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STANDING COMMITTEE ON  
COAL AND STEEL  
(2005-2006)  
FOURTEENTH LOK SABHA

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MINISTRY OF MINES

DEMANDS FOR GRANTS  
(2006-07)

**SIXTEENTH REPORT**



LOK SABHA SECRETARIAT  
NEW DELHI  
May 2006/ Jyaistha 1928 (Saka)

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COAL AND STEEL  
(2005-2006)

(FOURTEENTH LOK SABHA)

MINISTRY OF MINES

DEMANDS FOR GRANTS  
(2006-07)



Presented to Lok Sabha on 23.5.2006

Laid in Rajya Sabha on 23.5.2006

LOK SABHA SECRETARIAT  
NEW DELHI  
May 2006/ Jyaistha 1928 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE  
ON COAL AND STEEL (2005-06)**

Shri Ananth Kumar - **Chairman**

MEMBERS

**Lok Sabha**

2. Shri Prasanna Acharya
3. Shri Hansraj G. Ahir
4. Shri Harishchandra Chavan
5. \*Shri Bangsagopal Chowdhury
6. Shri Chandra Sekhar Dubey
7. Shri Chandrakant Khaire
8. Shri Faggan Singh Kulaste
9. \*\*Shri Nitish Kumar
10. Shri Vikrambhai Arjanbhai Maadam
11. Shri Bhubneshwar Prasad Mehta
12. Shri Hemlal Murmu
13. Shri Anirudh Prasad *alias* Sadhu Yadav
14. Shri Dalpat Singh Paraste
15. Shri E. Ponnuswamy
16. Shri Tarachand Sahu
17. Smt. Karuna Shukla
18. Shri Prabhunath Singh
19. Shri Rewati Raman Singh
20. \*\*\*Shri Ramsevak Singh (Babuji)
21. Shri M.Anjan Kumar Yadav

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\* Nominated w.e.f. 29.1.2006

\*\* Ceased to be a Member of the Committee consequent upon his resignation from the membership of Lok Sabha w.e.f.15.5.2006.

\*\*\* Consequent upon his expulsion from Lok Sabha, he ceased to be a Member of the Committee w.e.f. 23.12.2005.

## **Rajya Sabha**

22. Shri Devdas Apte
23. Shri Ramadhar Kashyap
24. Capt. Jai Narayan Prasad Nishad
25. \$ Shri Vidya Sagar Nishad
26. \$ Shri B.J. Panda
27. @ Shri G.K. Vasani
28. % Dr. Swami Sakshi Ji Maharaj
29. # Shri Swapan Sadhan Bose
30. Vacant
31. Vacant

## **SECRETARIAT**

- |    |                   |   |                     |
|----|-------------------|---|---------------------|
| 1. | Shri A.K.Singh    | - | Joint Secretary     |
| 2. | Shri A.K.Singh    | - | Director            |
| 3. | Shri Shiv Singh   | - | Under Secretary     |
| 4. | Smt. Madhu Tandon | - | Committee Assistant |

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\$ Ceased to be a Member of the Committee w.e.f. 2.4.2006 after his retirement from Rajya Sabha.

@ Ceased to be a Member of the Committee w.e.f. 29.1.2006 on his induction in the Council of Ministers.

% Ceased to be a Member of the Committee w.e.f. 21.3.2006 after his retirement from Rajya Sabha.

# Nominated w.e.f. 29.4.2006.

& Ceased to be a Member of the Committee w.e.f. 3.4.2006 after his retirement from Rajya Sabha.

## INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Sixteenth Report (Fourteenth Lok Sabha) on Demands for Grants (2006-07) relating to the Ministry of Mines.

2. The Committee took evidence of the representatives of the Ministry of Mines on 5<sup>th</sup> April, 2006.

3. The Committee wish to thank the representatives of the Ministry of Mines who appeared before the Committee and placed their considered views. They also wish to thank the Ministry of Mines for furnishing the replies on the points raised by the Committee.

4. The Report was considered and adopted by the Committee at their sitting held on 22 May, 2006.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

**New Delhi;**  
**22 May, 2006**  
**1 Jyaistha, 1928 (Saka)**

**ANANTH KUMAR**  
**Chairman,**  
**Standing Committee on Coal and Steel.**

# REPORT

## CHAPTER I

### Introductory

The development and management of mineral resources plays a major role in the industrial growth of a nation and its people at large. India's per capita mineral consumption is one of the lowest in the world. The growth in cement and energy sector has been faster than growth in the metallic sector. Dimensional and decorative stones, have emerged as a major contributor to mineral output and exports.

1.2 India is endowed with significant mineral resources. India produces 89 minerals out of which 4 are fuel minerals, 11 metallic, 52 non-metallic and 22 minor minerals. The metallic production is accounted for by iron-ore, copper-ore, chromite and/or zinc concentrates, gold, manganese ore, bauxite, lead concentrates. Amongst the non-metallic minerals, more than 90 per cent of the aggregate value is shared by limestone, magnesite, dolomite, barytes, kaolin, gypsum, apatite & phosphorite, steatite and fluorite.

1.3 The Ministry of Mines is responsible for the survey and exploration of all minerals other than natural gases, petroleum and atomic minerals; for mining and metallurgy of non-ferrous metals like aluminium, copper, zinc, lead, gold, nickel, etc. and for the administration of the Mines and Minerals (Development and Regulation) Act, 1957 in respect of all mines and minerals, other than coal, natural gas and petroleum. List of subjects allocated to the Ministry of Mines is given below:

- 1.(a) Legislation for regulation of mines and development of minerals within the territory of India, including mines and minerals underlying the ocean within the territorial waters or the continental shelf, or the Exclusive Economic Zone and other Maritime Zones of India as may be specified from time to time by or under any law made by Parliament;
- (b) Regulation of mines and development of minerals other than coal, lignite and sand for stowing and any minerals declared as prescribed substances for the purposes of the Atomic Energy Act, 1962 (33 of 1962) under the control of the Union as declared by law, including questions concerning regulation and development of minerals in various States and the matter connected therewith or incidental thereto;



2. All other metals and minerals not specifically allotted to any other Ministry/Department such as aluminium, zinc, copper, gold, diamond and nickel;
3. Planning, development and control of, and assistance to, all industries dealt with by the Ministry;
4. Geological Survey of India (GSI);
5. Indian Bureau of Mines (IBM); and
6. Metallurgical Grade Silicon.

1.4 At the Secretariat level the Ministry of Mines is mainly engaged in direction, supervision and coordination of six divisions which *inter alia* include Survey and Exploration, Mines, Metal, General Administration and Finance and Accounts. Survey and Exploration Division has two principal agencies, *i.e.* Geological Survey of India (GSI) and Mineral Exploration Corporation Ltd. (MECL) for the implementation of the programmes of this Division while Mines Division has one subordinate office *viz.* Indian Bureau of Mines (IBM) to implement its programmes. Metal Division of the Ministry of Mines deals with the planning, exploration, development, monitoring of programmes and research in respect of non-ferrous metals both in the public and private sectors. S&T Division, the activities under the Science and Technology Programme of the Minerals and Non-Ferrous Metal Sector cover the field of Geology, Exploration, Mining and Environment, bioleaching beneficiation Rock Mechanics, ground control and Non-Ferrous Metallurgy. Under the S&T programme the following centres of excellence (autonomous bodies) are working under the Ministry of Mines (a) National Institute of Rock Mechanics; (b) National Institute of Miner's Health; and Jawaharlal Nehru Aluminium Research Development and Design Centre. General Administration Division is mainly concerned with the establishment and administrative matters of the Ministry and Finance and Accounts Division is concerned with the budget, financial scrutiny of projects and other proposals, rendering financial advice and maintenance and compilation of accounts.

1.5 The Ministry of Mines has jurisdiction over the following two subordinate offices, namely:

- (i) Geological Survey of India (HQ Kolkata)

(ii) Indian Bureau of Mines (HQ Nagpur)

1.6 Public Sector Undertakings(PSUs) - Ministry of Mines has following four PSUs under its jurisdiction:

(i) National Aluminium Company Ltd.(NALCO), Bhubaneswar

(ii) Hindustan Copper Ltd.(HCL), Kolkata

(iii) Minerals Exploration Corporation Ltd.(MECL), Nagpur

(iv) Bharat Gold Mines Ltd.(BGML), Kolar Gold Fields, Karnataka (closed since 1 March 2001).

1.7 There are two companies, which have been disinvested with transfer of management control to strategic partners. This Ministry holds minority share-holding in these two companies.

(i) Bharat Aluminium Company Ltd.(BALCO), Korba, Chhattisgarh

(ii) Hindustan Zinc Ltd.(HZL), Udaipur, Rajasthan.

1.8 Research Institutions: There are three Research Institutions under the Ministry of Mines, namely:

(i) Jawaharlal Nehru Aluminium Research, Development and Design Centre, Nagpur;

(ii) National Institute of Rock Mechanics, Kolar Gold Fields, Karnataka; and

(iii) National Institute of Miners' Health, Nagpur.

A statement showing the Budget Estimates, Revised Estimates for 2005-2006 and Budget Estimates for 2006-2007 are given at *Annexure-I*.

1.9 Since this year the Demands for Grants (2006-07) have already been passed by Parliament, the Committee's recommendations/observations as detailed in the succeeding paragraphs relate to implementation of the plans/projects of the Ministry and PSUs/Organisations under the administrative control. The Ministry should ensure the proper utilization of allotted funds and recommendations/observations of the Committee should be taken into consideration while implementing the plans/projects.

## CHAPTER II

### **STATUS OF IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN THE NINTH REPORT OF THE STANDING COMMITTEE ON COAL & STEEL ON DEMANDS FOR GRANTS (2005-06) OF THE MINISTRY OF MINES**

The Parliamentary Standing Committee on Coal & Steel presented their Ninth Report on Demands for Grants (2005-06) of the Ministry of Mines on 26.4.2005. The Committee presented their 12<sup>th</sup> Report on 'Action Taken by the Government of the recommendations contained in the Ninth Report of the Committee on Demands for Grants (2005-06) of the Ministry of Mines' on 22.12.2005. Out of 18 recommendations given by the Committee in their Ninth Report, 12 recommendations (Nos. 1, 2, 3, 5, 6, 9, 11, 13, 14, 15, 17 and 18) were accepted by the Government. In respect of 2 Recommendations (Nos. 8 and 10), the Committee did not desire to pursue in view of the Government's replies. In respect of 3 recommendations (Nos.4, 7 and 16), the replies of the Government were not accepted by the Committee and in respect of recommendation No.12, the final reply of the Government was still awaited.

**2.2 The Committee hope that the Ministry of Mines will implement the recommendations in a time bound manner which the Committee commented upon in their Action Taken Report. The Committee desire that the Ministry of Mines should furnish final replies to the recommendation (No.12) which categorized as of interim nature. The Committee would like to be apprised of the action taken in this regard.**

## CHAPTER III

### ANALYSIS OF DEMANDS FOR GRANTS (2006-07)

#### A. Annual Plan Outlay

The Budget Estimates (BE) of the Ministry of Mines for the year 2006-07 include the requirements of the Secretariat of the Ministry, National Aluminium Co. Ltd.(NALCO), Mineral Exploration Corporation Ltd.(MECL), Hindustan Copper Ltd.(HCL), Geological Survey of India (GSI), Indian Bureau of Mines (IBM), Science and Technology and lump-sum provision to North Eastern Region and Sikkim.

