of inundation exists
- Filling up the surface cracks
- Implementation of Code of Practices for Heavy Earth Moving Machinery operators, maintenance staff & others
- Thrust on training & retraining of supervisors and workmen including contractor’s workers to increase safety awareness
- Workers participation in safety management
- Regular safety audit of mines and risk assessment and management

Safety Statistics of coal PSUs during the period January-December 2007 is given below.

<table>
<thead>
<tr>
<th>Company</th>
<th>Fatal Accident</th>
<th>Fatalities</th>
<th>Serious Accidents</th>
<th>Serious Injuries</th>
<th>Fatality Rate Per MT</th>
<th>Fatality Rate Per 3 lac man shifts</th>
<th>Fatality Rate Per 31 lac man shifts</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECL</td>
<td>7</td>
<td>8</td>
<td>105</td>
<td>115</td>
<td>0.32</td>
<td>0.11</td>
<td>4.63</td>
</tr>
<tr>
<td>BCCL</td>
<td>10</td>
<td>10</td>
<td>66</td>
<td>66</td>
<td>0.42</td>
<td>0.19</td>
<td>2.77</td>
</tr>
<tr>
<td>CCL</td>
<td>7</td>
<td>8</td>
<td>16</td>
<td>16</td>
<td>0.19</td>
<td>0.20</td>
<td>0.37</td>
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<tr>
<td>NCL</td>
<td>5</td>
<td>5</td>
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<td>10</td>
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<td>0.36</td>
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<tr>
<td>WCL</td>
<td>12</td>
<td>12</td>
<td>60</td>
<td>61</td>
<td>0.28</td>
<td>0.21</td>
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<tr>
<td>SECL</td>
<td>10</td>
<td>10</td>
<td>60</td>
<td>63</td>
<td>0.11</td>
<td>0.15</td>
<td>0.68</td>
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<tr>
<td>MCL</td>
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<tr>
<td>NEC</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>CIL</td>
<td>55</td>
<td>57</td>
<td>326</td>
<td>340</td>
<td>0.15</td>
<td>0.18</td>
<td>0.92</td>
</tr>
<tr>
<td>SCCL</td>
<td>10</td>
<td>10</td>
<td>552</td>
<td>557</td>
<td>0.24</td>
<td>0.18</td>
<td>13.21</td>
</tr>
<tr>
<td>NLC</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>7</td>
<td>0.09</td>
<td>0.14</td>
<td>0.31</td>
</tr>
</tbody>
</table>
The rate of fatality and serious injury during the period 2004 to 2007 is given in the table below.

<table>
<thead>
<tr>
<th>Company</th>
<th>Fatality rate per MT</th>
<th>Fatality rate pr 3 lakh man shifts</th>
<th>Serious injuries per MT</th>
<th>Serious injuries per 3 lakh man shifts</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIL</td>
<td>0.22</td>
<td>0.28</td>
<td>0.30</td>
<td>0.15</td>
</tr>
<tr>
<td>SCCL</td>
<td>0.41</td>
<td>0.35</td>
<td>0.50</td>
<td>0.24</td>
</tr>
<tr>
<td>NLC</td>
<td>0.14</td>
<td>0.05</td>
<td>0.26</td>
<td>0.09</td>
</tr>
</tbody>
</table>

WORKERS PARTICIPATION IN MANAGEMENT

In CIL and subsidiaries there is a well established bipartite forum consisting of the representatives of the Management and the 5 Central Trade Unions for interaction and redressal of issues related to the wages & service conditions, employment, safely, grievances and welfare etc. related matters. The following joint bipartite fora are operating at different levels:

1. JBCCI at CIL
2. Apex Jt. Consultative Committee
3. Safety Board/ Safety Committee
4. Welfare Board/ Welfare Committee
5. Joint Consultative Committee's
6. Industrial Relation Meetings (Structural meetings with union).

EMPLOYEES WELFARE SCHEMES

The focus of Welfare Activities is the welfare of employees and their families.

