

Mr. Bhattacharya, Dr. Sarkar
Distinguished Guests and Friends

1. It is with great pleasure, I welcome you all to the seventy eighth Annual General Meeting of our Association today.

2. Today's annual meeting has become all the more radiant because of the presence of Mr. Partha S. Bhattacharyya, Chairman, Coal India Ltd. and Dr. A. K. Sarkar, Director Marketing, Coal India Ltd. In spite of his busy schedule, Mr. Bhattacharyya has very kindly agreed to spare his time to join us today. We always have had an opportunity to interact with him and his colleagues on various coal matters as and when major changes in the coal marketing policies are brought in. We may have had differences of opinion but at the end of the day, we have respect for each others view, and understand each other's compulsions.

We have had the pleasure of interacting with Mr. Bhattacharya, first when he was the Chairman cum Managing Director of Bharat Coking Coal Ltd. from November 2003 to September 2006. BCCL, at that time, was a sick company making losses year after year. He, with his initiative, implemented a revival plan for the company and we were a witness to a complete financial turnaround as BCCL managed to earn a profit of Rs. 203 crores in 2005-06 and since then the company has been progressing very well. I can safely call him as a harbinger of change in BCCL. He was also the first to introduce e-auction in that company which was later adopted by the other companies.

Good work in BCCL did bring in lot of recognition for Mr. Bhattacharyya. A number of awards were given to him followed by a very well deserved promotion as Chairman, Coal India from 1st October, 2006. As Chairman, CIL, he has initiated action on major strategic areas such as thrust on underground mining, coal beneficiation, land reclamation etc. He has spearheaded

introduction of Integrity Pact in high value procurements with the sole object of bringing transparency, equity, fairness and speed in decision making. CIL has been improving its performance year after year increasing the coal production and profits. The Government has recognized the efforts and conferred the status of 'Navratna' on CIL along with 5 other subsidiaries conferred as 'Mini Ratnas'.

As and when we have run into problems in regard to coal marketing, we have always gone to him for a special meeting in which he would hear us patiently and then come out with a solution. Mr. Bhattacharyya, on behalf of the Association and the distinguished guests present in the house, we extend you our most cordial welcome to our Annual General Meeting.

I also have pleasure in welcoming Dr. A. K. Sarkar, Director Marketing, Coal India Ltd. We have had the pleasure of interacting with him on a number of occasions. I want to put this on record that we have found him to be a very eager listener. As and when we have gone to him with a problem, he has always been willing to give a patient hearing and starts working towards finding a solution to our problems. Welcome Dr. Sarkar and we hope that the spirit of reciprocity would continue in the times to come.

2.1. I am also expressing my sincere thanks to our respected guests and dignitaries, brethren members and also to the members of the fourth estate who are also kindly with us today.

3. Coal Consumers and Coal Agents

Friends, the services of coal agents are sometimes not properly understood. I would speak a few words on this. Being in direct touch with the coal consuming industries and also with the coal companies and collieries for over 6 decades, I shall tell you that it is these agents who have a feel about the industries' needs

more intimately and from this perspective, I can tell you that the coal agents' play a useful role and effective link between the coal producers and the coal consumers. I would like to state that our Association ICMA is reckoned today as the most representative body of independent coal agents and has always been working steadily to further the interest of the industrial consumers in the country. Coming to generation of employments, Association and its members have contributed meaningfully in the country's economy by providing employments to large number of people, directly and indirectly.

4. The Indian Economy

Friends, before I dwell on coal, let us have a glance of our country's economy. Because of the global financial crisis, there has been a dip in the growth rate of GDP from an average of 8.8 per cent in previous five fiscal years to 6.7 percent in 2008-09. Despite such slower growth rate, Indian economy continues to be one of the fastest growing economies of the world today. It is significant to note that deceleration of growth in 2008-09 was spread across all sectors except 'mining & quarrying'. As per the RBI's projection, a 6 percent plus growth is anticipated for the current fiscal.