3.2 In BE 2005-2006, the approved Budget of this Ministry was Rs.441.86 crore comprising Rs.220.88 crore (Plan) and Rs.220.98 crore (Non-Plan). Against this, the RE 2005-2006 was Rs.416.46 crore comprising Rs.170.88 crore (Plan) and Rs.245.58 crore (Non-Plan). BE 2006-2007 is being kept at Rs.495.02 crore comprising Rs.241.00 crore (Plan) and Rs.254.02 crore (Non-Plan). The Plan and Non-Plan provisions made in the Ministry of Mines for the year 2006-07 are as under:

(Rs. in crore)

	Plan	Non-Plan	Total
<b>Revenue Section</b>	134.05	229.02	363.07
<b>Capital Section</b>	106.95	25.00	131.95
<b>Total Plan Outlay</b>	<b>241.00</b>	<b>254.02</b>	<b>495.02</b>

3.3 The comparison of the Budget allocations at BE and RE stages for the last three years, *i.e.* 2003-2004, 2004-2005 and 2005-2006 along with actual expenditure are given below:

(Rs. in crore)

Sl. No.		Plan	Non-Plan	Total
1	2	3	4	5
1.	BE 2003-2004	228.50	405.24	633.74
	RE 2003-2004	190.00	310.20	500.00
	Actual	242.80	221.95	464.75
2.	BE 2004-2005	239.00	310.00	549.00
	RE 2004-2005	215.00	282.77	497.77
	Actual	189.49	241.16	430.65

1	2	3	4	5
3.	BE 2005-2006	220.88	220.98	441.86
	RE 2005-2006	170.88	245.58	416.46
	Anticipated	165.84	238.84	404.68
4.	BE 2006-2007	241.00	254.02	495.02

3.4 Replying to a query regarding the reasons for variation between BE and RE and also the reasons for less utilisation of funds, the Ministry has stated as under:

### Reasons for variations

1. The BE 2003-2004 for Plan was Rs.228.50 crore and was reduced to Rs.190.00 crore by Ministry of Finance at RE stage. The BE 2003-2004 for Non-Plan was Rs.405.24 crore and the same had been reduced to Rs.310.00 crore at RE stage. The reduction of Rs.38.50 crore was made in the Plan provision for GSI on account of stoppage of BRGM aid and cut of Ministry of Finance. However, a sum of Rs.93.84 crore was provided to HCL as equity through the last batch of Supplementary Demands for Grants. The reduction in outlay of NALCO was due to approval of Government in October, 2004 for 2<sup>nd</sup> phase expansion.
2. The BE for the financial year 2004-2005 for Plan was Rs.239.00 crore and the RE for Plan is Rs.215.00 crore. The Non-Plan Budget Estimates for 2004-2005 were at Rs.310.00 crore which has been reduced to Rs.282.77 crore. The reason for less expenditure is saving of Rs.25.00 crore from the provision of the Rs.60.00 crore for VRS for HCL and also 10 % mandatory cut by Ministry of Finance. The reduction in outlay of NALCO was due to approval of Government in October, 2004 for 2<sup>nd</sup> phase expansion.
3. The BE-2005-06 for Plan was fixed at Rs.220.88 crore and for Non-Plan fixed at Rs.220.98 crore. The RE 2005-06 for Plan was reduced to Rs.170.88 crore as the Ministry of Finance had withdrawn Rs.40 crore as equity to HCL at RE stage. The RE 2005-06 for Non-Plan has been increased to Rs.245.58 crore as

HCL has been granted Rs.25 crore as Non-Plan loan for redemption of debenture.

4. The BE 2006-07 under Plan has been kept at Rs.241.00 crore. The Non-Plan BE 2006-07 has been placed at Rs.254.02 crore.

The statement showing Central Plan Outlay including budget support and IEBR, BE, RE and actuals from 2002-03 onwards is at *Annexure-II*.

3.5 Replying to the major heads of account which showed short falls in utilization of funds earmarked for expenditure during 2004-05 and 2005-06 alongwith reasons therefor and details of the funds surrendered as a result thereof, head-wise and year-wise, the Ministry has informed that there was a shortfall in utilization of funds mainly under the Major Head 2853. The main areas of savings were in GSI and HCL for the year 2005-06, the major reduction is in GSI and HCL by the Ministry of Finance at RE stage as Rs.40 crore as equity to HCL has been withdrawn by the Ministry of Finance. The statement showing the head-wise distribution of budgetary by allocation both at BE, RE and Actuals alongwith saving wherever there was shortfall of utilization of funds in respect of year 2004-05 and 2005-06 is given at Annexure-III.

3.6 About the corrective steps taken by the Ministry to ensure that the BE is expended during 2006-07, the Ministry has stated that since now the FRBM act came into being the expenditure is being monitored every quarter of the year. It has also been ensured that every organization should spend 67% or more of the budget in the first three quarters and only 33% of the budget during the last quarter of the year. Before finalization of budget provisions, detailed discussion are held by the Ministry with PSUs and other organizations keeping in view the approved financial expenditure and achievements with reference to targets before reported to the Ministry of Finance. With a view to streamline the system in GSI and to expedite the implementation of the plan schemes, a Committee was constituted under the Chairmanship of Additional Secretary, Ministry of Mines with Joint Secretary & Financial Adviser, Chief Controller of Accounts(Mines) and Dy. Director General (Finance), GSI which took monthly reviews of the projects which hastened the utilization of Plan funds.

Thus with above corrective steps Ministry look forward to make no major revision at any stage unless any contingency arise.

3.7 As regards the investments in Non-Ferrous Mining & Metallurgical Industries, the budget allocation to GSI for the year 2005-06 and 2006-07 are as under:

(Rs. in crore)

Major Head	BE 2005-06		RE 2005-06		BE 2006-07	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
2853	131.85	192.93	121.85	191.25	76.44	197.71
Total		324.78		313.10		274.15

When enquired about the reasons for variation in plan outlay under Major Head 2853 in BE of Rs.131.85 crore and RE stage was Rs.121.85 crore during 2005-06 and whether there has been any curtailment of schemes and plans for which the reduction in plan outlay has been affected, in this connection the Ministry has stated as follows:

“Strength of manpower in GSI has been reduced by 350 of the total strength of 11,594. Fresh induction has been delayed. This resulted in less expenditure on 'Direction & Administration (D&A)' including Domestic travel amounting to the shortfall of around 10 crores compared to BE. This reduction was made in the RE stage. However, there has been no curtailment of schemes and plans as these targets were planned anticipating that the fresh manpower will be trained in the initial period after induction. Fresh induction would have amounted to expenditure on 'D & A' only”.

3.8 Regarding drastic reduction in BE in respect of Geological Survey of India during 2004-05 and 2005-06, the Ministry of Mines further stated as under:

“The projected enhancement of the human resources especially in (Gr. A & B  $\cong$  3500) could not be accomplished for various reasons and this resulted in drastic reduction in BE. However, there has been no curtailment of schemes and plans as those targets were planned annually anticipating that the fresh manpower will be trained in the initial period after induction. However, there will be prorata achievement of the X Plan target based on the available resources. Modernisation was at a slower pace because of sophisticated nature of scientific instruments requiring longer processing time and because of shortage of scientific, technical and material management manpower”.

### Annual Plan 2006-2007(PSUs/Organisations)

3.9 The PSUs/Organisation-wise distribution of Approved Outlay for Annual Plan 2006-2007 showing Internal Resources (IR), Extra Budgetary Resources (EBR), Gross Budget Support (GBS), Net Budget Support (NBS) and External Aid is given below:-

(Rs. in crore)

Sl. No.	PSUs/ Orgns.	Outlay	IR	EBR	G.B.S.	N.B.S.	Ext. Aid	NER
1.	<b>NALCO</b>	622.14	622.14		0.00	0.00		
2.	<b>HCL</b>	30.00			30.00	30.00		
3.	<b>MECL</b>							
	<b>-P</b>	17.00	0.00		17.00	17.00		
	<b>-C</b>	8.00	8.00		0.00	0.00		
4.	<b>GSI</b>	165.50			165.50	165.50		16.55
5.	<b>IBM</b>	24.00			24.00	24.00		2.40
6.	<b>S&amp;T</b>	8.05	2.80	0.75	4.50	4.50		
7.	<b>Const.</b>							
	<b>-GSI</b>	8.25			8.25	8.25		
	<b>-IBM</b>	0.75			0.75	0.75		
	<b>Total</b>	<b>883.69</b>	<b>632.94</b>	<b>0.75</b>	<b>250.00</b>	<b>250.00</b>		<b>18.95</b>

- 10% of BS of only GSI & IBM(excluding External Aid of BRGM, France) is earmarked for expenditure in NER.
- GBS in respect of loss-making PSUs as well as those having no activities in North East Region and Foreign Aid component are exempted from earmarking of 10%.

The Plan outlay of the Ministry of Mines for 2006-07 has been approved by the Planning Commission at Rs.883.69 crore including the Gross Budget Support of Rs.250.00 crore. The Net Budget Support of Rs.250.00 crore includes Rs.9.00 crore for the construction programme of GSI (Rs.8.25 crore) and IBM (Rs.0.75 crore) which have been included in the Demands for Grants of Ministry of Urban Affairs.

3.10 About the detailed note pertaining to the PSUs in which the allocation for the year 2006-07 has decreased/increased in comparison to the allocations for 2005-06



and the exact amount of decrease/increase thereof alongwith reasons for the same, the Committee have been informed as under :

Sl. No.	Name of Public Sector Undertakings	Annual Plan		Increase(+)/ Decrease(-)
		2005-06	2006-07	
		BE	BE	
1	National Aluminium Co.Ltd.	450.71	622.14	+171.43
2	Hindustan Copper Ltd.	40.00	30.00	- 10.00
3	Mineral Exploration Corporation Ltd. -Promotional -Capital	11.00 5.00	17.00 8.00	+6.00 +3.00

The allocation for 2006-07 for MECL for the promotional scheme has been increased for exploration of additional mineral prospects which holds potential for development. Once the exploration is completed the reports for these prospects would be available for the interested agencies / State Govt. for further development.

MECL is continuing its exploration activity with the plant & machinery which are by and large more than 15 years old resulting in frequent break down, higher cost of maintenance, low productivity and higher cost of exploration. With the increased provision for capital expenditure, MECL shall be taking up modernization programme and replacement of old machineries in phased manner.

The increase/decrease in scheme-wise break up in NALCO is dependant upon the expenditure required in the respective scheme.

The reduction in allocation for HCL under Renewal and Replacement Scheme (R&R) is likely to affect the overall procurement action of the plant and equipment during the year 2006-07. The shortfall of Rs.10 crore is to be met either through cutdown of expenditure on account of R&R or by deferment of other necessary expenditure. The cutdown of expenditure on account of R&R, however, would affect the overall availability of the plant and equipment.

Allocation of non-plan loan of Rs.25 crore for repayment of Government guaranteed debentures has been provided during 2006-07. As part of the debt service commitment company would have to repay Rs.25 crore against outstanding debenture in four quarterly instalments @ Rs.6.25 crore each.

3.11 When asked about the amount earmarked for North-Eastern Region in GSI during 2005-06, the Ministry has stated in a written reply that the amount earmarked for NER during 2005-06 is Rs.14.65 crore, which is 10% of the budget allocation for GSI.

The activity -wise quantified target vis-a-vis achievement for F.Y. 2005-06 for NER (Including Sikkim) is given as follows:

	<b>ACTIVITY</b>	<b>TARGET</b>	<b>ACHIEVEMENT</b>
1.	Systematic Geological Mapping	600 Sq. Km.	600 Sq.Km.
2.	Geochemical Mapping	2160 Sq. Km	1712 Sq.Km.\$
3.	Geophysical Mapping	2150 Sq. Km	1700 Sq.Km.*
4.	Large Scale Mapping	25 Sq. Km.	25 Sq.Km.
5.	Detailed Mapping	2.30 Sq. Km	2.30 Sq.Km.
6.	Drilling	3200 m	3905.7 m

\$ Shortfall is due to shortage of manpower.