Every effort is being made to improve the living conditions of the coal miners. In
order to create a sense of belonging and involvement in work, top priority is given by the management to provide housing, medical and educational facilities etc. The results of the welfare measures taken in different areas are as under

**HOUSING:**

At the time of Nationalization, in Coal India Ltd and its subsidiaries there were only 1,18,366 houses including sub-standard houses. The availability of houses has increased to 4,12,642 (up to 31.12.2007). The percentage of housing satisfaction has now reached to 96.07%.

**WATER SUPPLY**

In Coal India Ltd. & its subsidiaries as against 2.27 Lakhs population having access to potable water at the time of Nationalization in 1973, presently 22.91 Lakhs (up to 31.12.2007) population have been covered under water supply scheme.

**MEDICAL FACILITIES:**

i) The Coal India Ltd. and its subsidiaries are extending medical facilities to its employees and their families through various medical establishments starting from the Dispensary level to the Central and Apex Hospitals in different parts of the coalfields.

ii) There are 85 hospitals with 5,835 Beds, 424 Dispensaries, 667 Ambulance and 1,599 Doctors including Specialists in CIL and its subsidiaries to provide medical services to the employees. Besides 12 Ayurvedic Dispensaries are also being run in the Subsidiaries of Coal India Limited to provide indigenous system of treatment to workers.
EDUCATIONAL FACILITIES:

The primary responsibility of providing educational facilities lies with the State Govt. However, the subsidiary companies on its part have been providing financial assistance and infrastructure facilities to certain schools like DAV Public Schools, Kendriya Vidyalaya, Saraswati Vidyamandir, Ramakrishna Vivekananda Vidyapith, Delhi Public School etc. and other educational institutions run by the State Government. In addition, as a part of Community Development Programme financial assistance by way of grant-in-aid/infrastructure facilities are also provided to certain privately managed schools by the subsidiary coal companies functioning in and around coalfield areas.

Statutory Welfare Measures:

In accordance with the provisions of the Mines Act 1952 and Rules and Regulations framed there-under, subsidiaries of Coal India Limited are maintaining various statutory welfare facilities for the coal miners such as Canteen, Rest Shelters, Pit Head Baths etc.

Non-statutory Welfare Measures:

Co-operative Stores and Credit Societies:

In order to supply essential commodities and Consumer goods at a cheaper rate in the Collieries Central Co-operatives and Primary Co-operative Stores are functioning in the Coalfield areas of CIL. In addition Co-operative Credit Societies are also functioning in the Coal Companies.
Banking Facilities:

The Management of Coal Companies are providing infrastructure facilities to the various Nationalised Banks for opening their Branches and Extension Counters in the Coalfields for the benefit of the coal workers. Workers are educated to draw their salaries through Banks and they are also encouraged to practice thrift for the benefit of their families.

INDUSTRIAL RELATIONS:

The industrial relations atmosphere in NLC signifies employee friendly attitude of the management which shows greater care in dealing with human resources. The recognised Unions and Associations in turn are looking beyond their own problems to realise their responsibility to be more responsive to the needs of increasing productivity.

EMPLOYEES WELFARE:

Following welfare measures have been extended to the employees:

- 100% housing to employees
- Subsidised canteen facilities and uniforms/footwear
- Conveyance reimbursement
- Merit scholarships to school students
- Special scholarships to SC/ST students
- Group accident insurance schemes
- Special increments for acquiring higher qualifications
- Long service awards
- Marriage & superannuation gifts
- Free medical treatment to employees & their dependents
- Terminal payments including provident fund on the date of retirement
- Post retirement medical benefit scheme.
- Death relief scheme

