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COLLIERY MAZDOOR CONGRESS

Regd. No. 955 Affiliated to : Hind Mazdoor Sabha

Prof. Madhu Dandavate

Bengal Hotel

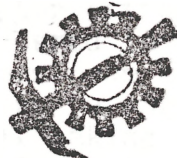
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Date JAN 10, 2001.



Ref. No. CMC/HMS/JS/2/2001.

To
The Chairman,
Parliamentary Standing Committee on Energy,
New Delhi.

Sir,

Sub. : The Coal Mines (Nationalisation) Amendment Bill, 2000 Comments thereon from Colliery Mazdoor Congress (HMS).

For the past ten years since the Union Government's New Industrial Policy and the structural adjustment there under came into operation, the Hind Mazdoor Sabha (HMS) has been consistent in voicing its total oppositions to the denationalisation of the infrastructural industries like coal, steel rail, port, dock and oil. Beside their commendable performance in the discharge of their socio-economic obligations, these nationalise infrastructural industries have been the mainstay for the present level of industrial development in the private sector. This is being acknowledged by industrial magnets like Shri Ratan Tata and others.

2. The HMS finds the Bill under the consideration of the Parliamentary Standing Committee on Industry seeks to negate the very objective of the nationalisation of the Coal mining industry and as such is not in agreement with the Bill.

3. The Coal Industry was nationalised for more than one reason :

1. The private owner of the coal were unabatedly indulging in large scale slaughter mining activities only for more profits, as to render the mines unfit for further extraction of coal and thereby necessitating the conservation of coal reserve and safety of mines through nationalisation.

2. Profit being the sole motive of the private owners, their mining operations were badly planned and unscientific as to pose a serious threat to the very future of the industry and could not fulfill future demand of coal for development which requires large infrastructures including

3. Safety of mines and the mineworkers were an unnecessary additional cost for the Private owners.

4. Merciless exploitation of mineworkers by the private owners who used to force the workers to work under deplorable working and living conditions.

The private owners never bothered to fill the gap by stand-stowing of the Mine after extracting coal. As there remains huge gap subsidence occurred in various areas. The prime objective of most of business houses and private firms owning the coal mines was to earn a good profit. The primary consideration of profit making by the private colliery owners subordinated sound mining method. The private collieries were frittering away coal reserve with widespread violations of mines safety Acts. The unscientific mining practice led to extensive fire and collapses with considerable cost to the nation in the shape of loss of coal reserves and mine fires. Raniganj, Jharia area are standing examples where the Government is spending crores of rupees for stabilisation, rehabilitation and reclamation for the wrongs committed by the erstwhile private owners. Thousands of Inhabitants of these areas who lost their property and constantly living under the threat of subsidence.

5. In the open cast mines the private owners never resorted to reclamation and afforestation causing serious environmental problems and wastage of land for future farming. Thousands of farmers became jobless.
6. It was precisely for these reasons the coal Industry was nationalised for better conservation, development, maximum extraction of planned quantity of coal and fool proof safety of mines. It was being increasingly felt that integrated and scientific development of coal reserve was not possible under the private ownership which was primarily motivated by short term profits. The existance of small units and poor financial resources stood in the way of planning for speedy loading of coal and the need for movements in block rakes. The idea was to have all the mines with huge reserve of high grade coal a National asset under one company with sufficient financial capacity to achieve the above objectives. A separate subsidy was formed named Central Mine Planning and Design Institute (CMPDIL) under CIL to ensure scientific and efficient Mining of coal.
7. It ~~is~~ is therefore surprising that while accepting the situation prevailing in the pre-nationalisation period and agreeing that it is not practicable to provide safeguard in the Bill it self the Bill seeks to bring in private owners who were the very cause of the situation.
8. The object and reason given by the Hon'ble Minister for introducing the Bill revolves around the following points.
 1. The coal demand is expected to increase several fold within the next few years on account of the burgeoning demand from the power sector.
 2. By the end of 10th Five Year Plan, it is assessed that the demand supply gap of coal would be around 235 Million Tonnes.
 3. It will not be possible for the Nationalised coal companies and captive coal mining companies to bridge this huge gap.

9. We are first of all not convinced with these projection, neither power sector not the other sectors seems to be progressing in view of Govt.'s new economic policies.
10. Even the Hon'ble Minister or his Ministry has not given any justification for these projections. We are also not convinced with demand supply gap projection as the Demand of coal has also not picked up as per the projections of the committee on Integrated coal policy set up by the Planning Commission in April, 1995 to assess the demand of coal in Ninth and Tenth Plan resulting into pegging down of production in some subsidiaries of CIL. The fall in demand is due to several reasons.
11. The demand of coal assessed for the power sector was too high and does not seem to be based on proper assessment. The demand of coal for power sector prepared by different agencies differ from one to another and it is absolutely exaggerated. The demand of coal by the power sector is inflated. Till now there is no shortage of supply of coal to the power sector. And till now we have no knowledge of any new power sector coming up. Even the demand of coal of some imaginary power sector which is not even founded is given. The demand is totally hypothetical and have no bearing with reality. The actual demand of coal by power sector unitwise assessment should be made and given to us.
12. Moreover many of the Industrial Consumers in Northern and also around West Bengal have switched over to oil fired equipment resulting in reduction of coal demand. In addition CIL has lost substantial market in coal for Railway Locomotive which has been completely dieselised / electrified. Many pottery and refractory units around Agra have switched over to Gas fired furnaces following restrictions.
13. This short fall in the uptake of coal by the above listed industrial consumers can easily be off set by the power sector in the country.
14. Coal India has the requisite infrastructure for effective performance of Coal Industry and meeting the demands of Coal based thermal power stations coal India Ltd. can not only effectively meet the demand but also enable some of the loss making subsidiaries turn around with some financial investment by the Central Government and by abolition of subsidiary concepts and by converting all subsidiaries in various divisions into one company i.e. Coal India Ltd. as prevailing in 'SAIL'. There will be only one company named CIL. This is needed to save the huge outgo on account of Income Tax of the profit making subsidiary companies and this should be channeled to Jack up the sagging health of the loss making companies which have sufficient production potentialities.
15. Eastern Coalfields Ltd. has high grade of coal reserve and capacity to produce more if some capital investments are made.
16. It is to be noted that the corporate Joint consultative members of Eastern Coalfields Ltd. gone into area wise Colliery wise details of the reserve, further potential of the mines, economic

feasibility etc. and prepared a revival plan and submitted it to Coal India Ltd., for consideration.

17. Considering all these we oppose the propositions contends in the Bill and request you kindly consider our humble suggestion. We hope our suggestions will be taken into consideration.

Thanking you,

Yours faithfully,

Anirudha Ray

(Anirudha Ray)
Joint Secretary