\* Shortfall is due to taking up of one **sponsored item of ONGC, out side FSP** "Gravity-Magnetic surveys in parts of Kolasib area, Kolasib district, Mizoram" where Gravity Magnetic profile for 82.97 L km including 25 L.km along Kolasib-Bhairabi road has been prepared covering 103 stations. Manpower from one approved program diverted to the **sponsored item** and consequently this approved program could not be taken up.

During the year 2005-06, 10% of the allotted Plan budget of IBM, i.e. an amount of Rs.1.85 crores was earmarked for the purpose of development in NE Region. Subsequently an additional amount of Rs.1.00 crore was granted. Thus, during 2005-06, a total of Rs.2.85 crores was earmarked for the activities of IBM for development of NE Region/States. The same has been fully utilised by supply of Machinery & Equipment, IT component and training to NER officials.

During the year 2005-06 the following targets were achieved in NE Region and Sikkim in IBM.:

<b>Target</b>	<b>Achievement</b>
1	2
i) <b>Inspection of Mines (25 Inspections)</b>	<b>Twenty seven</b> inspections of mines were carried out in NE States for enforcing systematic and scientific development of mines, conservation of minerals and protection of environment.

1	2
<b>ii) <u>Training Programme</u></b> (3 programmes)	Following <b>three</b> Training Programmes were conducted during 2005-06 in which <b>61</b> personnel from NE States were participated. 1.Training Programme on Mineral Conservation, Scientific Mining and Mines Environment. 2.Training Programme on Mine Closure Plan. 3.Training Programme on MCDR, 1988, MM(DR) 1957 & MCR 1960.
<b>iii) <u>Supply of equipments</u></b> As decided in a meeting with the representatives of Seven NE State Governments at the beginning of the year, Equipment worth of Rs. 1.86 crores was to be supplied. To fulfill the target of supply of required equipment to NE States, IBM obtained additional fund of Rs.1.00 crores against NE budget.	IBM has fully utilized the budget of Rs.2.86 crores by supplying equipment like Rock drilling Rig small & big size with accessories, Total Station Theodolite, Hand held GPS, Laptop etc. to Assam, Arunachal Pradesh, Meghalaya, Nagaland, Manipur, Mizoram and Tripura during 2005-06.

3.12 The Ministry of Mines proposed an annual plan outlay of Rs.1056.38 for 2006-07 but the Planning Commission approved an outlay of Rs.883.69 only.

The details of proposed plan outlay & approved outlay of Ministry of Mines for the year 2006-2007 is given below;-

(Rs. in crores)

S.No.	Name of PSUs/ Orgns	Annual Plan 2006-2007 (Proposed)	Approved by Planning Commission	Approved by Govt.
1	2	3	4	5
1.	NALCO	622.14	622.14	622.14
2.	HCL	42.50	30.00	30.00
3.	MECL			
	(a) Promotional	23.50	17.00	17.00
	(b) Capital	8.00	8.00	8.00
4.	GSI	307.10	165.50	165.50

1	2	3	4	5
5.	IBM	34.21	24.00	24.00
6.	S&T	7.90	8.05	8.05
7.	Constructions			
	GSI	10.29	8.25	8.25
	IBM	0.74	0.75	0.75
	Total	1056.38	883.69	883.69

The reduction in allocation by the Planning Commission has, mainly been due to the fact that GSI had proposed a plan outlay of Rs.307.10 crore for the FY 2006-07, which included Rs.134.40 crore towards the part payment of Blue Water Research Vessel as a replacement for R.V. Samundra Manthan in plan proposal. However, Planning Commission after examining the status of procurement process of the Blue Water Research Vessel had allocated only a token provision for hiring of consultant for the same and the Plan Outlay of GSI for the FY 2006-07 has been fixed at Rs.165.50 crore. In case the procurement action for the Blue Water Research Vessel demands further funds, the Planning Commission will be approached at RE Stage. In IBM also additional funds had been sought for their two new sub-schemes and the Planning Commission provided the token provision only.

As far as allocation of fund is concerned, the funds have been allocated in view of requirement of resources and sufficient funds have been allocated for the ongoing activities.

3.13 When the Committee desired to know, whether any new schemes are proposed to be implemented with the enhanced budgetary allocations, the Ministry stated in a written reply:

“MECL proposes to take up exploration of new additional projects. A total of eight exploration proposal for copper, lead-zinc, gold and iron ore at an estimated cost of about Rs.17.00 crore have been drawn. These have already been approved by the Technical Sub-Committee of SCPP and would be put up in the 14<sup>th</sup> SCPP likely to be held shortly for approval. Once approved MECL shall mobilize adequate resources to complete the work as per time schedule.

The budgetary allocation of Rs.30.00 (Plan fund) made to HCL is for renewal and replacement activities and Non Plan Loan of 25.00 crore is towards meeting the expenditure on redemption of debentures issued by HCL.

Presently, no new scheme in NALCO is proposed to be implemented over and above the schemes for which budgetary allocation has been made”.

3.14 As regards ensuring full and proper utilization of the funds allocated, the Ministry furnished as under:

“MECL proposes to complete work valued at Rs. 3.50 crores in the on-going projects and for Rs. 13.50 crores in the new projects which have already been sanctioned/likely to be sanctioned shortly. To facilitate proper utilization of fund the progress of the promotional projects is being reviewed by the Technical Sub-Committee of SCPP and also in the quarterly progress review meeting of MECL taken by Secretary (Mines).

For the year 2006-07, a Plan fund of Rs. 30 crore in the form of equity has been provided to HCL for replacement and renewal (R&R) activities. The R&R fund is utilised for renewal and replacement of existing plant and equipment to ensure availability of existing facilities. Advance action in regard to procurement of plant and equipment against this fund has been initiated by the company. Progress in this regard would be regularly monitored to ensure full utilisation of the fund.

In addition an amount of Rs. 25 crore has been sanctioned as non-plan loan for repayment of debenture instalments during the financial year 2006-07. The payment is to be made in four quarterly instalments @ Rs.6.25 crore. The Ministry will ensure that timely payments are made.

Constant monitoring is being done in NALCO through Quarterly Performance Review Meetings.

With the experience of not meeting the budget amount, the NALCO is trying to set realistic budget estimates taking into account overall project schedule, flow chart, mile stone, physical and financial progress already been achieved, etc. After setting of budget, constant monitoring and follow up action is done by various committees at different levels on monthly and quarterly basis so as to minimize any slippage and variation and take necessary corrective measures to adhere to targets fixed in budget”.

**3.15 The Committee note that the Budget Estimates of the Ministry of Mines for the year 2006-07 have been kept at Rs.883.69 crore. During 2005-06, BE of Rs.685.14 crore was reduced to Rs.405.52 crore at RE stage but the actual expenditure would be Rs.400.92 crore approximately. The Committee note that there has been substantial increase in BE 2006-07 primarily due to enhanced allocation for NALCO. The Committee expect the Ministry to strive to expend the same.**

**The Committee also note with concern that the Ministry has failed to utilize the approved 10<sup>th</sup> Plan outlay of Rs.8344.50 crore, later revised to Rs.4485.28 crore during the Mid-Term Appraisal. The Committee are extremely dissatisfied to note that the total expenditure during the first four years of the plan has remained merely to Rs.2042.95 crore, which is less than 50% of the revised plan outlay. The Committee strongly disapprove of the non-serious approach of the Ministry since budgetary proposals continued to be prepared in a reckless manner without any serious thought, proper scrutiny and long term vision.**

**The Committee, therefore, desire the Ministry to utilize funds allocated in a productive way in the interest of balanced growth and development of the mining sector by streamlining the internal financial and administrative procedures with regular monitoring. The Committee also emphasize that the budgetary proposals should be prepared on realistic basis with minimal revision at RE stage.**

**The Committee also desire the Ministry to undertake a study to pin point reasons for underutilization of funds and to suggest the corrective measures in this regard.**

**3.16 The Committee note that the Planning Commission has drastically downsized the outlay in respect of Geological Survey of India (GSI) from Rs.307.10 crore proposed by the Ministry of Mines to Rs.165.50 crore. GSI had proposed the plan outlay of Rs.307.10 crore during 2006-07 which included Rs.134.40 crore towards the part payment of Blue Water Research Vessel as a replacement for R.V. Samudra Manthan. The Committee also note that the Planning Commission after examining the status of procurement process of the Blue Water Research Vessel had allocated only a token provision during 2006-07 for hiring of consultant for the same. The revised EFC Memo with necessary modifications suggested by the Planning Commission has been submitted by GSI to the Ministry of Mines for approval.**

**The Committee are deeply concerned to note the inordinate delay in preparation and submission of Detailed Project Report (DPR) and EFC Memo regarding purchase of Research Vessel had made the Planning Commission to**

believe that the above vessel is unlikely to be procured during 2006-07 resulting in reduction in the proposed outlay. The Committee feel that the laxity on the part of GSI has put the modernisation programme of the organisation on the back seat. The Committee are apprehensive how the modernisation of GSI, which was one of the major thrusts of 10<sup>th</sup> Plan period, could be achieved given the procurement status of the vessel. The Committee, therefore, desire the Ministry to take necessary measures to ensure that the vessel is procured in 10<sup>th</sup> Plan period itself and approach the Planning Commission and the Ministry of Finance for additional funds at RE stage.

#### **B. Indian Bureau of Mines (IBM)**

The Indian Bureau of Mines is primarily responsible for the promotion and conservation of minerals, protection of environment in mines, systematic and scientific development of mineral resources of the country other than coal, petroleum and natural gas, atomic mineral and minor minerals. Towards this end, it performs regulatory functions, namely enforcement of Mineral Conservation Development Rules, 1988, the relevant provisions of the mines and Environmental Protection Act, 1986 & Rules made thereunder. It also undertakes scientific, techno-economic, research oriented studies in various aspects of mining, geological studies, ore beneficiation and environmental studies. It provides technical consultancy services to the mining industry for survey and geological appraisal of mineral resources and for preparation of feasibility reports of mining projects including beneficiation plants. It conducts market surveys to assist the mineral trade in the marketing of minerals. The IBM also functions as a Data Bank on Mines and Minerals and publishes periodically statistical information relating to mines and minerals. It also brings out technical publications in the form of Monographs and Bulletins. The IBM advises the Central and State Governments on all aspects of mineral industry, trade, legislation, etc.

Main activities of the IBM are as follows:

- (i) Inspection and study of mines for enforcement of MCDR, examination and approval of mining plans, schemes and mine closure plans under MCR 1960 and MCDR 1988.
- (ii) Providing technical consultancy services in the field of geology, mining, mine environment and mineral beneficiation.
- (iii) Research on beneficiation of low-grade ores and analysis of ores and minerals.
- (iv) Conducting research on special mining problems.
- (v) Publication of monographs and bulletins.
- (vi) Preparation of mineral maps.
- (vii) Preparation of inventory of mineral resources of the country.
- (viii) Conducting market surveys of minerals and metals.
- (ix) Collection and dissemination of statistics and information on mines and minerals.
- (x) Promoting and monitoring community development activities in mining areas.
- (xi) Advising the Central and State Governments on matters in regard to mineral industry, relating to environmental protection and pollution control, export and import policies, trade, mineral legislation, fiscal incentives and related matters.
- (xii) Training of IBM personnel and persons from the mineral industry and other agencies in India and abroad.
- (xiii) Special studies on Development Programmes and International Mineral Intelligence.

4.2 The activities of the Bureau are in accordance with its charter of functions notified by Government. These are in the nature of service activities and it is difficult to establish a correlation between inputs and outputs in relation to the services, which are of very diverse nature. However, in order to ensure reasonable level of productivity, norms have been fixed for various activities and the achievements are evaluated in relation to the targets set on the basis of these norms. The accounting system prevailing in the IBM, which is in line with the standard practice followed in Government Offices, does not lend itself to generation of unit cost data particularly when the activities of the various Divisions are of a diverse nature.



