

III. Coal and Steel

47. Coal: The following tables show the recent trends in production and movement of coal:

Coal Production
(million tonnes)

	1960-61	1961-62		1962-63 (April-September)	
		Total	April-September		October-March
Private Sector	44.88	46.34	22.49	23.85	24.71
N.C.D.C.	8.06	6.05	2.60	3.45	3.62
Singareni	2.57	2.83	1.35	1.48	1.54
TOTAL	55.51	55.22	26.44	28.78	29.87

Movement of Coal
(million tonnes)

	Total Despatches			Movement by the rail- cum-sca route
	West Bengal/ Bihar coal-fields	Outly- ing fields	Total	
1960-61				
April-September	17.51	5.28	22.79	0.57
October-March	19.29	5.57	24.86	0.55
TOTAL	36.80	10.85	47.65	1.12
1961-62				
April-September	19.65	5.57	25.22	0.74
October-March	20.00	5.64	25.64	0.81
TOTAL	39.65	11.21	50.86	1.55
1962-63				
April-September	21.21	6.02	27.23	0.98

Although coal production declined in 1961-62, there was some improvement in aggregate coal supplies through the gradual reduction of pit-head stocks from 5.6 million tonnes in March 1961 to 3.8 million tonnes by March 1962. This was made possible by the progressive improvement in transport, despatches of coal having increased from 47.65 million tonnes in 1960-61 to 50.86 million tonnes in 1961-62.

48. The improvement in the transport situation has continued during the current year. In the first half of 1962-63 coal despatches were 27.2 million tonnes as compared to 25.2 million tonnes in the corresponding 394 M of F—2

period of 1961-62. Despatches from the West Bengal/Bihar coal-fields have also shown an increase. This improvement in transport was reflected in a further decline in pit-head stocks to 3 million tonnes by the end of October 1962, and in the gradual pick-up in coal production, the first half year's total being 29.9 million tonnes as against 26.4 million tonnes in the corresponding period last year. Following the declaration of emergency, the miners have started working all days in the week and this is reflected in a marked increase in coal production in November 1962 when it reached 5.8 million tonnes as against the average of 5 million tonnes during the first seven months of 1962-63. It is expected that over the year as a whole production will reach, if not exceed, the annual plan target of 62 million tonnes.

49. The problem of ensuring adequate transport for the movement of coal is a continuing one. Nearly two-thirds of the additional production in the third plan is programmed to be obtained from West Bengal/Bihar coal-fields where the capacity of the railways is already strained considerably not merely on account of the needs of coal transport but also of transport of raw materials and final products for the steel industry and for numerous other industries. Indeed, the problem of transport shortages has arisen mainly in respect of the eastern region; and the programme of development of the railways is also so designed as to concentrate on the relief of shortage in this area. With a view specifically to meet the needs of coal movement, the third plan programme of railways has been increased by Rs. 120 crores to enable the railways to acquire additional rolling stock, undertake doubling of lines over some 275 additional miles and accelerate the electrification programme.

50. The progress made by the railways with their programmes of development is dealt with in a later paragraph. The other measures taken by Government to improve the movement of coal and augment coal output are given below:

- (i) As far as possible the strain on the railways is sought to be relieved by movement of coal by the coastal routes. The target of coal to be moved by the coastal route was fixed at 2 million tonnes a year and towards this end a subsidy is given by Government since May 1961 to make up for the difference in the freight on the all-rail route and the rail-cum-sea route. About 1.6 million tonnes of coal had been moved by the rail-cum-sea route in 1961-62, and 0.98 million tonnes in the first half of 1962-63.
- (ii) Substitution of furnace oil for coal is being encouraged to the extent possible. A concession on rail freight on furnace oil is being given from July 1962.
- (iii) A target of additional 2 million tonnes for movement of coal by road from West Bengal/Bihar coal-fields to nearby destinations has also been laid down.
- (iv) The movement of coal by rail is being progressively rationalised, primarily with a view to reduce wagon turn-round time by about 20 per cent. Since the major pressure on transport arises in the case of supplies from the West Bengal/Bihar coal-fields, the Coal Controller has been advised to follow a system of allocation of coal from various fields to the consumers so as to divert, to the extent possible, the sources of supply from the West Bengal/Bihar coal-fields to the outlying fields. A revised system of coal distribution has been introduced from February

1963 under which 70 per cent of the coal despatches from West Bengal/Bihar will be in block rakes only, and to the extent possible in BOX type wagons. The question of extending this system to more consumers is under examination.

