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# Case for a National Coal Commission

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*The case for a National Coal Commission is stronger today than in 1946 when the Coalfields Committee recommended its establishment.*

*The problems of development which could be only visualised in 1946 are today alive and growing (and can become only more intractable with the passage of time.*

*The need for unified control and elimination of procedural delays inherent in departmental administration, the urgency of conducting production and distribution according to sound business principles, the co-ordination of public and private sector effort for efficient achievement of planned targets and more effective cooperation with the Ministries of Railways and of Labour and Employment in common matters—all these factors require a new look at the principal recommendation of the Coal fields' Committee.*

WHILE enunciating its policy on the coal industry in the Industrial Policy Resolution of 1948, the Government had indicated that the proposals of the Coalfields' Committee, 1946, would be generally followed. A crucial proposal of that Committee was the establishment of a National Coal Commission for planned development of India's coal resources, involving control over prices and production, consumption, distribution and conservation, adjustment of irregular boundaries and amalgamation of collieries, acquisition of mineral rights by the State and achievement of uniformity of royalty rates, etc. The Committee dealt with these matters exhaustively in different parts of its report which was the first comprehensive economic survey of India's coal industry.

A brief description of the then administrative agencies dealing with the coal industry will provide the background of the proposal for a National Coal Commission. The Department of Mines (established as Bureau of Mines Inspection in 1902 and renamed in 1904) responsible for administering the Mines Act and also the Coal Mines Labour Welfare Fund created originally by an ordinance dated January 21 1944 and administered by the Labour Welfare Organisation were both controlled by the Labour Department. A Coal Grading Board (established in January 1926) looking after the coal shipment trade and a Soft Coke Cess Committee (constituted on 23 December, 1929) concerned with encouraging soft coke consumption in Bengal, Bihar and Orissa functioned under the Commerce Department. A Stowing Board (established on November 1, 1939) dealing with compulsory and voluntary stowing operations and the office of

the Coal Commissioner created during the second World War to deal with the control of production and distribution of coal under the Colliery Control Order 1944 were both administered by the Industries and Supplies Department. Coal Transport was completely controlled by the Railway Board.

Recommending the creation of a Department of Fuel and Power under a Minister with cabinet rank as "coal is primarily a source of power . . . and fuel and power prevent aspects which . . . can and ought to be dealt with separately from the development of other minerals", (page 252) the Committee suggested the formation of a National Coal Commission as the executive machinery for discharging the various functions of the State in regard to coal, excepting the activities of the Labour Welfare Organisation and the Department of Mines.

## Board, Not Commission

The Working Party for the Coal Industry (1951) did not support the idea of the National Coal Commission "as the whole conception . . . was based on the background that the coal industry was likely to be nationalised as has been done in UK. The possibility of nationalisation exists but its realisation is uncertain", (para 227). Stressing, however, the urgency of coordinating the functions of the various Ministries relating to coal and unifying the diverse controls under one authority they suggested the establishment of a Coal Board with wide functions to look after different aspects of the industry including planning and development and replacing the Coal Commissioner's Organisation (Para 233).

Government replaced the Coal Mines Stowing Board by establishing the Coal Board (8J.1952) in pursuance of the Coal Mines (Conservation of Safety) Act 1952. This Board working under the Ministry of Production, was however, a much weaker organisation than the one envisaged by the Working Party. It became concerned only with stowing, washing, blending, limitation of output, restriction in use and control of opening and reopening of coking coal mines and of mining methods. The Coal Commissioner's Organisation was continued under the Ministry of Production, the Department of Mines and the Labour Welfare Organisation under the Labour Ministry and transport under the Railway Ministry, the Soft Coke Cess Committee having been abolished from July 1, 1948.

The proposal for a National Coal Commission was revived by the Estimates Committee of the First Lok Sabha in their fifteenth report (June 1955). The Colliery Control Order had continued in force under the Essential Supplies (Temporary Powers) Act, 1916 and was administered by the Coal Commissioner's Organisation which was also responsible for the management of State Collieries. (Originally called Railway Collieries, they were managed by the Railway Board till June 1944 when the Department of Supply took over. They were transferred to the Ministry of Works, Production and Supply in February 1951 and finally to the Ministry of Production in May 1952). The Committee thought that the Coal Commissioner's handling of the coal industry had neither assisted its development nor improved its labour relations; and the only effective measure the Coal Board had achieved in three years after its birth was to peg the out-