4.3 Thus in the Mines Control and Conservation of Minerals Division besides inspection of mines, Special Studies with particular reference to promote and monitor community development in mining areas, and updating of National Mineral Inventory in respect of private leaseholds are undertaken. Similarly, in the Ore Dressing Division, the inputs required for the pilot plant investigations and the laboratory scale investigation are widely different. Besides, the ore dressing activities also comprise determination of radicals through wet chemical analysis and instrumental analysis as well as mineralogical studies. Similarly, diverse activities are being carried out in the other Divisions also. The Bureau has tried to diversify its activities in accordance with the demand made on its services by the Central Government, State Governments and the mining industry.

### Inspection and Studies of Mines

4.4 The achievements during the year 2004-2005 and 2005-2006 (upto December, 2005) vis-a-vis targets, and the programme for the year 2006-2007 in respect of inspections & studies of mines for promoting systematic and scientific development of mineral deposits, conservation of mineral resources, approval of mining plans, environmental protection & pollution control and administration of MCDR, 1988 are as below:-

Sl. No.	Item	2004-05		2005-06		2006-07
		Target	Achievement	Target	Achievement (upto Dec., 2005)	Target
1.	Inspection of Mines for administration of MCD Rules, 1988, approval of mining plans, schemes and mine closure plans	2,450	2,593	2,300	1,812	2,500
2.	Special Studies (SS)/ Mining Geological Studies covering in Community Developments aspects	12 SS	12 SS	7500*	6186*	12#
3.	Acquisition and dissemination of exploration data in respect of Reconnaissance Permits/Prospecting Licences over large areas	200 RPs/ PLs	178 RPs/ PLs	\$	74 RPs/ PLs	\$

\* Updation of NMI data sheets for private lease holds as on 1.4.2005.

# Mining Geological Studies covering Community Development aspects.

\$ As and when data received from RPs/PLs holders.

4.5 Consequent to inspections and studies, during the year 2005-06 (upto Dec. 2005), 1,487 violations of MCDR, 1988 were pointed out in respect of 702 mines and 825 violations were rectified. Twenty-five prosecution cases were launched in various courts, 16 cases were decided and 18 cases were compounded. Besides, the suggestions and recommendations offered to the mine owners, have led to conservation of mineral resources, promotion of scientific mining improvement in performance of mining operation, protection of environment, etc.

During the year 2005-06(upto Dec., 2005), 419 mining plans were approved, 37 not approved, and 237 mining schemes were approved and 70 not approved. Registration of Recognised Qualified Persons(RQP) was granted in 59 cases and refused in 1 case.

### **Technical Consultancy Services**

4.6 Technical Consultancy Services were provided to the mining industry at prescribed charges and on promotional basis.

Targets and achievements for the year 2004-05 and 2005-06 and programme for 2006-07 are as below:-

Item	2004-05		2005-06		2006-07
	Target	Achievement	Target	Achievement(upto Dec., 2004)	Target
Preparation of Mining Feasibility/ Mining Scheme/ EMP Study Reports and conducting Preliminary Geological Appraisal of mineral deposits/survey assignments, etc. (No. of assignments)	9 to 11	17	18	23	5 to 7

IBM has generated Rs.99.90 lakh through promotional activities during 2005-06 (upto December, 2005).

4.7 When the Committee wanted to know about the likely amount to be generated by IBM during 2006-07, the Ministry replied as follows:-

“IBM has generated Rs.99.90 lakhs through Consultancy Services during 2005-06 upto December, 2005 (Rs.122.60 lakhs during 2005-06 upto February, 2006).

During the 13th meeting of the IBM Advisory Board held on 4th September, 2002 it was decided, that IBM being a regulatory authority, cannot fix any target for revenue generation. IBM will continue to generate revenue during the course of its functional activities so as to meet the demands of the industry. Accordingly, IBM is likely to generate a revenue of about Rs.1.00 crore through its promotional activities during 2006-07.

4.8 IBM plans to take up two projects namely: (i) Management of solid waste from mining in India at an estimated cost of Rs.13.80 crore; and (ii) Computerised online register of mining tenements system at an estimated cost of Rs.17.50 crore.

When asked about the details on the above projects, the Ministry has informed in a written reply as follows:-

“The projects namely :

- (i) Computerized on line Register of Mining Tenements System: estimated cost Rs. 20.00 crore.
- (ii) Management of Solid waste from Mining in India: estimated cost Rs. 14.1241 crore.

were initially planned to be served by Aid Through Budget (ATB) but it is contemplated to be taken up with Net Budgetary Support of IBM and will be sub-schemes under scheme No. 3 and 4 respectively.

#### **(i) Computerised Online Register of Mining Tenement System**

The scheme is for setting up of a Computerised Online Register of Mining Tenements on information on Mineral Resources of the country, excluding atomic minerals, oil and natural gas.

##### 1. Scope of the proposed scheme:

The project will be implemented in identified eleven mineral rich States namely, Andhra Pradesh, Chhattisgarh, Goa, Gujarat, Jharkhand, Karnataka, Maharashtra, Madhya Pradesh, Orissa, Rajasthan and Tamil Nadu.

A LAN connecting servers and clients will be established at all these centres. The data from each State DMG will then be transferred to the IBM, HQ through the WAN links.

The IBM will act as expert and system integrator for the project and will also work as interface between all stakeholders.

## 2. Milestones of the Project:

Success of the project mainly depend on timely completion of certain activities those are recognized as Milestones of the Project. These activities are - Identification of –

- Project personnel both from IBM and DMGs.
- Location and space for computer center by State DMGs.
- Personnel for training by State DMGs.
- Evaluation of tenders for hardware and supporting software.
- Setting up of the Computer Center at State DMG.

## 3. Programme schedule:

Period : Two and half years.

4. Cost of the Project - Rs. 1998.64 Lakhs or say Rs. 20 crores  
(First Year 3.00 crore, Second Year 15.2092 crore and Third Year 1.8030 crore)

## (ii) SCHEME ON MANAGEMENT OF SOLID WASTE FROM MINING IN INDIA

### 1. Objective of the Scheme

The proposed scheme on “Management of Solid Waste from Mining in India” with the assistance of Global Consultant is aimed at enhancing the capabilities of IBM in the area of mine waste management, involving evolution and utilisation of mine waste conforming to the environmental sustenance while eliminating hazardous consequence from the waste dumps. It includes mine waste inventorization, characterization, utilization and regulation. It is also aimed at bringing draft legislation, suited to Indian mining scenario, for incorporation by the Government.

The key deliverables of this Scheme include :

1. Development of Human resources at IBM for management of Solid waste in different geo-morphological situations.
2. Inventory on mining waste.
3. Review of Mine-waste policies in India.
4. Utilization of Mine waste and beneficiation.

5. Study of legal frame-work of few countries and its suitability with respect to Indian mining.

2. Technology Transfer :

The out come of the above tasks will be based on the technology transfer from Global Consultant, which includes development of suitable flow sheet for beneficiation of iron ore waste, tailings and red-mud from aluminum processing plants. Further, it will also cover aspects related to, waste recycling and its utilization.

It is envisaged that the Scheme will be completed in three years. The tentative phasing of the Scheme detailed below :

<b>Activity</b>	<b>Duration(month)</b>
Phase-1	06
Phase-2	18
Phase-3	12

3. Year-wise cost estimate of the Scheme:

<b>Year</b>	<b>Estimated Cost</b>
I year	INR 2,00,00,000/-
II year	INR 7,41,42,000/-
III year	INR 4,70,99,000/-
Grand Total	INR 14,12,41,000/-

4.9 In response to a query of the Committee how the expenditure is likely to be incurred for undertaking about two projects would be met, the Ministry has stated as follows:

“The above mentioned two projects were considered by the Ministry of Mines, and were referred to the Planning Commission for ‘in principle’. The Planning Commission have advised that these projects may be taken up in the Eleventh Five Year Plan”.

4.10 Replying to a query regarding the details on progress made during the year 2005-06 and how much money has been earmarked for IBM during the year 2006-07 to carry on inspection and study of mines research on the beneficiation of low grade ones and minerals at special Ministry problem within a view to promote conservation

and scientific development of mineral resources, as informed by the Ministry are as follows:-

“Inspection and study of Mines, research on beneficiation of low grade ores and minerals and special mining problems with a view to promote conservation and scientific development of mineral resources are carried out in IBM through scheme No. 1 "Inspection of Mines for Scientific and Systematic Mining, Mineral Conservation and Mines Environment" and Scheme No. 2 "Mineral Beneficiation Studies - Utilisation of Low Grade and Sub-Grades ores and Analysis of Environmental Samples". The proposed outlay for these two schemes during 2006-07 is as follows:-

<b>Scheme Number</b>	<b>Name of the Scheme</b>	<b>Proposed outlay (Rs. in crores)</b>
I.	Inspection of Mines for Scientific and Systematic Mining, Mineral Conservation and Mines Environment.	4.9400
II.	Mineral Beneficiation Studies - Utilisation of Low Grade and Sub-Grade ores and Analysis of Environmental Samples.	5.7400

#### **Progress made during 2005-06**

##### **Scheme No.1 : Inspection of Mines for Scientific and Systematic Mining, Mineral Conservation and Mines Environment.**

IBM carry out regular inspections and studies of mines for ensuring systematic and sustainable development of mineral resources, promotion of conservation of minerals and protection of mine environment through enforcement of MM(DR) Act, 1957, MCDR, 1988 and relevant provisions of MCR, 1960.

During the year 2005-06 (Up to February 2006) 2,280 mines were inspected against an annual target of 2300 inspections. Besides, updation of NMI as on 11.4.2005 in respect of 7386 private leaseholds against an annual target of 7500, adopting UNF Classification was carried out.

Consequent to the inspection of mines, 1868 violations of MCDR, 1988 were pointed out in respect of 864 mines; and during this period 984 violations were rectified; 31 prosecutions were launched; 24 cases were decided in the Court in favour of IBM and 19 cases were compounded.

Mining plans/Schemes of mining prepared by the leases are being approved by IBM and are being monitored for their effective implementation. During the period, 505 mining plans were approved and 41 not approved. Similarly, 266 schemes of mining were approved and 73 not approved.

**Scheme No. 2 : Mineral Beneficiation Studies - Utilisation of Low Grade and Sub-Grade ores and Analysis of Environmental Samples.**

Mineral beneficiation studies ensure value addition to the low grade ores, which are otherwise going as waste and to help directly or indirectly the mineral industry for optimum exploitation of mineral resources of the country. Further, analysis of air, water, solid waste etc. are also being carried out for monitoring of mine effluent parameters.

During the period, IBM's three laboratories and pilot plants situated at Nagpur, Ajmer and Bangalore carried out the following activities:

<b>Activity</b>	<b>Target (2005-06)</b>	<b>Achievement -(2005-06) (Upto February, 2006)</b>
(i) Ore Dressing Investigation	70	71
(ii) Chemical analysis (No. of radicals)	50,000	46,455
(iii) Mineralogical Examination	2300	2293
(iv) In-plants studies /plant visits	As and when required	11

In addition to the above, S&T Project on "Enhanced Gravity & Magnetic Separation Studies for Recovery of Values from Plant Tailings and Ore Slimes" which was taken up for implementation during 2003-04 is likely to be completed during the current year.

During the year, 2005-06 (Upto February 2006), equipment namely Water Only Cyclone, Ferrous Wheel High Gradient Magnetic Separator (lab model) and Flotex Density Separator were procured and installed in the Ore Dressing Laboratory of IBM, Nagpur. Characterisation and beneficiation studies on two chromite tailings samples from the beneficiation plants of M/s. TISCO and FACOR, Sukinda, Orissa were completed".