5. Coal Output

There was a good coal production last year. The overall output of coal (excluding lignite) during 2007-08 at 457 million tonnes. Increased by 6.6% to 487 million tonnes in 2008-09 against a target of 492 million tonnes set by the Planning Commission. From the seventh position in pre-nationalization days, India now climbs to third rank in world coal output. This is indeed commendable on the part of the Indian coal industry in which Coal India Ltd. (CIL) has a major role. The Planning Commission, encouraged by such uptrend, lately revised indigenous production target for the terminal year of Eleventh Plan i.e. by 2011-12, from 505 million tonnes to a whopping 680 million tonnes

against a growing demand of 731 million tonnes by then. The demand-supply gap of about 51 million tonnes would need to be met from imports and further increase in production from the captive blocks, would also contribute towards bridging the gap.

5.1 Coming to production achieved by CIL specifically, it is heartening that CIL has once again emerged with an outstanding performance in coal rising from 362 million tonnes in 2006-07 to 380 million tonnes in 2007-08 and further to 404 million tones in 2008-09. The company recorded 6.4 percent growth, first ever since inception. This is no mean achievement and in fact year 2008-09 was a satisfying year since all coal companies of CIL performed well.

ECL responsible for meeting requirements for better grades of coal having recorded a lesser production of 24 million tonnes in 2007-08, bounced back with a good 28 million tonnes output in 2008-09 and is now planning to enhance its underground production from present 8.5 million tonnes to 12 million tonnes during the next 2 years.

5.2 Friends, coal production reached an all time record last year. In fact, what is disquieting is that 75 to 80 percent of this raw coal is still of inferior quality of low heat value. Production of superior variety Gr. A & B coal is hardly 5 to 6% of the total raising. If we speak in absolute terms, some 6 years ago in 2001-02, production of these two grades coals – Gr. A & B came to 25.5 million tonnes and in 2007-08, the figure moved to 26.9 million tonnes while non-coking coal production during this period increased by 55 percent. Since ECL and SECL continue to be the prime source of these two high grade coals, it is a step in the right direction that ECL has now initiated a drive for a 3.5 million tonne increase from underground production in the coming years. Many heat-intensive industries and continuous process plants-very much dependant on superior grade coals, will definitely heave a sign of relief in their getting this key raw material. In fact, underground coal production that at one time, during

the seventies, was above 70% of net coal raising, is now in the region of 15/16 percent only.

6. New coal distribution policy

Friends, new coal distribution policy that has come into force since 18th October, 2007 is undoubtedly a step in the right direction to ensure supplies to all segments of consumers. The age-old concept of core & non core sector, linkage system, has now been dispensed with and each consumer is treated on merit with supplies affected in a bilateral fuel supply agreement (FSA) under a binding 'bonus-cum-penalty' clause.

Our experience is, large number of indents, mostly a/c non-power group, remain outstanding at various points for shortage of rakes for months. Our suggestion is, to make the FSA more transparent and effective, 'Railways' should be included in this agreement to make it instead of bipartite, a tripartite agreement.

This apart, in the execution of FSAs, consumers are still facing difficulties as they are asked to furnish a blanket undertaking that they will accept imported coal to the extent coal company is unable to affect such supply domestically. Fact is, without knowing before hand details regarding origin, quality, specification, price etc. consumers find it difficult to accept such 'imported coal'. We would request Mr. Bhattacharyya to please look into the matter that difficulty is resolved soon.

