

RAJYA SABHA

Friday, 11th August, 1972/20th Shravana,
1894 (Saka)

The House met at eleven of the clock, MR,
CHAIRMAN in the Chair.

ORAL ANSWERS TO QUESTIONS

REPORT OF THE FUEL POLICY COMMITTEE

*266. SHRI SHYAMLAL GUPTA :
SHRI PRANAB KUMAR
MUKHERJEE : SHRI M. K.
MOHTA : SHRI SUNDAR MANI
PA-TEL: SHRI LOKANATH
MISRA : SHRI K. C. PANDA :
SHRI CHANDRAMOULI
JAGARLAMUDI:
SHRI SURAJ PRASAD:
SHRI BALACHANDRA
MENON: SHRI BHUPESH
GUPTA : SHRI YOGENDRA
SHAR-MA:

Will the Minister of STEEL AND MINES
be pleased to refer to the reply to Unstarred
Question No. 652 given in the Rajya Sabha
on the 26th November, 1971 and state :

(a) whether the Fuel Policy Committee
has since submitted its report;

(b) if so, the salient features of its
recommendations; and

(c) the reaction of Government thereto?

THE MINISTER OF STATE IN THE
MINISTRY OF STEEL AND MINES (SHRI
SHAH NAWAZ KHAN) : (a) The Fuel Policy
Committee has submitted Part I of its report
entitled 'Fuel Policy for the Seventies'.

(b) A statement is laid on the Table of the
House. (See below)

(c) The recommendations are under
consideration.

STATEMENT The important
conclusions and recommendations made in
the Report are given below subjectwise :—

Demand for Energy—In forecasting the
fuel demand, the Fuel Policy Committee has
taken into account the targets and rates of
growth indicated in the perspective plan given
in the Fourth Five Year Plan.

The total demand for energy in 1978-79
and 1980-81 is estimated to be as follows on
the basis of the various assumptions spelt out
in the report.

	1978-79		1980-81	
	In* M.T.C.R.	In Original Units	In* M.T.C.R.	In Original Units
Coal (Excluding power generation)	108.0	108.0 m.t.	124.5	124.5 m.t.
Oil	191.0	27.2 m.t.	222.2	31.7 m.t.
Electricity	125.0	125.0 × 10 ⁹ kwh	150.2	150.2 × 10 ⁹ kwh

tThe question was actually asked on the floor of the House by Shri Shyam' al Gupta. *MTCR
represents Million Tonnes of Coal Replacement Units. 1—11 R. S. S./72

The total requirements of coal for power generation of the level anticipated is estimated to be 56.5 million tonnes in 1978-79. The Total demand for coal including power generation is estimated at 164.5 or say 165 m. tonnes.

The demand for oil products relates only to those used as fuel. The total demand for fuel, feed stocks and for other purposes is likely to be of the order of 34 million tonnes in 1978-79 and 39 million tonnes in 1980-81. (These estimates for oil are the requirements if there is no substitution from fuel oil to coal and if the choice of feed stocks is made as per the current trends).

The demand for energy at the busbars of the generating plants would be 148 billion Kwhs. and the total generation which includes consumption by the station auxiliaries would be about 156 billion Kwhs.

Supply possibilities—While the Committee had worked out the demand for the fuels on the basis of the perspective plan it had studied the possibilities of meeting the demand from the point of view of minimising the dependence on imported fuels, conservation of indigenous fuels and, on the basis of different supply possibilities has made a series of recommendations as follows :—

Coal—As the country faces a critical shortage of prime coking coal, production of different grades of coking coal should be planned strictly in accordance with the proportion in which they are needed in the steel plants. Immediate attention should be paid to the opening of new mines and the expansion of the existing mines producing medium coking coal in order to conserve the scarce resources of prime coking coal.

Immediate action should be taken to prepare detailed project reports for the required capacity for washing coking coal as the gestation periods involved in

setting up washeries are long and the requirements cannot be met from the existing washeries.

There should be a Standing Committee for utilisation of middlings and some institutional arrangement for a very quick economic appraisal of the value of middlings from each washery for the purpose of fixing the price to be paid by the power plants for the middlings.

