

2.1 Audit objectives

Gap between demand and domestic supply of coal is widening in the country and consequently imports are progressively increasing. On the other hand there are instances where capacities in power plants are either lying idle or facing difficulties in augmentation in capacity for want of coal. In the backdrop of these concerns, Performance Audit on ' Allocation of Coal Blocks and Augmentation of Coal Production' has been undertaken to obtain assurance that:

- CIL augmented its production capacities as planned:
- Procedures followed for allocation of coal blocks for captive mining ensured objectivity and transparency;
- Coal blocks allocated for captive mining augmented production of coal as envisaged.

2.2 Scope of audit

Performance Audit has covered the period 2006-07 to 2010-11 and allocation of coal blocks by MOC from 2004 onwards. Records of MOC, CCO, CIL and its subsidiaries were test-checked during September to November 2011. Entry Conference with CIL and its subsidiaries was held on 16 September 2011 and with MOC on 13 October 2011. Two Exit Conferences were held on 9 February 2012 and 9 March 2012.

2.3 Audit criteria

The main criteria followed by audit were:

- Projections of the Planning Commission regarding demand and supply of coal and related parameters for the XI Plan and in the mid-term appraisal of the XI Plan.
- Performance parameters fixed by MOC and CIL for various activities related to production, supply and distribution of coal.
- Policies, procedures and guidelines regarding
 - Allocation and monitoring of coal blocks,
 - Production, supply, distribution and pricing of coal.

- Results Framework Document (RFD) for MOC and Memorandum of Understanding (MoU) of CIL and its subsidiaries with MOC.

Audit wishes to acknowledge active cooperation and assistance provided by MOC, CIL and CCO at all levels of management which facilitated the completion of this Performance audit.