put of metallurgical coal. As in 1946, the various laws relating to the industry were being administered by different Ministries. The Mines and Minerals (Regulation and Development) Act, 1948 and the Mineral Concession Rules as well as the Mines and Minerals (Conservation and Development) Rules, 1953 were administered by the Ministry of Natural Resources and Scientific Research through the Indian Bureau of Mines established in 1948. There was considerable overlapping not merely in the functions of the Bureau of Mines and the Coal Commissioner's organisation but also in those of the Department of Mines and the Coal Board. The Coal Industries (Development and Regulation) Act 1951 was administered by the Ministry of Commerce and Industry. The Department of Mines and the Labour Welfare Organisation continued to work under the Ministry of Labour. The Coal Grading Board continued under the Ministry of Production. There was also grading for internal trade done by the Coal Commissioner and the two specifications were not identical; as a result of the recommendation of the Coal Export Committee (1954) the former adopted the specifications of the latter. (Report of the Ministry of Production 1955-56. Page 24).

So the Committee commented: "it will thus be seen that at present the coal industry suffers from a multiplicity of controls and is exposed to interference from various sources, and there is no integrated policy in respect of this industry, inspite of its great importance. The existing regulations for its development, as well as for the conservation of coking coal are not effectively administered. All these factors have been bringing a depressing effect on the industry". (Para 20). Approvingly quoting the Coal Commissioner's written evidence that, "if nationalisation is postponed by 25 years and the industry is given a free hand, there will be little left at the end of the period for the country to take over", and also that of the Chief Mining Engineer, Coal Board, that, "it is really doubtful whether the problems pertaining to coking coal can be solved without nationalisation" the committee concluded on the basis of a few other evidences that "in the long run nationalisation of the coal industry is essential in the interest of industrial de-

velopment" (Para 10). Recommending the abolition of the Coal Commissioner's Organisation and the Coal Board they suggested the formation of the Coal Commission to be divided into three wings, one, controlling the coal industry in the private sector, a second administering the industry in the public sector and another dealing with all matters of policy concerned with the development of the coal industry, export of coal and research problems. In respect of the last the Ministries of Natural Resources and Scientific Research and of Commerce and Industry were to surrender their powers to the Commission which would have exclusive control over all matters relating to coal being responsible only to the Minister in charge, its head quarters were to be either Asansoi or Dhanbad. (Para 25). The Coal Commission was to take over as far as practicable all private collieries producing metallurgical or high grade coal and also others "which do not function according to the standard laid down by it, or which cannot function economically and satisfactorily due to any reason whatsoever" (para 12). A unique suggestion of the Estimates Committee was that the Commission should direct experiments of running collieries on a cooperative basis.

#### Government's Stand

The Estimates Committee of the Second Lok Sabha in their third report (1957-58) quoted the Government reply to the suggestion for a Coal Commission, viz, "that in the present stage of development of the industry a comprehensive Coal Commission will not be necessary immediately and therefore a more pragmatic approach would be to work *towards the establishment of a commission by stages*. Only the Government could have exclusive control over all matters relating to the Industry (which sets a strict practical limit to the authority that can be delegated to an outside Commission) and what is considered to be required is effective machinery for execution and for coordination". (Report, Page 50, italics mine). The Government was of the opinion that the function of the three wings of the Coal Commission would be performed by the National Coal Development Corporation (incorporated on September 5, 1956). by the

Coal Controller and the Production Ministry. (Report, Page 51). It may be recorded that the post of the Coal Commissioner had been bifurcated into those of the Coal Production and Development Commissioner and the Coal Controller with effect from February 4, 1956, responsible for public sector collieries and control aspect of the industry, respectively. (Report, Page 43).

Thus the Committee's approach was fundamentally different from that of the Government in as much as the former favoured control by a statutory organisation functioning directly under the Minister, and the latter favoured control through the Secretariat. While appreciating the formation of the NCDC the Committee reiterated the case for a Coal Commission in view of the urgency for unified control of the industry.

By the time the Estimates Committee of the Third Lok Sabha submitted its thirty-second and thirty-third reports in March and April 1963 respectively on the NCDC and the administrative and advisory agencies controlling the coal industry, more administrative and legislative controls had come into existence although some agencies had been abolished, e.g. the Coal Grading Board which came under the Department of Mines and Fuel in April 1957 was abolished on 14 August, 1959. The present position is that the Ministry of Mines and Fuel (reconstituted from April 10, 1962) controls practically all matters relating to coal with the exception of the Department of Mines and the Labour Welfare Organisation which continues to function under the Ministry of Labour and Employment (renamed since 17 April 1957) and of coal transport which is under the Ministry of Railways. Subjects dealt with in the Ministry of Mines and Fuel relating wholly or partly to coal are as follows:

Administration of the Coal Controller's Organisation, Geological Survey of India, Indian Bureau of Mines and the office of the Controller of Mining Leases; production, supply, distribution and prices of coal and coke; administration of the Coal Mines (Conservation and Safety) Act 1952. and the Coal Board; administration of the Coal Bearing Areas (Acquisition and

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Development) Act 1957 for acquiring total rights on coal bearing land and the NCDC and Singareni Collieries Ltd; setting up of coal washeries; Neyveli Lignite Corporation Ltd; setting up of low temperature carbonisation plants for the production of smokeless domestic coke; the Coal Council of India and the Fuel Efficiency Committee,

It will be noticed that between the "Coal-fields" Committee Report (1946) and the Estimates Committee Reports (1962-63), the Ministries controlling the coal industry excluding the Mines Department and the Railways have been reduced from three to one, which is a significant improvement. Indeed, the suggestion of a Coal Commission originating in 1946 continuing upto the 1957-58 Estimates Committee Report but disappearing from their latest reports indicate the impact of this improvement, the chief factor being, however, the change in the Government attitude towards nationalising the coal industry. The spirit of the Industrial Policy Resolution of 1918 continued in 1956 when it was stated that all new units in the coal industry are to be set up only by the State, the private sector contributing its planned share "from their existing workings and immediately contiguous areas". At the time, however, of finalising the programme of the Third Plan Government took a pragmatic view and allowed the private sector to work into non-contiguous areas. As matters stand today there is little prospect of the revival of the idea of nationalisation and the emphasis seems to be on not discouraging the private sector and improving the organisational efficiency of the public sector. Various problems of the coal industry that have grown in complexity and which in the context of nationalisation would, according to authorities, have been best dealt with by a National Coal Commission, have been, against the background of the coexistence of the private and public sectors, being tackled (besides the Mines Department and Railways) by a number of organisations under the Ministry of Mines and Fuel the chief of which are the Coal Council of India, the Coal Controller's Organisation, the Coal Board and the NCDC a brief

reference to each of which is made below,

The continuing urgency of closely integrated action on problems relating to coal led to the establishment of a high powered body in 1956 known as the Coal Council of India with the main purpose of having, "reviews and studies conducted under its overall supervision and guidance for planning the development, utilisation and due conservation of the coal resources of the country". The Council set up four Committees: (i) Committee on Requirements and Utilisation; (ii) Committee on Assessment of Resources; (iii) Committee on Production and Preparation, and (iv) Committee on Transportation. While appreciating this the Estimates Committee rightly recommended that "the activities of these committees and the various studies, etc. undertaken by them may be indicated in greater detail in the annual report of the Ministry for the information of Parliament as well as public". (Para 129).

On the recommendation of the Committee on Requirements and Utilisation of the Coal Council of India a permanent Fuel Efficiency Committee was set up in May 1958 with a view to evolving a pattern of survey, investigation and research in consumption of coals and drawing up a comprehensive schedule of types, grades and sizes of coal for the various classes of consumers. Mr Plummer, the Colombo Plan expert, in a report to the Government of India in 1961, while appreciating the valuable work done by this body "in relation to the grading and sanctioning of coal to industry" commented on its having done little in relation to fuel efficiency, a view supported by the CFRI which stressed on the imperative need of the formation of an organisation on the lines of the IJ K National Industrial Fuel Efficiency Service, a suggestion that received the earnest approval of the Estimates Committee, ( Para 134)

#### Coal Controller

The main functions of the office of the Coal Controller are control over production, distribution and prices under the Colliery Control Order, 1945. This organisation also looks after all matters connected with the expansion and development

of the industry including utilisation of foreign loans made available to the private sector, sponsoring of applications for essential resources like cement, iron, steel, explosives and power supply. The Committee made some suggestions for the improvement of the organisational set-up. (Paras 144-445).

Commenting in detail on the Coal Hoard the Committee stressed on the need for (i) avoiding delay in granting permission for reopening mines and seams and in grading coal seams eliminating any possibility of discrimination. (ii) prompt payment on stowing expenditure incurred by owners and taking speedier action against them for delay in utilising sanctioned quantities of sand for stowing, or, for failure in timely repayment of loans for stowing plants. (iii) avoiding delay in installation of ropeways for carrying sand and (iv) quicker assistance to mines working under difficult conditions.

As regards the Estimates Committee's comment on the INCDC a reference may be made to my article in *The Economic Weekly* of September 21, 1963.