The total quantity of non-coking coal required to be raised by the end of the Fifth Plan is estimated at 122 m.t. This is a very difficult task and calls for a concerted and co-ordinated effort in various directions such as stepping up the detailed drilling operations in the outlying coalfields, standardising the machinery and equipment used in the mines and ensuring their availability from indigenous or other sources and streamlining the procedure for project sanctions.

Since the utilisation of machines in coal mining has so far been very much below the rated capacity, measures should be taken to improve the utilisation. The selection of the optimal technology for coal production should be made on a proper study of the economics using appropriate weightages for machine utilisation under Indian conditions and the availability of abundant labour force.

The Committee has emphasised that no plan for increasing coal production can succeed unless simultaneous arrangements are made for transport of coal. Techno-economic studies of the cost of transport of coal by alternate routes may be taken up and contingent plans drawn up to meet possible shortfalls in coal production from individual fields. The utilisation of railway capacity should be improved by having recourse to rake loading programmes, unit trains and closed circuit movement and coal dumps.

Alternative transport systems like coastal shipping and movement by the river Ganga should be explored further.

The administrative machinery of the Coal Controller should be geared up to undertake the task of regulation at the stage of distribution to determine the quality, quantity and source coalfield-wise for the supply of coal to various classes of consumers.

Oil—The studies made by the Committee indicate :

(a) that on the basis of the current relative price level of crude and products, especially fuel oil, the total refinery capacity to be set up during the Fifth Plan period could be lower than what has been projected if hydro-cracking of heavier fractions to maximise the middle-distillates yield is undertaken on a larger scale than considered so far. Higher level of hydro-cracking, in effect, reduces the extent of dependence on crude imports for meeting the demand for middle distillates and this may be considered as improving the security of supplies.

(b) that there is a case for larger recourse to coal based fertiliser production in areas where the demand for fertilizer is high and coal is available nearly.

On preliminary calculations which considered the possibilities of minimisation of the costs, it seems that higher investments in hydro-cracking plants may be justified if the relative prices of crude and fuel oil are not altered from the present trend. The Committee has therefore suggested a reconsideration of the investment pattern in the oil industry by examining in depth the implications of various investment options. The Committee has recommended that a reappraisal may be made of the production, distribution and pricing policies of petroleum products and feedstock policies for fertilizer pro-

duction keeping in view the wide choices possible in refinery product patterns, feedstock selection, the spatial configuration of demand for oil products and the possibilities of curbing fuel oil usage in industries.

Substitution of Coal for Oil products

—The Committee has urged that the case for nitrogenous fertiliser plants based on coal in certain locations should be examined further and a much greater level of fertiliser production could be planned on coal based technology during the Fifth Plan.

The use of fuel oil for power generation and by industrial consumers should be discouraged except in cases where the use is unavoidable on technical grounds.

As a means of replacing kerosene in the domestic sector, the possibility of setting up gas works in towns with a population of over one million should be studied and at least one or two plants set up immediately after an adequate techno-economic appraisal of the proposals with reference to the specific locations. Proposals for reducing the viable size of gas plants so as to suit towns with population of less than one million should be examined on techno-economics considerations.

The scheme for coal gas supply to Calcutta should be given priority by installing necessary distribution lines and by pursuing a more aggressive sales policy.

The Department of Mines should set up technical group to evaluate the different technologies for the manufacture of solid smokeless domestic fuel with reference to specific urban centres and arrange to set up units based on the correct choice of technology. Where the returns of such projects are not adequate, the quantum of subsidy should also be investigated and suitable action

taken on the basis of the divergence between social benefits and private benefits that may arise, at least in the initial stage.

Non-Commercial fuels—The estimated demand for non-commercial fuels in 1978-79 is expected to be as follows :—

Firewood Charcoal	152 million tonnes
Cow-dung	82 million tonnes
Vegetable waste	46 million tonnes

A well designed survey of the consumption of non-commercial fuels in the domestic sector should be taken up by the National Sample Survey Organisation at intervals of at least 3 years and the results correlated and published by them. The Govt, should arrange for an early inventory of the forest wealth with particular reference to the quantity of fuel wood that could be extracted and of the potential for afforestation with quick growing species like casuarina with the specific object of supply of firewood to the domestic sector. The 'Gobar Gas' scheme of the Khadi and Village Industries Commission should be given greater financial support and special efforts should be made to intensify the scheme in selected areas where the firewood scarcity is likely to be severe. In view of the great importance of replacing non-commercial fuels particularly firewood, the consumption of soft coke should be increased at the rate of 15% per annum and made available to urban sectors. The possibilities of providing additional transport for the movement of soft coke keeping in view various relevant factors should be explored. Transport should be ensured for brick burning coal in order to reduce the consumption of firewood by brick kilns. Research and Development work should be done on the optimisation of design of the 'Chula' and other appliance used in the small towns and rural areas and in developing a technology for low cost domestic fuel production.