**4.11 The Committee note that IBM has generated Rs.122.60 lakhs during 2005-06 (upto Feb., 2006) through consultancy services. The Committee also note that IBM has planned to take up 5 to 7 consultancy services and generate a revenue of Rs.1 crore through promotional activities during 2006-07. The Committee desire that IBM should make all out efforts to bag more and more projects under consultancy services in order to exceed the target to enable it to become financially sound.**

**4.12 The Committee further note that the two projects namely, Computerised Online Register of Mining Tenement System at an estimated cost of Rs.20.00 crore and Management of Solid Waste from Mining in India, at estimated cost of Rs.14.12 crore were initially planned to be executed by Aid Through Budget (ATB) and were referred to the Planning Commission for “in principle” approval. However, the Planning Commission has advised that these projects may be taken up in the 11<sup>th</sup> Five Year Plan. The Committee observe that both the above projects are very significant as they proposed to provide information on mineral resources in the country and management and regulation of Mine Waste. The Committee desire IBM to start preparatory work on the implementation of these projects and obtain necessary clearances, if any, required. The Committee also desire that these projects may be taken up in right earnest in the very first year of the 11<sup>th</sup> Plan and the completion schedule therefore is strictly adhered.**

**4.13 The Committee note that in the year 2004-05, IBM had inspected 2593 mines against the target of 2450 mines in pursuance of MCD Rules 1988 for approval of mining plans, schemes and mine closure plans. The Committee are, therefore, surprised to note that comparatively lower targets of 2300 and 2500 inspections for the year 2005-06 and 2006-07 respectively were set-up by IBM. The Committee stress that the prime cause of massive illegal mining all over the country is delays in approval of mining plans/schemes apart from mine closure plans. The role of IBM assumes significance as it is entrusted with the responsibilities which involve inspections of prospective and likely to be closed mines. The Committee, therefore, desire IBM to set a reasonably higher target every year in this regard so that more and more plans/schemes are inspected and approved and all the mines where mining operations have ceased are closed with proper mine closure plan to prevent illegal mining.**



## **C. National Aluminium Company Ltd. (NALCO)**

Incorporated in 1981, National Aluminium Company Limited (NALCO) the most sophisticated and eco-friendly is Asia's largest integrated alumina aluminium complex, comprising bauxite mining alumina refining, aluminium smelting and casting, power generation, rail and port facilities.

5.2 With the technical collaboration of Aluminium Pechiney of France, ISO 9001:2000 certification of quality management, registration of products at London Metal Exchange, environment care conforming to ISO 14001, low cost operations and international customer base, NALCO enjoys the status of a Star Export House and a Miniratna company.

5.3 Apart from exporting to more than 30 countries worldwide, the company has stockyards in various parts of India to facilitate domestic marketing. With its consistent track record in capacity utilization, technology absorption, quality of profits, NALCO is an example of India's mature industrial capability.

### **Bauxite Mines**

5.4 NALCO's 48 lakhs Tonnes Per Annum (TPA) bauxite mining, on Panchpatmali hills of Koraput district in Orissa, is among the most sophisticated and eco-friendly mining operations to be found worldwide. Highly mechanized, this opencast mining features geostatistics application and computerized mine planning. The transportation of ore to the alumina refinery, located downhill, is done through a 14.6 kms long, single-flight, multi-curve, cable belt conveyor system.

### **Alumina Refinery**

5.5 One among the top ten alumina refineries in the world, this 15.75 lakhs TPA energy-efficient alumina refinery utilizes time-tested Bayer process technology of atmospheric pressure digestion at low temperature. Manufacturing of 26,000 TPA special grade aluminas and hydrates as well as 10,000 TPA detergent grade zeolite are well integrated with the main process streams. After meeting the consumption needs of the company's smelter, the balance quantity of alumina goes to international markets through Visakhapatnam port.

## Aluminium Smelter

5.6 Located at Angul in Orissa, the 3.45 lakhs TPA smelter comprises three potlines with 240 electrolytic pot cells in each, along with integrated facilities for casting of ingots, sows, billets, strips and wire rods. With the acquisition and subsequent merger of International Aluminium Products Limited (IAPL), Rolled products units has the advantage of direct molten metal transfer from the smelter.

## Captive Power Plant

5.7 The 960 MW Captive Thermal Power Plant at Angul, close to the smelter and near Talcher coalfields, is another showpiece in efficient and reliable power generation. Besides, supporting firm and uninterrupted power supply to the smelter, it is connected to the State grid for sale of surplus electricity.

## Port Facilities

5.8 NALCO has dedicated port facilities of the inner harbour of Visakhapatnam port for bulk export of alumina and import of caustic soda lye. With storage facility up to 75,000 tonnes and ship-loading rate of 2200 tonnes per hour, this facility can reliably handle export of about one million tonnes of alumina per annum.

## Physical Performance

5.9 The physical performance of the company during the year 2003-04, 2004-05 and 2005-06 (upto December, 2005) is given below:

### Physical performance of NALCO

Sl. No.	Product	Unit	2003-04	2004-05	2004-05 (upto Dec. 2004)	2005-06 (upto Dec. 2005)	Target 2005-06
<b>Production</b>							
1.	Bauxite	MT*	48,16,762	48,51,726	34,22,901	34,56,243	48,00,000
2.	Alumina	MT*	15,56,100	15,75,000	11,73,500	11,86,600	15,75,000
3.	Aluminium	MT*	2,98,208	3,38,483	2,48,498	2,69,081	3,45,000
4.	Net Power (Generation)	MU**	5,122	5,613	4,248.5	4,129	5,601

\* MT-Metric Tonne

\*\* MU – Million Tonne

## Financial Performance

5.10 The financial performance of the company during the year 2003-04, 2004-05 and 2005-06 (upto December, 2005) is given below:

### Financial Performance of NALCO

Sl. No.	Details	Actual				Target 2005-06
		2003-04	2004-05	2004-05 (upto Dec. 2004)	2005-06 (upto Dec. 2005)	
1.	Income	3324.77	4374.60	3113.27	3488.08	4182.72
2.	Operating cost	1722.33	1985.01	1430.24	1714.68	1882.72
3.	Interest etc.	103.41	60.61	49.61	-	-
4.	Depreciation & Amortization	446.27	458.71	344.42	304.88	389.45
5.	Net profit before Tax & Dividend (PBT)	1052.76	1870.27	1289.00	1468.52	1910.55
6.	Net Profit after tax but before dividend (PAT)	737.37	1234.84	800.60	968.44	1244.03

### Sales Performance of NALCO

Items	Unit	2003-04	2004-05	2004-05 (upto Dec. 2004)	2005-06 (upto Dec. 2005)	Target 2005-06
(A) Export						
i) Alumina/Hydrate	MT	934874	909081	663125	648787	865000
ii) Aluminium	MT	129718	132730	81431	68222	128000
iii) Total export earning	Rs.	1717.38	2200.25	1454.43	1466.65	1998.73
(B) Domestic sales of aluminium	MT	129718	132730	81431	68222	128000

### On-Going Projects: Expansion

5.11 In order to strengthen its market position, NALCO has started the second phase expansion after the successful completion of the first phase. The present

Rs.4091 crore expansion will raise the capacity of its various segments as given in the following table:

**Capacity of Mines, Refinery, Smelter and CPP**

Unit	Original Capacity	After 1 <sup>st</sup> phase Expansion (Completed)	After 1 <sup>st</sup> phase Expansion (under implementation)
Bauxite Mine	24,00,000 MT	48,00,000 MT	63,00,000 MT
Alumina Refinery	8,00,000 MT	15,75,000 MT	21,00,000 MT
Aluminium Smelter	2,30,000 MT	3,45,000 MT	4,60,000 MT
Power Plant	600 MW	960 MW	1200 MW

**In-house R&D Activities: Alumina Refinery, Damanjodi**

5.12 Recovery of TiO<sub>2</sub> from Plant Sand and Recovery of Alumina from Partially Lateritised Khondalite is being carried out at R&D Centre in M&R Complex, Damanjodi besides addressing to day-to-day process related problems.

**Smelter Plant, Angul**

5.13 Characterization of Baked Anode for process monitoring, determination of cell factor for prediction of net carbon consumption, performance monitoring of pots lined with partially damaged cathode blocks and development of indigenous trimetallic anode clads etc. are the R&D activities in the Smelter Plant, Angul for the reported period.

5.14 The approved Plan outlay in Budget Estimates (BE) 2005-06 for NALCO was Rs. 450.71 crore which was revised to Rs.220.09 crore during RE and the outlay in BE 2006-07 has been planned at Rs. 622.14 crore

When asked about the reasons for reduction of outlay in the Revised Estimates (RE) as against approved outlay in BE 2005-06, the Ministry stated that there is a reduction of capital outlay of Rs.230.62 crore in RE 2005-06 in comparison to BE due to certain reference received from CVC and thereafter the matter had to be considered by the Board and in the Ministry. Ultimately, the process could be continued after receiving clearance of CVC with regard to the improvement proposal of Aluminium Pechiney, France, the technology supplier.

5.15 About the impact of reduction in outlay during 2005-06 on the physical and financial target of the company, the Ministry has further stated that there will be no impact on physical and financial target of the Company for year 2005-06 due to reduction on capital outlay.

The ongoing Projects/Schemes have not suffered due to reduction in outlay.

NALCO has been producing primary aluminium metal i.e. ingots, sow ingots and wire rods in smelter plant and Hydrate & alumina in Refinery plant. Over the years NALCO has made a constant endeavour to diversify the product portfolio, both at its Aluminium smelter and Alumina Refinery, with downstream/value added products such as Billets, Cast Strips & Rolled Products at its smelter plant, and Special Grade Hydrates, Special Grade Alumina & Zeolite-A at its Refinery

#### **Utkal Coal Block:**

5.16 As a part of Company's endeavor in backward integration to meet its critical raw materials need, the Company has planned to have its own coal mines to cater to its need. The approval by the Government of India for allotment of a Coal Block has been received in August' 04 and prospecting work by Central Mines Planning Design Institute Ltd. (CMPDI) has been completed. The work on the project in full scale will be taken up only after detailed exploration, obtaining lease rights from State Government of Orissa, land acquisition, forest and environment clearance etc. The outcome of the project will be known only after the completion of the project.

5.17 While replying to a query about the progress of Utkal Coal Block allotted to NALCO to meet its critical raw-material need, the Ministry stated as under:

“The status of Utkal-e-coal block (February, 2006) is as follow:-

“NALCO has been allotted “ UTKAL-E” Coal Block for its 9th to 12th Units of CPP vide Letter ref. no. 47011/7(60)/93-CPA/CPAM/CA dated 27.8.2004 of Department of Coal, Ministry of Coal & Mines, Govt. of India.

Status of Various Activities:

Department of Steel & Mines, Govt of Orissa is to forward proposal for Mining Lease to Ministry of Coal, Govt. of India.

M/s RITES have submitted the final report for Transportation of Coal from Utkal –E Coal Block to CPP.

Draft DPR has been submitted by Central Mines Planning Design Institute (CMPDI). This is under scrutiny.

Various studies undertaken for obtaining NOC from Orissa Pollution Control Board and environment clearance from Ministry of Environment and Forest:

Draft report for Socio-economic aspects, Flora fauna, land use and land cover etc. received

Order for Biological monitoring and Green belt design have been placed on M/s Orissa University of Agriculture & Technology (OUAT). The report for biological monitoring is expected by April' 06.

The draft write up on Green Belt Design submitted by M/s OUAT have been commented upon. The final report is awaited.