Though, this is not the place to deal with the most urgent problems of the industry — transport and prices as, for one thing, each of them merits a fuller treatment and, for another, the present discussion relates to the case for or otherwise of a unified controlling organisation (autonomous or departmental), yet, the Committee's crucial remarks on these two aspects may bear a mention. As regards prices, pointing out that coal prices have been revised as many as eight times during the three years 1960-62, twice in each of the former years and four times in 1962, they comment: "As coal is used by a very large number of industries, it is obvious that frequent revisions in its price are bound to have repercussion on the general price level. The Committee would therefore impress upon the Government the need for confining the revision of prices to the absolute minimum". (Para 40.)

Analysing in detail the problem of coal movement, the Committee urged on the Ministry of Mines and Fuel the need for a detailed field-wise and year-wise programme of

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coal production to enable the Kailways to have a clear picture of the demand for coal traffic and to work out in cooperation with tire Ministry of Steel and Heavy Industries the wagon requirements for movement of coal from individual collieries to washeries and steel plants; emphasised the desirability of avoiding delay in coal loading and the need for the Kailways to pay constant attention to the planning and performance of the Moghal-Sarai yard; stressed the urgency of an adequate production of box wagons, construction of colliery sidings, sympathetic consideration of the industry's views on free loading time and demurrage and commented on the lack of day-to-day coordination between the Coal Controller's officers and the allotment officers of the Railways in the coalfields and on movement of coal other than by the rail route. (Report Chapter 4)

Although, as noted above, the Estimates Committees' (1954-55) support for the proposal for a Coal Commission and its rejection by the Working Party for the Coal Industry respectively were linked with nationalisation of the industry, the Coalfield's Committee (1946) which initiated the proposal and the Estimates Committee (1957-58) which supported the idea had related it not to nationalisation hut to the urgency of a unified control of the industry necessary for the planned development of the country's coal resources. This unification has been achieved to a considerable extent as indicated by the control of the Ministry of Mines and Fuel over subjects relating to coal as described above. That the position is, however, not satisfactory is evident not merely from the comments of the Estimates Committee given above, hut can also be indicated by quoting a few more of their comments remembering that they abstained from any reference to a National Coal Commission:

"The Committee suggest that Government may examine the procedure for grant of mining leases in detail so as to eliminate unnecessary steps and reduce to the minimum the time lag between the submission of application and *grant of mining leases*". (Para 18).

"The Committee would like the area-wise survey to be *completed expeditiously* and positive action initiated for amalgamation of small and uneconomic collieries particularly those producing coking coal. The good offices of the Joint Working Committee may also be made use of for facilitating the work of amalgamation". (Tara 24).

Even about the NCDC, lack of speed in its operations has been pointed *out* in a number of instances by the Estimates Committee. To quote one instance,

"The Committee consider that the progress in associating labour with management in the Corporation's collieries has so far been slow and its results are also not encouraging. They hope that the corporation will take all steps to make the scheme a success and introduce it in all the collieries as early as possible". (Para 281, Thirty-second Report).

#### Need for United Control

The two reports contain many instances of the lack of a business-like attitude in the operations relating to coal carried on by the NCDC or the Coal Board or the Ministry. This only confirms the opinion of the 1946 Committee that

"activity akin to business can be effectively carried on by the Government only through an agency which possesses a degree of autonomy and flexibility which is found in business enterprises. These characteristics can be secured by the device of a public corporation and cannot be obtained in a Government Department. If a public corporation is to function well, it should be seen that the very qualities which are responsible for its efficiency are not emasculated by rigid controls. The corporation can plan its programme and perform its work effectively only if its accounting is placed on a business basis. In such important fields as personnel, expenditure and purchasing, the best results can be achieved if complete freedom of action and control is given to the management". (Page 255).

So they proposed a National Coal Commission, "as a corporate

entity with perpetual succession, a common seal and with power to hold, real and personal property and capable of suing and being sued in its corporate name" (Page 256), accountable to the Legislature through the Minister concerned, adding that.

"this accountability should, nonetheless, empower the Coal Commission to frame its own ha la nee sheet on the lines of a commercial organisation and entitle it to retain under its own control surpluses after making a fixed contribution to the general revenues, in the *event* of the Commission being placed in charge of operation yielding or likely to yield a profit,

Thus, in fulfilling the task of planned development of the coal resources, the need for unified control and elimination of procedural delays inherent in departmental administration, the urgency of the introduction of sound business principles in production and distribution operations and of the adoption of an attitude of an equal partner towards the private sector on the part of the public sector in coal for an *efficient achievement* of the planned targets, and also for speedier cooperation with the Ministries of Railways and of Labour and Employment in common matters, the case for a National coal Commission vs stronger today than in 1946, for, the problems of development that could be only envisaged in 1916 are at present alive and growing and are likely to become more intractable with the passage of time.

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