Electricity—The total generation including auxiliary consumption, losses etc. should be about 156 billion Kwh. The

installed capacity would range between 37,000 MW and 40,000 MW. The development of hydro-power should be given high priority during the Fifth Plan. Consideration may be given to greater participation by the Central Govt, in setting up generation and bulk transmission facilities. The Central Electricity Authority may be activated and directed to initiate appropriate steps for drawing up a national power policy for accelerated power development and introduce measures which would lead to economic and national power supply in the country.

Research and Technology—The Committee has recommended the setting up of an organisation for keeping under review the energy situation in the country including the collection of data regarding fuel production, distribution, prices and consumption. This organisation could be in the form of an Institute for energy studies with an autonomous position in the Govt, which would enable it to have scientific independence in the discharge of its duties while retaining the possibility of drawing on the knowledge and experience available in Govt. Departments and other agencies.

The existing organisations for providing fuel efficiency service should be strengthened.

The Committee has suggested that research may be undertaken, *inter-alia* on the following subjects :—

(i) the possibilities to develop technology for using fuel oil directly as a feed for hydro crating.

(ii) development of technologies for the manufacture of semi-smoking or non-smoking solid fuel at cheap cost and for improving the efficiency of utilisation of fuels in domestic ovens.

(iii) setting up of demonstration or pilot plants for studies on production of synthetic Oil from coal.

(iv) Research on efficient utilisation of coal for power generation through the use of fluidised bed technology.

(v) Investigation of the potential of the magneto hydro dynamic process which reduces the cost of power generation and also hazards arising out of pollution.

SHRI SHYAMLAL GUPTA : May I know whether the Fuel Policy Committee has recommended the use of fuel oil for Power Generation and Industrial Production, except when it is technically necessary, and greater exploitation of country's coal deposits instead of stepping up oil imports and extensive popularisation of gas, including gobar (cowdung) gas for domestic cooking, etc? If so, have the Government examined this and how much electricity is likely to be saved in the case of implementation of the said recommendation?

SHRI SHAH NAWAZ KHAN : It is correct that the Fuel Policy Committee has recommended that more reliance should be placed on development of coal resources rather than on oil. They have recommended less use of oil. In fact, they have recommended the fuel oil to be curtailed as much as possible for industrial use. They have also recommended a greater use of 'gobar' gas as developed by the Cottage Industries Commission. We are considering those recommendations.

MR. CHAIRMAN : Mr. Pranab Kumar Mukherjee.

SHRI PRANAB KUMAR MUKHERJEE : By the time the report of the Fuel Policy Committee is laid on the Table of the House, half of the recommendations have gone to the Petroleum Ministry and half of them, so far as coal is concerned, are left with the Mines Ministry. In view of this, may I know whether the attention of the Government has been drawn to para 3 of

the Report where it has been pointed out that 122 million tonnes of non-coking coal will have to be produced during the period ending 5th Five Year Plan. In the present circumstances prevailing in the coal field, in which not a single coal mine-owner is investing a single naya paisa in his mine, can the target be reached during the period ending 5th Five Year Plan?

Secondly, I would like to know from the hon. Minister whether in the present staggering situation of transporting coal from pitheads, the Railway Ministry has taken up the question of making adequate arrangements for supply of wagons so that during the Fifth Five Year Plan the transport of coal does not come to a stand still situation.