- (v) The study team which was appointed in January 1962 to examine the power requirements of the coal industry and to make recommendations for increasing the supply of power to the collieries submitted its report during the year and recommended several measures for the diversion of surplus power from the existing systems and to rationalise the utilisation of power with a view to meet the needs of the collieries. Several of the recommendations of the study team have been implemented.
- (vi) The scales for the grant of subsidy both for stowing and for difficult mining conditions have been liberalised to encourage stowing which would yield immediate benefits in terms of increased production.

51. While the aggregate supplies of coal to the consumers have improved, there is a specific problem of maintaining adequate supplies of superior grade coking coal required primarily by the iron and steel industry and also by fertilisers and other chemical industries. In view of the growing demand for better grades of coal the restrictions on the mining of such coal which were imposed initially in the interest of conservation have been removed. The output of coking coal of selected grades A and B declined in 1961-62 and in the first half of 1962-63 also no increase has taken place. Production of selected varieties of non-coking coal has also been declining.

Grade-wise Production of Coal

(million tonnes)

Grades	1960-61	1961-62		1962-63	
		Total	April-September	October-March (April-September)	
Selected A and B	17.92	16.55	8.76	8.29	7.60
Coking	6.65	6.40	3.15	3.25	3.06*
Non-coking	11.27	10.15	5.61	5.04	4.54
Others (including coking coal of Grades I and II)	37.59	38.67	18.18	20.49	22.27
TOTAL	55.51	55.22	26.44	28.78	29.87

*The new Grades A,B,C,D and E have been taken as equal to the old selected A and B grades for the period July-September, 1962.

52. The need for increasing the capacity for the washing of coal has thus become urgent. As against the third plan target of a throughput capacity of 25 million tonnes of coal, washery capacity has increased from 7 million tonnes at the end of the second plan to 10 million tonnes by now. As an incentive for production of better grades of coal, the differential between the lower and the higher varieties has been progressively widened from Rs. 3 per tonne in April 1960 to Rs. 7 per tonne. The number of grades of coal has also been increased so as to permit a greater price

differential, especially among the coking coals of ash content 13 to 17 per cent where the differential has been increased over the two years from Re. 1 per tonne to Rs. 4 per tonne.

53. The National Coal Development Corporation has already processed most of the programmes for the additional production of 17 million tonnes allotted to it and has reached a stage where large-scale orders for equipment can be placed. The foreign exchange component of the private sector expansion has been covered by the World Bank loan of \$35 million; applications for utilisation of this loan have been received and several collieries have placed orders for the import of equipment. Altogether it is expected that in the coming year the situation in regard to the supply of coal as also of selected varieties of coal will improve considerably.

54. *Steel*: The six main producers of steel—two in the private and four in the public sector—produced 3.2 million tonnes of saleable steel in 1961-62 and their output is expected to reach 4.1 million tonnes in 1962-63.

Production of Saleable Steel

(million tonnes)

Main Producers	1961-62	1962-63 (Estimated)
TISCO	1.31	1.32
IISCO	0.74	0.81
Bhilai	0.52	0.77
Durgapur	0.36	0.65
Rourkela	0.20	0.47
Mysore	0.04	0.04
TOTAL	3.16	4.06

The two-million-ton (ingot capacity) expansion programme of Tata Iron and Steel Company (TISCO) and the one-million-ton programme of the Indian Iron and Steel Company (IISCO) have been completed. In the public sector, Bhilai's output of finished steel during the current year is expected to equal full capacity level. Durgapur had reached the full capacity rate of production of ingot steel by January 1963 and Rourkela nearly 90 per cent of its capacity. On the basis of current trends, production of saleable steel during the coming year is expected to reach 4.4 million tonnes. The demand for steel is, however, increasing necessitating continuance of imports of nearly one million tonnes of iron and steel.

55. In the case of certain varieties of steel, indigenous production has increased sufficiently to enable relaxation of distribution controls. But in the case of other varieties, particularly thinner plates, sheets, tin plates and billets for rerollers, the shortages persist. In the meanwhile, problems of steel control and distribution are under examination by an expert committee with a view to recommending measures for bringing about a better balance between the supply and demand for different categories of steel.

56. It is, however, clear that although steel production has increased and is expected to increase further, there is little likelihood of any impressive increase in civilian supplies during the coming year. The programmes of further expansion of public sector plants have already got under way, but they will begin to bear fruit only towards the end of the third plan. The first phase of the programme of further expansion of one of the private sector steel plants, which has recently been approved by Government, will also take time before it gets under way.

57. In the case of alloy, tool and special steels, considerable capacity has been licenced in the private sector and the Durgapur project in the public sector is ready to place orders for equipment. An emergency programme has also been undertaken for producing about 50,000 tonnes of such steels in the public sector plant at Mysore. But considering the progress made so far in this field, dependence on the imports of special steels will continue for some years to come.