Statutory Mining Plan submitted to Ministry of Coal. Based on the comments of the Technical Committee for examination of Mining Plan, the Mining Plan was resubmitted on 16.02.2006. Technical Presentation/discussion on Mining Plan was held on 2.3.06 at Ministry of Coal. Necessary action is being taken to comply with suggestion of the technical committee.

The proposal for land acquisition for Utkal – E coal block has been forwarded by M/s. Industrial Promotion & Infrastructure Development Corporation Ltd. (IPICOL) vide their letter-dated 31.10.2005 to M/s. Industrial Development Corporation of Orissa (IDCO) for going ahead with the land acquisition activities. Necessary documents as desired by M/s. IDCO have been submitted on 30.11.05. NALCO has also deposited Rs.1.66 crores to M/s. IDCO towards their Administrative Charges and the Establishment Charges of the land acquisition officer. It is understood that M/s. IDCO will be submitting the necessary documents for acquisition of Govt. lands to district authorities in March'06".

5.18 The Ministry further stated that Per Capita Productivity of various units of NALCO for the year 2004-05 is as below:

MINES	10547MT
REFINERY	888.3MT
SMELTER	124.25MT
POWER PLANT	3.91MU

Similar figures for private sector are not available presently in the Ministry.

5.19 NALCO was allotted 'Utkal-E' coal block for its captive power plant by the Ministry of Coal on 27.8.2004.

When asked about the impediments NALCO is facing in this regard and how quickly these can be overcome, the Ministry of Mines stated that NALCO has been allotted "UTKAL-E" Coal Block for its 9<sup>th</sup> to 12<sup>th</sup> Units of CPP vide Letter ref. no. 47011/7(60)/93-CPA/CPAM/CA dated 27.8.2004 of Department of Coal, Ministry of Coal & Mines, Govt. of India. Schedule completion of the project is September 2008. As per the condition of the allocation letter, NALCO shall obtain the Geological Report from CMPDI on payment basis.

Drilling and exploration work and preparation of Geological Report for Utkal-E block was already taken up by CMPDI on assignment from MCL before allocation of the Block to NALCO.

The Geological Report was received from CMPDI on 20.4.2005. All other actions such as preparation of Mining Lease, Detail Project Report etc. could be taken up only after receipt of Geological Report in April, 2005.

Project is expected to be completed in time and NALCO is not facing any impediment at the moment.

NALCO's application for Mining Lease is at present under consideration of the Orissa Government.

M/s. RITES have submitted the final report for "Transportation of Coal from Utkal -E Coal Block" and the same has been approved by the Management.

Other related activities like report on socio-economic aspects, flora and fauna, land use, biological monitoring, etc. are either under scrutiny or are commented upon.

### **Second Phase Expansion of NALCO**

5.20 The 2<sup>nd</sup> phase expansion proposal of Bauxite Mines, Alumina Refinery Smelter & CPP with a project capital outlay of Rs. 4091.51 crores was approved by Govt of India in Oct.'2004. The schedule of completion of project from the Zero date i.e. 26.10.2004 is as follows:

Bauxite Mines:	42 months
A1. Refinery :	46 months
Smelter :	50 months
CPP :	47 months

The outcome of the project will be known only after the completion of the project.

5.21 When asked about the progress of 2<sup>nd</sup> Phase Expansion of NALCO during the year 2005-06, the Ministry has stated that the progress made in 2<sup>nd</sup> phase expansion during 2004-05 (up to Feb'06) is as below:

- Government of India accorded approval for 2<sup>nd</sup> Phase Expansion of Mines, Alumina Refinery, Aluminium Smelter and Captive Power Plant of NALCO on 26.10.2004 at an outlay of Rs. 4091.51 crore with a completion period of 50 months from date of approval.
- M/s. EIL appointed EPCM consultant for Mines, Alumina Refinery and Aluminium Smelter on 28.3.2005
- M/s. MECON appointed EPCM consultant for Captive Power Plant on 29.3.2005 and Steam Generation Plant on 23.3.2005
- Enquiries for several packages have been issued for each segment and of which some orders have also been placed.
- NALCO awarded assignment of Cost and Time Monitoring for 2<sup>nd</sup> phase expansion on 12.01.2006 to M/s. Dustur Co, an independent agency for Time and Cost Monitoring (TCM) on monthly basis and cost monitoring on quarterly basis.
- Total order placed up to 28.02.2006 is Rs 1238.25 crore.

5.22 The Ministry of Mines is exploring the possibility of third phase expansion of NALCO's activities with regard to bauxite mining, alumina refinery and aluminium smelter. A team of officials visited UAE & Oman in April, 2005 and held discussions with the Governments of these two countries. NALCO has engaged EIL to prepare a pre-feasibility report so that a decision could be taken on putting up an aluminium smelter in a third country.

Replying to a query regarding the progress made for setting up an aluminium smelter overseas, the Ministry stated that M/s. EIL, which was assigned to prepare pre-feasibility report for setting up smelter abroad, has already submitted draft feasibility report, which is under examination.

5.23 When asked about as to whether the 2<sup>nd</sup> phase and 3<sup>rd</sup> phase expansions of NALCO can be undertaken simultaneously, the Ministry has stated that the 2<sup>nd</sup> phase of expansion is under progress and will be completed in Dec 2008. For 3<sup>rd</sup> phase of



expansion, at present only possibilities are being explored both in India and abroad. However both 2<sup>nd</sup> and 3<sup>rd</sup> phase of expansions can be taken up simultaneously.

**5.24** The Committee note that the second phase expansion proposal of NALCO for its Bauxite Mines, Alumina Refinery Smelter and Captive Power Plant (CPP) with a project capital outlay of Rs.4091.51 crore was approved by the Government in October 2004 to be completed in 50 months. While NALCO has taken a slew of measures for the implementation of the 2<sup>nd</sup> phase expansion programme, it has engaged M/s. Dastur company, an independent agency for Time and Cost Monitoring (TCM) on monthly basis and cost monitoring on quarterly basis. The Committee note with satisfaction that the second phase expansion proposal of NALCO is progressing as per schedule. However, considering the significance of the expansion proposal and the huge investment involved therein, the Committee recommend that the Ministry should strictly monitor the progress of the expansion plan at their level to ensure that the milestones of the projects are reached as per schedule.

**5.25** The Committee also note that NALCO has been allotted 'Utkal-E' coal block for its 9<sup>th</sup> to 12<sup>th</sup> units of CPP on 27.8.2004 by the Ministry of Coal. The production of coal therefrom, is scheduled to commence from September, 2008. The Geological Report has been received by NALCO from CMPDI on 20.4.2005 and its application for mining lease is at present under consideration of the Orissa Government. The Committee are extremely unhappy to note that even after the lapse of nearly two years, NALCO is yet to obtain the mining lease from the Government of Orissa. The Committee while examining the Demands for Grants (2005-06) had desired the Ministry to activate the above project at the earliest and obtain the necessary clearances from the different authorities. The Committee are anguished to note the lack lustre approach on the part of NALCO and feel that considerable time has been lost by the company even for completing the preliminary formalities since the coal block was allotted in August 2004. The Committee, therefore, desire the Ministry to play a decisive role in overcoming the problems being faced by NALCO prior to commencement of the production of coal from the Utkal-E Coal Block.

**5.26** The Committee further note that the Ministry of Mines is exploring the possibility of third phase expansion of NALCO with regard to its bauxite mining, alumina refinery and aluminium smelter. A team of officials visited UAE and Oman in April 2005 and held discussions with the Governments of these countries and report submitted by them is under consideration. NALCO has engaged M/s. Engineers India Ltd. to prepare a pre-feasibility report so that a decision could be taken on putting up an aluminium smelter in a third country. The Committee consider setting-up of smelter plant overseas a significant step in the expanding and diversifying activities of NALCO. The Committee, therefore, desire the Ministry to take necessary measures for setting up of a smelter plant overseas. The Committee further desire that necessary

**groundwork for exploring the possibilities of third phase expansion of NALCO may be accelerated without putting stress on the ongoing 2<sup>nd</sup> phase expansion.**

**D. Hindustan Copper Limited (HCL)**

Hindustan Copper Limited(HCL), a Government of India Enterprise and the nation's only producer of primary copper from indigenous resources was incorporated in the Public Sector on 9 November 1967. The major activities of HCL are exploration, mining, beneficiation, smelting, refining and casting of finished copper metal into saleable products. HCL produces primary copper in the form of cathode/wire rod. Apart from copper, HCL also produces various by-products like precious metals (Gold & Silver), Sulphuric acid, Nickel Sulphate, Selenium, Tellurium, etc. The present smelting and refining capacity of HCL is supported by mining/beneficiation activity.

The Company has its Head Office and Registered Office at 1, Ashutosh Chowdhury Avenue, Kolkata – 700 019. The main operating units of the Company are as under:-

- a. Khetri Copper Complex (KCC) at Khetri, Rajasthan. A mining and metallurgical complex alongwith the by-product recovery plant with the capacity to produce 31,000 TPA finished copper.
- b. Indian Copper Complex (ICC) at Ghatsila, Jharkhand. A metallurgical complex and the by-product recovery plant with the capacity to produce 16,500 TPA finished copper.
- c. Malanjkhand Copper Project (MCP) at Malanjkhand, MP. An open pit mine of 2 million tonne capacity per annum with a matching concentrator. The concentrate produced at Malanjkhand is sent to Khetri and Ghatsila for further processing.
- d. Taloja Copper Project (TCP) at Taloja, Maharashtra. A Continuous Cast Wire Rod Plant based on Southware Technology for conversion of cathodes into wire rod. The capacity of the plant is 60,000 TPA.

## Physical Performance

6.2 The production of ore, metal in concentrates, refined copper (cathode) and wirerod during the year 2003-04, 2004-05 and 2005-06 (upto December, 2005) are given below:

### Physical Performance of HCL

Product	2003-04 Actual	2004-05 Actual	Target for 2005-06	2004-05 Actual (upto Dec. 2005)
Ore Production ('000 T)	2895	2923	3300	1955
Metal in concentrates (T)	28306	28926	31000	17326
Refined Copper (Cathode) (T)	30598	24186	40000	27559
Wirerod (Taloja) (T)	28003	27423*	36800	24099

\*Including tolling of cathode into wire rod of 4220 tonne on behalf of others.

## Financial performance

### Financial Performance of HCL

Sl.No.	Details	Actual for the previous 2 year		Target No. 2005-06	2005-06 Actual (upto Dec. 2005)
		2003-04	2004-05		
1.	Income	534.43	631.24	738.47	656.92
2.	Operating cost	471.91	480.44	635.33	505.23
3.	Interest and transaction cost	59.62	42.99	36.15	28.00
4.	Depreciation and Amortisation	59.05	55.75	60.00	45.47
5.	Net Profit/(Loss) before income tax and dividend	(56.16)	52.06	6.99	78.22

6.3 The plan provision of Rs.40.00 crore was made for HCL during 2005-06 but that was withdrawn by the Ministry of Finance. Now a provision of Rs.30.00 crore under Plan has been made for HCL during 2006-07. In the year 2003-04, against the annual outlay plan of Rs.20 crore for the actual expenditure has been Rs.113.84 crore:-

While replying to a query regarding the reasons, the Ministry of Finance has withdrawn the budget allocation during 2005-06 earmarked for equity in HCL, the Ministry of Mines has stated that as per BE 2005-06 a plan provision of Rs. 40 crore had been made for replacement and renewal of existing equipment for HCL. At RE

stage the same was not agreed to by Ministry of Finance and allocation was withdrawn without assigning any specific reason. However an amount of Rs.25 crore has been approved as non-plan loan for repayment of Govt. guaranteed debenture.