**FUTURE PLANS:**

NLC in its endeavour to become a leading lignite mining and Power Company has embarked on the following projects:

i) Coal based Thermal Power Plant (1000 MW) at Tuticorin a Joint Venture Project with TNEB. (estimated cost Rs.4909.54 Cr)

ii) Jayamkondam Mine (13.5 MTPA)-Cum- Power Project (1600 MW). (estimated cost Rs.10000 Cr)

iii) Barsingar Thermal Power Project- Expansion 250 MW with linked mine (2.1 MTPA) at Bithnok & Hadla. (estimated cost Rs.1690 Cr)

iv) Coal based Thermal Power Plant (2000 MW) at Orissa (estimated cost Rs.9000 Cr)

v) Gujarat Power project (1000 MW) with linked lignite Mine (8 MTPA) (estimated cost Rs.5140 Cr)

vi) Mine-II (8.0 MTPA) linked to TPS-III (1000 MW) at Neyveli (estimated cost Rs.7450 Cr)

vii) New Thermal Power Plant (1000 MW) in lieu of TPS-I (estimated cost Rs.4500 Cr)

viii) Coal Based Power Plant (1000 MW) at Jharkand (estimated cost Rs.4500 Cr)

ix) Coal Based Power Plant (1000 MW) at Madhya Pradesh. (estimated cost Rs.4500 Cr)
WELFARE OF SCHEDULED CASTES AND SCHEDULED TRIBES AND PERSONS WITH DISABILITY

Coal India Limited

Reservation Policy

The reservation policy is being maintained on recruitment and promotion of Scheduled Castes and Scheduled Tribes respectively as per Presidential Directives.

<table>
<thead>
<tr>
<th>Direct Recruitment Promotion</th>
<th>Promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Group-A &amp; B posts</td>
<td>SC</td>
</tr>
<tr>
<td>All India basis by means of open Basis competitive test (written)</td>
<td>15%</td>
</tr>
<tr>
<td>All India Basis otherwise than by not conducting written competitive test</td>
<td>16%</td>
</tr>
</tbody>
</table>

Apart from the above there is a directive on reservation in recruitment on C&D Group of SC/ST where state-wise reservation is being maintained.

Welfare Measures

Mining of coal has profound impact on the communities living in the areas where the mines are established. The obvious impact of the introduction of any industrial activities in such areas is change in the traditional lifestyle of the original inhabitants and indigenous communities and also change in the socioeconomic profile of the area. In the above context, Coal India strongly believes that the people living in mining areas are an important stakeholder in the process of mine development and for sustainable development they have to be given share of the benefits of development of the mining projects.
Coal India has a history of providing relatively high standards of living for its employees. It has made major progress over the last decades by introducing policies and plans for minimizing and mitigating impacts on environment and the social aspects in its areas of mining activities. Coal India has all along endeavored to proceed in its efforts to create a modern, efficient organization with due respect of environmental and social responsibilities. For the purpose from time to time it stipulated framework within which Coal India has assisted the communities of the surrounding habitations to develop.

In view of the above as a part of CORPORATE SOCIAL RESPONSIBILITY Coal India and its Subsidiary companies are undertaking different welfare activities, in and around the coalfield areas for the benefit of Scheduled Castes and Scheduled Tribes. Types of works are as under:-

1) Installation/Repairing of Hand Pumps.

2) Digging/renovation of Wells/Ponds/Dam etc.

3) Water Supply through pipelines.

4) Construction/Renovation and repair of Community Centre/building

5) Construction/repair of Roads/Culverts.

6) Construction/repair of school building.

7) Organising Medical Camps.

8) Organising Sports and cultural activities.

9) Misc. works.
WELFARE AND DEVELOPMENT AND EMPOWERMENT OF WOMEN

WOMEN EMPLOYEES STRENGTH

Coal India provides employment to around 29,307 women (31-12-2007). This constitutes about 6.82% of total manpower. The number of women executives are around 504 and skilled/monthly rated women employees are 6246 and the rest belong to unskilled/daily rated category. One of the reasons for low ratio of women as compared to men in Coal India is the nature of the profession itself. Coal mining by its intrinsic nature is an arduous and hazardous profession. Moreover there is a regulation preventing women employees from entering the underground mines. Most of the women executives are in administrative disciplines like personnel, finance etc.

TRAINING

A major thrust of the CIL and its subsidiary companies is on the skill up-gradation of female employees. Female employees are given training on jobs like:

- Shovel/Dumper/Excavator/Pay-loader
- Operation
- Haulage/Fan/Pump operation
- Lathe machine/Moulder/Driller
- Switch Board Attendance
- Armature winding
- Security