SHRI SHAH NAWAZ KHAN : According to the recommendations of the Fuel Policy Committee, we will have to increase the production to about 80 Million tonnes. Our present production of coal is about 70 million tonnes. We have spare capacity for another 15 million tonnes. And to keep up to the recommendations of the Committee we have to produce 80 million tonnes. We feel, Sir, that when the Bharat Coking Coal Co., and the MCDC have come into the field and have extended their activities in a big way, and as also we hope that the private sector will play their part well and they will also cooperate with us—and if they do cooperate with us—there is no reason why we should not be able to achieve the target.

Regarding the creation of sufficient railway transport facilities for carrying this additional coal traffic, I am sure that if the Indian Railways are given sufficient time they will make suitable arrangements for carrying it.

SHRI CHANDRAMOULI JAGARLAMUDI : Sir, as regards prime coking coal it is mentioned in the statement

that immediate attention should be paid to the opening of new mines and expansion of the existing mines producing medium coking coal. In this regard I would like to know from the hon. Minister if the Government has conducted any survey of the places where new mines could be opened and what steps they are taking for the expansion of the existing mines.

SHRI SHAH NAWAZ KHAN : As far as reserves of prime coking coal are concerned, we know very well where they are located. The House is aware that we have nationalised the coking coal mines and it is mainly in the Jharia-Dhanbad coal field that we have these very high quality coking coal reserves. The idea is that after the enactment of the present legislation—nationalisation of coking coal mines—these will be reorganised and reconstructed, and we are in touch with Poland to get some experts who will help us in the modernisation of these mines so that they can prove equal to the expansion that is ahead of them.

SHRI T. V. ANANDAN : Sir, this Report is a very good Report because in view of the...

MR. CHAIRMAN : That is not a question.

SHRI T. V. ANANDAN : Yes, Sir, it is a question; I am coming to the question.

It is a good Report as far as provision of employment in this country is concerned. Our Prime Minister is also very keen to solve the problem of unemployment. It is stated that the total demand for coal including power generation is estimated to be 165 million tonnes. Sir, it is not difficult in this country of ours which, it is stated, has not less than 11,000 crore tonnes of coal in the womb of Mother India. The present employment is only about four lakhs of men who bring out about 80 million tonnes of coal from the womb

of our motherland. Thus the employment figure can be doubled from four lakhs to eight lakhs. Mr. Khadilkar can solve unemployment to the extent of 0.5 million by providing work for the unemployed people of our country. Will the Government of India see that they give immediate implementation to these recommendations as far as production of coal is concerned? You need not go outside the country. Therefore, in order to solve the problems of unemployment and also enlarge the scope of employment for our youth—to which they are entitled—within the next two or three years you can provide employment for not less than four lakhs of men as far as the coal fields are concerned.

SHRI SHAH NAWAZ KHAN : I am grateful to the hon. Member for making a valuable suggestion. We are aware of the abundant manpower available in our country and we will keep that in view when we undertake the expansion.

डा० भाई महावीर : श्रीमन्, मंत्री जी ने एन० सी० डी० सी० के द्वारा उत्पादन का बड़ा आशाजनक जो जवाब दिया, उस सिलसिले में मैं जानना चाहूंगा, अब तक का तजुर्बा, एन० सी० डी० सी० के उत्पादन के बारे में क्या इस तरह की आशा के लिए मौका देता है ...

श्री सी० डी० पांडे : 10 साल हो गए ।

डा० भाई महावीर : क्या देश में पिछले 10 साल का अनुभव निराशाजनक नहीं रहा है। आपने रेलवे के बारे में कहा। तो क्या यह सच नहीं है कि पिछले एक साल से रेलवे की कैरिडिज कैपेसिटी पर्याप्त नहीं है और कोल पिट्स पर बहुत बड़ा स्टॉक जमा हो जाने के कारण सारे देश में समस्याएं पैदा हो रही हैं और अभी तक रेलवे उसको टैकल नहीं कर सका? यहां तक कि ट्रकों से दुगुने और तीगुने दामों पर कोयला लाया जा रहा है और बड़े-बड़े शहरों में पहुंचाया जा रहा है। आखिरी बात में यह पूछना चाहता हूं कि गोबर

गैस का जिक्र इसमें किया गया है और खादी विलेज इंडस्ट्री कमिशन ने यह सिफारिश की है कि इसके बारे में विशेष एफेक्ट्स किए जाने चाहिए। मैं यह जानना चाहता हूँ कि गैस स्कीम को खादी विलेज इंडस्ट्री कमिशन ने कब दिया था और इतने समय तक सरकार ने इसके बारे में क्या ध्यान दिया और अब तक इसके बारे में कोई कार्यवाही नहीं की गई, तो क्यों नहीं की गई ?