6.4 When asked about the impacts of non-availability of budgetary allocations on this account during 2005-06, the Ministry stated that as per BE 2005-06, an amount of Rs.40 crore was sanctioned for replacement and renewal of plant and equipment. At RE stage, however, this allocation was withdrawn. The fund allocated under this head is to be utilised for replacement and renewal of existing plant, machineries and equipment which gets worn out due to passage of time and continuous use of the facilities. The equipment which are identified having reached a stage beyond economic repair are needed to be replaced to avoid unwanted downtimes and high cost of repair and maintenance. The same in turn affect the overall production activity of the organisation. In line with approval of Rs.40 crore at BE stage on account of R&R the company had gone ahead and ensure commitment of about 67% of the total fund by December, 2005. Necessary action was taken towards commitment of balance fund by 31<sup>st</sup> March, 2006. Due to withdrawal of the total amount of Rs.40 crore at RE stage company had to restrict further commitment in this regard. In the process number of plant and equipment which needed immediate replacement would have to be continued in operation. This is likely to lead to more downtime and higher cost of maintenance and operation. Apart from this the fund in respect of commitment made by the company in this regard would have to be provided now out of available resources. This is likely to further affect the necessary mine development activity and other pressing requirements which are now to be deferred.

6.5 When asked about the reasons for increased expenditure of Rs.113.84 crore during 2003-04, the Ministry of Mines replied as under:

“As per the RE 2003-04, allocation of Rs.20 crore had been made for Replacement & Renewal of the equipments in mines and plants. However, an additional amount of Rs. 93.84 crore was sanctioned to HCL to bridge the working capital gap specially to liquidate some of the current liabilities and

statutory dues and also primarily to keep the net worth of the company positive as on 31.03.2004”.

6.6 A plan outlay of Rs.30 crore as investment in equity and a non-plan loan of Rs.25 crore have provided in BE 2005-06 for HCL.

When asked about as to whether the BE under Plan and Non-Plan provided to HCL during 2005-06 would be sufficient to carry on its operations, the Ministry has stated that for the year 2006-07 at BE stage (not BE 2005-06), a plan outlay of Rs.30 crore has been provided for replacement and renewal activities and non-plan loan of Rs.25 crore has been provided for repayment of Government guaranteed debentures. The allocation of Rs.30 crore as investment in equity has been made against requirement of Rs.40 crore submitted by the company for replacement and renewal of plant and machineries. There would be shortfall of Rs.10 crore under this Head. The expenditure towards replacement and renewal of plant and machinery is an essential requirement to ensure proper availability of resources and to avoid undesired downtime and high cost of maintenance of operation of plant and equipment. The company would now be required to prune down the expenditure under this Head accordingly which is likely to affect the overall production activity. The other alternative would be to divert fund from normal operation and mine development activity which would badly affect the production capacity of the company.

The allocation of non-plan loan of Rs.25 crore for repayment of Government guaranteed debenture would, however, be sufficient to meet the company's commitment for the year @ Rs.6.25 crore of four quarterly instalments.

6.7 Replying to a query regarding what steps have been taken to improve profits by cost reduction and value added production, the Ministry further stated as under:

“Initiatives undertaken by the Company for improved productivity and cost reduction are as under:-

- a. Improvement in system and process efficiency had resulted in increase in yield and recovery, reduction in specific consumption of operating inputs.
- b. Utilisation of surplus capacity at Taloja through procurement/tolling of cathodes into CCR from outside party.

- c. Improved supply chain, centralized procurement of high valued common items and improvement in logistic system have led to reduction in procurement as well as transportation costs.
- d. Modification of power purchase agreements with respective State electricity boards of the units including reduction in minimum contract demand resulted in savings in power cost.
- e. Expeditious disposal of non-moving stores and spares has been identified as thrust area.
- f. To improve production of MIC from own mines, mine development activity has been identified as thrust area to improve overall value addition.
- g. Monitoring of repayment of outstanding debenture/loan, as well as action taken towards swapping of existing bonds of Rs.150 crore @10.65% with term loan @ 7.5% is likely to reduce interest burden by around Rs.7.50 crore per annum”.

### **Disinvestment of HCL**

6.8 In view of the various litigations filed and pending in the courts against the disinvestment of HCL, the process of disinvestment in HCL was postponed by the Government and it was decided to await results of the cases in the Supreme Court. Further, HCL is formulating a detailed corporate plan, based on which a restructuring plan would be prepared for submission to the Board of Reconstruction of Public Sector Enterprises (BRPSE) for giving long term viability to the company.

The restructuring proposal of Hindustan Copper Limited has been under preparation based on company's corporate plan for more than 2 years.

6.9 Enquired about the restructuring proposal of HCL has not been cleared so far and the latest position in this regard, the Ministry of Mines informed the Committee in a note as under:

“The financial Restructuring proposal as submitted by Hindustan Copper Limited was deliberated and it was decided that the same should be formulated based on a detailed Corporate Plan. The basic objective of restructuring is to transform HCL into a vibrant and self-sustaining company with an adequate share of copper business in the domestic market after taking into account various important issues and current international scenario on copper as well as future trend.

M/s. A.T. Kearney Ltd., a reputed consultancy firm has been entrusted with the job of formulation of a detailed Corporate Plan on 27<sup>th</sup> December, 2005. They

are on the job and final report is expected in the last week of April, 2006. Based on the findings of the M/s. A.T. Kearney, financial restructuring proposal of the company would be drawn and submitted to the BRPSE for consideration”.

6.10 The Memorandum of Understanding (MoU) rating of HCL during the last three has been:

- (i) 2001-2002 – Fair;
- (ii) 2002-2003 – Good and;
- (iii) 2003-2004 – Very Good.

When asked about MoU rating of HCL during 2004-05 and MoU rating it is expected to get during 2005-06, the Ministry has stated that the MoU rating of the company are as follows: -

2004-05 – very good  
2005-06 – very good (expected)

6.11 The Surda mines and other establishments of HCL in Mosaboni, Jharkhand has since been closed.

When asked about the factors responsible for the closure of above mines, the Ministry has stated that the factors responsible for the closure of the Surda mines are briefly as follows:

- (i) Uneconomic operations due to increased depth of mine,
- (ii) High labour costs,
- (iii) Narrow ore body unsuitable for mechanization; and
- (iv) Unprecedented fall in LME price of copper rendering mining operation unviable.

All the workers of the Surda mines have been given VRS.

**6.12 The Committee note that Hindustan Copper Limited (HCL) was allocated Rs.40.00 crore during 2005-06 for Replacement and Renewal (R&R) of its plants and equipments. The Committee further note that HCL in pursuance to the approval of Rs.40.00 crore at BE stage had gone ahead and ensured commitment of about 67 per cent of the total fund by December, 2005 for replacement of the equipments, which were beyond economical repair. The Committee are anguished to note that the Ministry withdrew the entire sanctioned amount of Rs.40.00 crore at RE stage leaving the HCL with no option but to retract its steps for replacement and renewal and cope-up with high cost of its operations. The Committee further note that a plan outlay of Rs.30.00 crore has been provided to HCL for R&R activities in BE 2006-07.**

**The Committee are convinced that the withdrawal of entire amount allocated for R&R during 2005-06 has adversely affected the performance of company which is already struggling hard to come out of the financial crunch. Further, allocation of Rs.30.00 crore only for R&R activities during 2006-07 would be insufficient to accomplish the task given the condition of equipments and machineries. The Committee deprecate the attitude of the Ministry of Mines and its utter failure to strengthen HCL by not forcefully pleading its case with the Ministry of Finance for allocating adequate funds and for not withdrawing the entire allocations meant for R&R activities during 2005-06. The Committee, therefore, desire the Ministry to approach the Ministry of Finance with sufficient justification for allocation for required additional funds to HCL at RE stage.**

**6.13 The Committee also note that the financial restructuring proposal as submitted by HCL was deliberated and it was decided that the same should be formulated based on a detailed 'Corporate Plan'. The basic objective of restructuring is to transform HCL into a vibrant and self-sustaining company with an adequate share of copper business in the domestic market after taking into account of various important issues and current international scenario on copper as well as future trend. M/s. A.T.Kearney Ltd. has been entrusted with the job of formulation of a detailed 'Corporate Plan' in December, 2005. Based on their findings, financial restructuring proposal of the company would be drawn and submitted to the BRPSE for consideration. The Committee feel that once the 'Corporate Plan' of HCL is approved and implemented, the HCL will have a turn-around and become a profit making company. The Committee, therefore, recommend that the financial restructuring proposal based on its 'Corporate Plan' should be approved without any further loss of time for increased productivity and sustainable operations of HCL.**



## E. Mineral Exploration Corporation Limited (MECL)

Mineral Exploration Corporation Limited (MECL) was established on 21.10.1972 to undertake systematic mineral exploration and allied works in order to establish reserves of various mineral/ores in shortest possible time to curtail the large time gap entailed between discovery of a prospect and its eventual exploitation. The corporation has been carrying out these functions by steadily enlarging its scope of activities during last 33 years.

As on date, the authorized and paid up capital of the company stood at Rs.100 crore and 73.75 crore respectively.

### 7.2 Objectives Activities

MECL carried out exploration activities under two major heads, viz:-

- 'Promotional' on behalf of Ministry of Coal and Ministry of Mines in which projects are funded by Central Government on the basis of detailed exploration schemes formulated by the company, in the perspective of the demand vs. availability as well national priorities and;
- 'Contractual' on behalf of other agencies including public sector, private sector and State Governments as per contracts executed by MECL with them.

### Physical targets and achievement during 2002-03, 2003-04, 2004-05, 2005-06 (upto Dec, 2005) and target for 2006-07

Year	2002-03		2003-04		2004-05		2005-06		2006-07
Item	Target BE	Achmt.	Target BE	Achmt.	Target BE	Achmt.	Target BE	Achmt.	Target BE
Drilling (m)	200000	119994	165000	172281	165000	173144	170000	129494	175000
Dev. Mining (m)	5000	3372	5000	3357	6000	7525	6200	5910	6850

### Performance during 2005-06

7.3 For the year 2005-06, the MoU target in drilling and developmental mining was 1,70,000 metres and 6,200 metres respectively. So far MECL has completed 1,29,494 metres of drilling and 5,910 metres of mining which represent 76.17% and 95.32% of the targets. Based on the performance and the work availability on date it is expected that the MoU targets may be exceeded by MECL.

## **Highlights of achievements during 2005-06**

7.4 The performance of MECL during 2005-06 upto December, 2005 is given below:-

### **Physical:**

- MECL has completed 129494 m of drilling as against 1,16,382 m for the same period during the year 2004-05 registering a growth of 11%. In developmental mining, the performance was 5910 meters as against 4629 metres for the same period of previous year and an improvement of 28% has been witnessed.
- 36 exploration reports have been submitted and a total of 10892 million tonnes of mineral reserves have been added to National Mineral Inventory, including 2957.87 million tonnes of coal, 7873.62 million tonnes of lignite, 9.23 million tonnes of copper ore, 15.44 million tonnes of bauxite, 34.51 million tonnes of friable quartzite (glass sand) and 1.37 million tonnes of zinc ore.
- So far, a total of 177 sq.km of geological mapping, 83440 metres of borehole geophysical logging and 201 sq.km of surface geophysical survey have been completed.
- In laboratories the chemical laboratory determined 26203 radicals in 17106 samples, physical laboratory determined 3489 radicals in 487 samples and petrology laboratory studied 488 samples.

### **Financial:**

- The gross revenue of the company during 2005-06 upto to December, 2005 is Rs.57.04 crore as against the gross revenue of Rs.51.48 crore during the same period in 2004-05, thus showing a growth of 11%.
- The gross margin of the company has been in positive from April, 2005 to December, 2005 and it stood at Rs.13.34 cros as against Rs.11.21 crore during same period of the previous year.
- As a result of vigorous marketing efforts and participating in tenders on competitive rates company could receive a total of 39 nos. of work orders valued at Rs.49.57 crore upto December, 2005 and some more in pipe line.
- Diversification activity continued in coal sampling and analysis, slim hole drilling for Coal Bed Methane studies and ballast stone supply. The total revenue from diversification programme is Rs.6.38 crore.

