



WESTERN COALFIELDS LIMITED
(A MINI RATNA COMPANY)
(A Subsidiary of Coal India Limited)
OFFICE OF THE AREA GENERAL MANAGER
PENCH AREA

Ref.No.: WCL/Pench/APO/2015-16/

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प्रमाण-पत्र

प्रमाणित किया जाता है कि कोयला खनिज वर्तमान लीज के राजस्व वनक्षेत्र में स्थित है। जिसे निकालने हेतु खनन कार्य के अलावा अन्य कोई विकल्प नहीं है। वन क्षेत्र में उपलब्ध कोयला को भूमिगत खदान पद्धति द्वारा निकाला जाना प्रस्तावित है। कोयले का खनन राष्ट्र की उर्जा संबंधी आवश्यकताओं को पूरा करने के लिए आवश्यक है। भूमिगत पद्धति द्वारा कोयला निकालने से राजस्व वन क्षेत्र के उपरी तल पर खनन कार्य का कोई प्रभाव नहीं पड़ेगा। अतः वन क्षेत्र की माँग न्यूनतम है।

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CHAPTER - II**MARKETABILITY & JUSTIFICATION****2.0 GENERAL**

Western Coalfields Limited is the premier coal producing Company catering to the energy needs of Central and Western India. This Company has a variety of consumers in the organised and un-organised sectors although its main consumers are power houses of MSEB and MPSEB. In order to meet the ever-increasing demand for non-coking coal, WCL must expand within its command area and lead the industry by successfully introducing new and viable technology for underground and opencast mines.

2.1 DEMAND AND SUPPLY SCENARIO**2.1.1 Sector-wise Demand of Non-coking Coal on Company**

The following table shows the sector-wise demand for non-coking coal, excluding middlings, on WCL:

(Figs. in Mt)

Sl. No.	SECTOR	YEAR				
		2008-09	2009-10	2010-11	2011-12	2016-17
1.	Power (Utilities)	37.519	37.516	37.498	37.498	37.491
2.	Power (Captive)	3.090	3.140	3.230	3.230	3.230
3.	Sponge Iron/ CDI	0.340	0.340	0.340	0.340	0.340
4.	BRK and others/LTC/SSF	5.918	5.921	5.889	5.889	5.876
5.	Cement	3.250	3.500	3.500	3.500	3.500
6.	Colliery consumption	0.023	0.023	0.023	0.023	0.023
	Total Demand	50.140	50.440	50.480	50.480	50.460

Source : Annual Plan for 2007-08 of WCL prepared by WCL Planning Department in September 2006.

2.1.2 Sector-wise Demand of Non-Coking Coal on Coalfield

The following table shows the sector-wise demand of non-coking coal, excluding middlings, on Pench-Kanhan Coalfield:

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(Figs. in Mt)

Sl. No.	SECTOR	YEAR				
		2008-09	2009-10	2010-11	2011-12	2016-17
1.	Power (Utilities)	2.419	2.416	2.398	2.398	2.391
2.	BRK and others/LTC/SSF	0.981	0.984	1.002	1.002	1.009
3.	Colliery consumption	0.010	0.010	0.010	0.010	0.010
	Total Demand	3.410	3.410	3.410	3.410	3.410

Source: Annual Plan for 2007-08 of WCL prepared by WCL Planning Department in September 2006.

2.1.3 Availability of Coal from WCL

The following table shows the availability of non-coking coal from the mines of WCL:

(Fig. in Mt)

Sl. No.	Class of Mines	YEAR				
		2008-09	2009-10	2010-11	2011-12	2016-17
1.	Existing mines	0.995	0.98	0.90	0.82	0.48
2.	Completed projects	39.140	32.59	26.88	22.94	9.26
3.	On-going projects	4.165	8.60	13.56	15.59	13.49
4.	Future projects (subject to approval)	-	0.95	2.71	6.06	21.05
	Total Availability	44.30	43.12	44.05	45.41	44.28

Source: Annual Plan for 2009-10 of WCL prepared by WCL Planning Department in July 2008.