श्री शाहनवाज खां : माननीय सदस्य ने पहला सवाल एन० सी० डी० सी० के तजुबों के बारे में पूछा था, तो मैं यह कहना चाहता हूँ कि इसके बारे में हमारा तजुर्बा संतोषजनक है और इसमें कोई मायूसी की बात नहीं है (Interruption) मैं उनसे यह अर्ज करना चाहता हूँ कि जहां तक कोयले के उत्पादन का सम्बन्ध है बाकी तमाम जगहों पर घटा है, लेकिन एन० सी० डी० सी० के खानों पर वह बढ़ा है। सवाल जो है वह कोयले के उत्पादन का नहीं है...

DR. BHAJI MAHAVIR: But the point is...

MR. CHAIRMAN : Dr. Mahavir, that was the last question.

श्री जगदम्बी प्रसाद यादव : कितना घटा और कितना बढ़ा, यह भी बतला दीजिये।

DR. BHAJI MAHAVIR : If he is j satisfied, on what basis we would like ! to know.

श्री शाहनवाज खां : मैं इस बारे में अर्ज कर रहा था और आप मुझे आगे कहने को इजाजत दें। यहां पर सवाल एन० सी० डी० सी० के नाहिलियत का नहीं है, बल्कि असल सवाल यह है कि जो कोयला वे पैदा करते हैं, वह कोयला जहां पर जाना चाहिए, वह वहां पर नहीं पहुंच रहा है। जो पिट हैड स्टॉक नामाली तीन, चार लाख टन तक होना चाहिए था, वह पिट हैड स्टॉक आठ, नौ लाख टन तक पहुंच गया है। तो जो असल बोटलनेक है

वह ट्रान्सपोर्ट की है। एन० सी० डी० सी० के उत्पादन की नाहिलियत की नहीं है, बल्कि ट्रान्सपोर्ट की है। दूसरी बात रेलवे की है और इसके बारे में जवाब देने का मुझे अधिकार नहीं है। लेकिन मैं इतना अर्ज कर सकता हूँ कि जुलाई के महिने में रेलवेज ने जो हमको वगन दिए हैं, वे पहले से बेहतर हैं और हमें उम्मीद की शलक नजर आ रही है कि कोयला मंजिले तक पहुंच जायेगा।

एक माननीय सदस्य : कैसी शलक ?

श्री नागेश्वर प्रसाद शाही : मंत्री जी अपने मंजिले तक पहुंच गए हैं, इसलिए उन्हें उम्मीद है।

DR. BHAJI MAHAVIR : Sir, his optimism is full of bravery.

श्री शाहनवाज खां : गोबर गैस के बारे में सब लोग जानते हैं कि खादी विलेज इंडस्ट्री की यह एक पुरानी सिफारिश है और इसके बारे में मैं यह मानता हूँ कि इसको सर्वा से अमल में नहीं लाया गया, जिसकी वजह से वह कामयाब नहीं हुई। लेकिन फिर भी जो फ्यूएल पालिसी कमेटी है, उसने इस बारे में सिफारिश की है और उसको इम्प्लीमेंट करने की पूरी कोशिश की जा रही है।

डा० भाई महावीर : सवाल यह है कि इसमें कार्यवाही न होने का कारण क्या है। स्कोम की बात नहीं है, बल्कि अमल की बात है और जो मंत्री जी ने इस सम्बन्ध में जवाब दिया है वह कोई जवाब नहीं है। उन्हें यह स्कोम कब दी गई थी और इतने असें तक कोई कार्यवाही क्यों नहीं की गई ? इस बारे में आप बतलाइए।

श्री शाहनवाज खां : रिपोर्ट बहुत पहले जा चुकी है और उसको हम इम्प्लीमेंट कर रहे हैं।

डा० भाई महावीर : श्रीमन्, मंत्री जी, मेरे सवाल को समझे नहीं हैं, मैंने गोबर गैस के बारे में पूछा था।