

THE MINISTER OF STATE IN THE MINISTRY OF MINES AND MINERALS (PROF. RITA VERMA):

(a) The Coal India Limited (CIL) have not proposed commercial mining of coal by domestic private companies.

(b) Does not arise in view of the answer given to part (a) of the question.

(c) and (d) No decision to change the existing holding-subsiary structure of Coal India Limited (CIL) has been taken. The following steps are continuously taken by the coal producing subsidiary companies of CIL to curb the activities of the 'coal mafia':—

(i) Intensive patrolling by the Central Industrial Security Force (CISF) and security personnel of coal companies.

(ii) Close liaison with the State/District authorities.

(iii) Raids by CISF and local police on illegal coal depots.

(iv) Surprise checks/raids by security personnel.

(v) Handing over of miscreants to the police and lodging of First Information Reports.

Resolving Financial Problem of sick coal companies

864. SHRI SURYABHAN PATIL VAHADANE: Will the Minister of MINES AND MINERALS be pleased to state:

(a) the names of Coal companies running in loss for the last two years; and

(b) what action Government have taken or propose to take to save these companies from financial problems?

THE MINISTER OF STATE IN THE MINISTRY OF MINES AND MINERALS (PROF. RITA VERMA): (a) As per the audited accounts of Coal India Limited (CIL), three subsidiary companies of CIL, namely Eastern Coalfields Ltd. (ECL), Bharat Coking Coal Ltd. (BCCL) and Central Coalfields Ltd. (CCL) have incurred loss in the last two financial years of 1997-98 and 1998-99. However, CIL as a whole, have earned profit of Rs. 1803.99 crores in 1997-98 and Rs. 1451.79 crores in 1998-99.

(b) In February, 1996, a policy package for improving the capital base of CIL was approved by the Government as a result of which the outstanding plan loans of Rs. 904.18 crores owed by CIL to the Government as on 31.3.92 was converted into non-cumulative 10% Preference Shares (redeemable in 2003-04) and overdue interest of Rs. 891.75 crores up to 31.3.92 and penal interest of Rs. 553.92 crores payable by CIL were written off. An internal exercise of debt-equity swap within the CIL subsidiaries was done in 1997-98 as a result of which ECL's debt of Rs. 994.00 crores to CIL and BCCL's debt of Rs. 1180.70 crores to CIL were converted in to equity of these two companies and the equity of Northern Coalfields Ltd., Western Coalfields Ltd. and South Eastern Coalfields Ltd., the profitmaking subsidiaries of CIL was correspondingly reduced. In 1996-97 pricing of coking coal, hard coke, soft coke and A,B,C & D grades of non-coking coal was deregulated in two phases. As per a Government decision taken in February, 1997, the pricing of remaining grades i.e. E,F.& G grades of non-coking coal stands earmarked for deregulation from January, 2000. Even for E, F & G grades of non-coking coal, CIL have been given freedom to fix the prices keeping in view the 1987 escalation formula prescribed by the Bureau of Industrial Costs and Prices.

Despite the above measures, the losses of ECL, BCCL and CCL could not be arrested on account of a large number of highly loss-making underground coal mines with exhaustible reserves, difficult geo-mining conditions and surplus manpower. The coal sale dues of ECL, BCCL and CCL from their power sector consumers particularly the State Electricity Boards have continued to increase. On account of continuous losses for two decades, ECL's equity has been fully eroded as per the audited accounts of the company for 1998-99 and therefore in pursuance of the statutory provisions in the Sick Industrial Companies (Special Provisions) Act, 1985, ECL had no other option but to refer itself to the Board of Industrial and Financial Reconstruction (BIFRD) on 17.11.99. Revival of ECL, therefore, now depends on the directions of the BIFR.

The Board of Directors of CIL have decided to engage the Industrial Credit & Investment Corporation of India Ltd. and Industrial Development Bank of India for formulation of the revival Plans of BCCL and CCL respectively.