7. For sometime, several irritants regarding e-auction, are worrying our members and these I bring before the House –

a) Today, customers are making advance payments before the rakes are allotted. I told earlier that there at times heavy accumulation of indents and arrears on many colliery pilots. As a result, advance payments remain blocked

with the coal companies for 2 to 3 months and more and thus poses serious problem. Our suggestion is, the system to be made more customer-friendly. Customer already furnishing 100% BG coverage, may be allowed to pay the advance money a week before the actual loading for reason that coal companies are already protected financially with bank guarantee and incase a rake gets loaded without 'advance' interest may be charged by the coal company.

b) 'Service Charge' payable to the auctioneer, is presently realized by the coal company and except a receipt, no Bill is issued against such payment. Our contention is that the payment made by the customer is not the Service Charge alone of the auctioneer but it includes other two charges namely 'service tax' and 'education cess'. In the absence of a Bill showing amounts clearly under the three heads, customer is thus not entitled to modvat of 'service tax' and 'education cess' that are allowed under the Service Tax Act. Furthermore, coal company should impose these 'Service Charges' only after deducting TDS which is mandatory.

c) Our consumers are regularly receiving complaints of bulk shortage – of 50 - 150 tonnes minimum, from almost every rake that is loaded by the collieries. There is hardly any possibility of coal rakes getting pilfered and theft in transit as these days, they go under armed escorts. So the only conclusion that we draw very regretfully that the Weighbridges are kept fixed to give the required weighment – a matter which is very unfortunate.

d) Against purchase of coal a/c e-auction rakes, reports are that large sums of money deposited in excess, remain locked up with the coal companies for months. Matter may be streamlined and our suggestion in this is that money taken in excess i.e. 'surplus money' may be carried forward for adjustment in subsequent e-auction rake, Alternatively, a system may be evolved to refund money within a week or with payment of interest is delay is beyond a week.

I would request Mr. Bhattacharyya to please see that the anomalies I have stated are soon resolved.

I shall now turn on to another important area regarding coal movement by the Railways.

8. Rail transportation of coal

In total revenue earning traffic, coal still dominates with a steadily increasing share (in tonnes terms), from 42.4% in 2007-08 to 44.4% in 2008-09. This improved growth in coal traffic speaks of an improved monitoring by the Railways. Coal traffic by Railways shall further look up provided several deterrents that stand in the way are removed early to make life easier for the consumer by accepting and recognizing the realities, rather than taking a one sided view of the same.

Our request would be that if you want to increase the freight, please do so in a simple and dignified way and not by adopting left handed and right handed ways to increase the classification, increase the loadability and minimum chargeable weight, and rates for penal freight which require a chartered accountant to keep a tract of it. By increasing the loadability of wagons, regardless of actual capacity, in case of higher grades of coal, you have pitted us, consumers against Coal India whereby railways expect you to load 67 MT and Coal India says, we cannot load beyond 62 MT so the idle freight of 5 MT is put on account of consumers.

i) New box wagon 'NHL' type :

Railway's introducing this new type of wagons made of aluminium, has started posing problem. Compared to standard box wagon, this aluminium-made wagon has little more height with 20/21 metres tare weight and printed 'cc' of 70/71 tones. Fact is. Collieries to save from underloading, freely load coal in this new wagon upto the maximum height with the result that consumers eventually suffer heavy penal charges a/c overloading.

ii) Weighbridges :

A close and continuous vigil should be maintained on the electronic weighbridges that are owned and manned by the Railways. We have reports of manipulation of the weighbriges, being done by a section of loading staff and also railway staff who are posted at the Weighbridges for issuing invoices.

9. Friends, I have spoken to you on some matters that re worrying us today.

10. With these friends, I would express my sincere thanks to the CIL Chairman, Mr. P. S. Bhattacharyya, Dr. A.K. Sarkar and all official of the Coal Ministry, CIL and its subsidiaries and the Railways for their constant help and cooperation to au all along. I am grateful to the members of the Press who have all along been sympathetic to the cause of our country's all round coal interests.

Last but not the lease, I would thank all my colleagues on the Executive Body who have given their valuable time and assistance in my work all along. I would particularly thank Mr. Rajan Arora, Mr. V. K. Ailawadi, Mr. A. P. Jain and Mr. P. C. Bhutoria for their valuable guidance during my tenure in office.

I also place on record my appreciation for the good work of our staff.