2.1.4 Availability of Coal from Pench-Kanhan Coalfield

The following table shows the availability of non-coking coal from the mines in Pench-Kanhan Coalfield:

(Fig. in Mt)

Sl. No.	Class of Mines	YEAR				
		2008-09	2009-10	2010-11	2011-12	2016-17
1.	Existing mines	0.370	0.38	0.41	0.47	0.26
2.	Completed projects	2.785	2.65	2.11	2.03	1.28
3.	On-going projects	-	0.15	0.25	0.45	0.45
4.	Future projects (subject to approval)	-	0.19	0.35	0.55	0.93
	Total Availability	3.155	3.37	3.12	3.50	2.92

Source: Annual Plan 2009-10 of WCL prepared by WCL Planning Department in July 2008.

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2.1.5 Deficit In availability of Coal from WCL

Following table shows the deficit in availability of non-coking coal, excluding middlings from the various Existing, Completed, On-going and Future Projects of WCL:

(Fig. in Mt)

Sl. No.	Parameter	YEAR				
		2008-09	2009-10	2010-11	2011-12	2016-17
1.	Demand for coal	50.14	50.44	50.48	50.48	50.46
2.	Availability of coal	44.30	43.12	44.05	45.41	44.28
3.	Surplus/Deficit (+/-)	(-)5.84	(-)7.32	(-)6.43	(-)5.07	(-)6.18

2.1.6 Deficit In Availability of Coal from Pench-Kanhan Coalfield

Following table shows the deficit in availability of non-coking coal, excluding middlings from the various Existing, Completed, On-going and Future Projects of Pench-Kanhan Valley Coalfield:

(Fig. in Mt)

Sl. No.	Parameter	YEAR				
		2008-09	2009-10	2010-11	2011-12	2016-17
1.	Demand for coal	3.410	3.41	3.41	3.41	3.41
2.	Availability of coal	3.155	3.37	3.12	3.50	2.92
3.	Surplus/Deficit (+/-)	(-)0.255	(-)0.04	(-)0.29	(+)0.09	(-)0.49

2.2 UTILITY OR MARKET FOR THE COAL FROM MINE/PROJECT

The marketing of non-coking coal produced from Jamunia U/G Mine is not a problem as there is a readily available market. Power sector is one of the sectors, which can use the coal produced from this mine. Also there will be many miscellaneous industries, which can utilize the coal produced from Jamunia U/G Mine.

2.3 AVAILABLE LINKAGE OR FIRM FUEL SUPPLY AGREEMENT (FSA)

There is no firm linkage available from Jamunia U/G Mine to either power houses or any miscellaneous industries. The financial analysis of the project reveals that the project is not generating 12% IRR at 85% capacity utilization. Therefore the coal produced from Jamunia U/G Mine has to be offered to a prospective consumer who is ready to take the coal on cost plus basis by making firm and long term fuel supply agreement.

2.4 JUSTIFICATION OF OPENING THE PROJECT

From the tables given in point No.2.1, it is clear that the availability of non-coking coal from WCL as a whole and Pench-Kanhan Coalfield as specific, is not sufficient to meet the demand from 2008-09 and onwards.

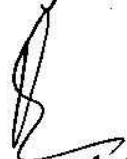
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2.4

This deficit is after taking into consideration the production of Future Projects such as Jamunia U/G Mine.

Therefore, in view of the readily available market for non-coking coal, opening of Jamunia U/G Mine is justified. The success of the technology proposed for this mine will be a path breaking effort, which could turn-around some of the loss making mines of WCL.

The production from Jamunia U/G Mine will not only bridge the gap to the extent of planned production but will also establish a new mass production technology for underground mines and thus there will be an augmentation in underground production. It is in the national interest to open new mines/projects by introducing new technology urgently so as to meet to the requirement of coal from power and various other sectors at reasonable cost. In view of deficit of non-coking coal, there is no problem in marketing of coal and opening of Jamunia U/G Mine is thus justified.

This is to certify that this excerpt
is from Project Report of Jamunia U/g
Mine.


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