7.5 The details of projects / schemes likely to be completed during 2006-07 are given below.

<b>Name of Project</b>	<b>Mineral</b>	<b>Sanctioned/ Estimated Cost (Rs. Lakhs)</b>	<b>Value of likely work during 06-07 (Rs. Lakhs)</b>	<b>Remarks</b>
<b>ON-GOING</b>				
1. Ramachandrapahar	Copper	218.28	85.00	On going project
2. Sawar Bajatha	Lead-zinc	70.56	18.00	-do-
3. Latio-ka-Khera	Lead-Zinc	174.70	107.00	-do-
6. Kolari-Bhanori	Lead-zinc	127.02	110.00	-do-
5. Donal Temple	Gold	157.51	45.00	-do-
6. Saipum	Limestone	95.36	35.00	-do-
<b>APPROVED PROJECT TO BE TAKEN UP</b>				
7. Maruda	Gold	177.09	} 200.00	To comm. Forest Clearance Awaited.
8. Dolamala	Copper	130.94		-do-
<b>NEW PROEJCTS TO BE PUT UP TO SCPP FOR APPROVAL</b>				
9. Lupung	Bauxite	109.00	} 1100.00	To be taken up in 06-07
10. Dariba Akola	Copper	190.53		-do-
11. Devtalai Phase- phase-II	Copper	224.24		-do-
12. Ghari-Dongri	Gold	118.45		-do-
13. Ghatkuri East	Iron Ore	310.18		-do-
14. Ghatkuri West	Iron Ore	310.18		-do-
15. Area Bet. R'Phar & Byanbil	Copper	203.74		-do-
16. Cen-Sub block- N of Sideshwar	Lead-zinc	177.44	-do-	
			1700.00	

During the year 2006-07, MECL will be completing the six on going projects at serial No. 1 to 6, two projects namely Dholamala copper, Rajasthan & Muruda gold, Kerala shall be commenced subject to availability of forest clearance. In addition, MECL shall take up eight new projects after approval of SCPP. The allocation of Rs.17.00 crores shall be adequate to execute the work as per the proposed programme.

The following projects are likely to be spill over to 11<sup>th</sup> plan period

- a) The exploration for copper at Dholamala copper, Rajasthan & Muruda gold, Kerala, have been approved, but could not be commenced for want of forest clearance. In case these projects are taken up during 2006-07, shall continue during 2007-08.
- b) The exploration for iron ore at Ghatkuri East and Gharkuri West projects, Jharkhand shall be taken up after approval of SCPP and it shall continue during 11<sup>th</sup> plan as per the time schedule of the project.

#### **Outlays for the year 2005-06**

7.6 For the promotional projects an outlay of Rs.11.00 crore was approved. Out of which Rs.7.52 crore has been spent upto December, 2005. For the capital expenditure, the approved outlay for the year is Rs.1.00 crore in the form of equity capital and Rs.4.00 crore shall be met with from internal resources.

7.7 An amount of Rs.11.00 crore was provided under major head 2853 for MECL for the year 2005-06. It was same amount at RE stage. Now, a provision of Rs.17.00 crore has been kept for the year 2006-07.

Replying to a query regarding the reasons for a hike at BE stage for the year 2006-07 as compared to BE of 2005-06, the Ministry Informed as below:

“With the opening of mineral sector in the country, lot many quarries are being received for details of potential mineral prospects, which can be considered for development by private agencies both Indian and multinationals. In view of this, need has been felt for prioritization of short / medium and long term mineral exploration strategies. The hike in allocation for promotional exploration from Rs.11.00 crore at RE 2005-06 to Rs.17.00 crore at BE 2006-07 has been made to facilitate simultaneous exploration of more number of mineral prospects by MECL, for which adequate infrastructure facilities are available. On date while the physical work on five exploration projects by MECL is in progress and the approval of eight mineral exploration schemes at an

estimated cost of Rs. 17.00 crore by SCPP is under consideration. With the enhanced BE provision during 2006-07 it is anticipated that promotional exploration of about thirteen exploration projects would be carried out by MECL during 2006-07.

For capital expenditure also there has been hike from Rs. 6.00 crore (Rs.1.00 crore GBS + Rs. 5.00 crore IEBR) at RE 2005-06 to Rs. 8.00 crore (IEBR) at BE stage for 2006-07. It shall facilitate taking up replacement of old machineries/equipments, modernization and technological up-gradation programme by MECL in phases to improve upon the productivity”.

7.8 When enquired about the physical and financial targets and achievements during the last 3 years and the targets fixed for current year and the status of the comprehensive financial structuring proposal of MECL, the Ministry replied as under:

The physico-financial targets vis-à-vis achievement during last 3 years and targets for 2005-06 are given below.

Activity	2002-03		2003-04		2004-05		2005-06	
	Target	Achmt	Target	Achmt	Target	Achmt	Target	Anticip.
<b>Drilling (m)</b>	200000	119994	165000	172281	165000	173144	170000	175000
<b>Dev. Mining (m)</b>	5000	3372	5000	3357	6000	7525	6200	7600
<b>Gross Revenue (Rs. Lakhs)</b>	6400	4483	6436	6089	6600	7535	6930	7650
<b>Gross Margin (Rs.Lakhs)</b>	1070	(-)486	1362	1253	1304	1918	1500	1950
<b>Profit / Loss (Rs. Lakhs)</b>	(-)284	(-)1758	(-)222	(-) 249	(-) 340	(+) 395	(-) 30	(+) 415

Note : The targets are as finalized for MoU.

### **Financial restructuring of MECL**

The comprehensive proposal of financial restructuring of MECL has been considered/ recommended by BRPSE. A draft cabinet note has been circulated to the concerned Ministries. After the receipt of the comments a proposal of financial restructuring shall be placed before t/he Cabinet for its approval.

The Mineral Explorations Corporation Ltd. (MECL) has proposed to take up modernizations programme and replacement of old machines.

7.9 When asked as to whether MECL would be able to accomplish the above programmes with the approved outlay for the year 2006-07 and the modernization programme, the company proposed to undertake, the Committee have been apprised of the following steps:

- (i) The approved outlay of Rs.8.00 crore IEBR shall be utilized to take up replacement of old machineries in phased manner and prioritized technological up-gradation.
- (ii) In order to gear up for the challenges in the liberalised scenario, MECL planned for modernization and technological up-gradation. The modernization programme is as follows :
  - Procurement of specialized drill machine for CBM exploration / production well and also for mineral exploration.
  - Induction of high performance bits and r/shells for hard rock and multi-metal projects to improve productivity.
  - Induction of sophisticated ground and borehole geophysical equipments for identification of deep seated and concealed mineral resources.
  - High Resolution Seismic Survey equipment.
  - Procurement of Load Haul and Dump machine (LHD) and Low Profile Dumper Truck (LPDT) for mine development activity.
  - Procurement of integrated laboratory instruments.
  - Procurement of latest survey instruments and differential Global Positioning System (GPS).

**7.10 The Committee note that the comprehensive proposal of financial restructuring of MECL was circulated among the concerned Ministries/Departments for their comments based on the recommendations of BRPSE. The Committee further note that the revised draft cabinet note based on the comments/views of the Ministries/Departments is under submission. The Committee are constrained to observe that the failure of the Government to approve the financial restructuring proposal of MECL has deprived the company to reap the benefits of capital restructuring plan. The Committee in their 9<sup>th</sup> Report on Demands for Grants (2005-06) also had recommended that**

the financial restructuring proposal of MECL should be approved without any further loss of time. The Committee feel that keeping in view the vital role being played by MECL is carrying out mineral exploration in the country, it becomes the utmost responsibility of the Ministry to strengthen it by way of financial restructuring. The Committee, therefore, would like to reiterate that the financial restructuring proposal of MECL pending with the Government should be cleared as early as possible. The Committee would like to be apprised in this regard.

7.11 The Committee note that allocation of outlay for Mineral Exploration Corporation Ltd. (MECL) for promotional exploration has been hiked from Rs.11.00 crore at RE 2005-06 to Rs.17.00 crore at BE 2006-07 to facilitate simultaneous exploration in more number of mineral areas. The Committee also note that MECL will be completing the six on-going project during 2006-07 and will take up eight new projects only after the approval of SCPP. Two projects namely Dholamala copper, Rajasthan and Muruda Gold, Kerala are likely to be taken up during 11<sup>th</sup> Plan period subject to availability of forest clearance. The Committee feel that it is high time for MECL to realize its goals to complete the above projects as early as possible. The Committee, however, observe that some of the projects cannot be commenced for want of forest clearance and without the approval of SCPP. The Committee, therefore, desire the Ministry of Mines to play a role of catalyst and ensure timely forest clearance for the Dholamala copper and Muruda gold projects. The Committee further desire the Ministry to facilitate early approval of SCPP for the proposed new projects.

New Delhi;  
22 May, 2006  
1 Jyaishta, 1928 (Saka)

ANANTH KUMAR,  
Chairman,  
Standing Committee on Coal and Steel.

**STATEMENT OF CONCLUSIONS/RECOMMENDATIONS OF  
THE STANDING COMMITTEE ON COAL AND STEEL  
CONTAINED IN THE REPORT**

Sl.No.	Reference Para No. of the Report	Conclusions/Recommendations
1	2	3
1.	2.2	<p>The Committee hope that the Ministry of Mines will implement the recommendations in a time bound manner which the Committee commented upon in their Action Taken Report. The Committee desire that the Ministry of Mines should furnish final replies to the recommendation (No.12) which categorized as of interim nature. The Committee would like to be apprised of the action taken in this regard.</p>
2.	3.15	<p>The Committee note that the Budget Estimates of the Ministry of Mines for the year 2006-07 have been kept at Rs.883.69 crore. During 2005-06, BE of Rs.685.14 crore was reduced to Rs.405.52 crore at RE stage but the actual expenditure would be Rs.400.92 crore approximately. The Committee note that there has been substantial increase in BE 2006-07 primarily due to enhanced allocation for NALCO. The Committee expect the Ministry to strive to expend the same.</p> <p>The Committee also note with concern that the Ministry has failed to utilize the approved 10<sup>th</sup> Plan outlay of Rs.8344.50 crore, later revised to Rs.4485.28 crore during the Mid-Term Appraisal. The Committee are extremely dissatisfied to note that the total expenditure during the first four years of the plan has remained merely to Rs.2042.95 crore, which is less than 50% of the revised plan outlay. The Committee strongly disapprove of the non-serious approach of the Ministry since budgetary proposals continued to be prepared in a reckless manner without any serious thought, proper scrutiny and long term vision.</p> <p>The Committee, therefore, desire the Ministry to utilize funds allocated in a productive way in the interest of balanced growth and development of the mining sector by streamlining the internal financial and administrative procedures with regular monitoring. The Committee also emphasize that the budgetary proposals should be prepared on realistic basis with minimal revision at RE stage.</p>



1	2	3
3.	3.16	<p>The Committee also desire the Ministry to undertake a study to pin point reasons for underutilization of funds and to suggest the corrective measures in this regard.</p> <p>The Committee note that the Planning Commission has drastically downsized the outlay in respect of Geological Survey of India (GSI) from Rs.307.10 crore proposed by the Ministry of Mines to Rs.165.50 crore. GSI had proposed the plan outlay of Rs.307.10 crore during 2006-07 which included Rs.134.40 crore towards the part payment of Blue Water Research Vessel as a replacement for R.V. Samudra Manthan. The Committee also note that the Planning Commission after examining the status of procurement process of the Blue Water Research Vessel had allocated only a token provision during 2006-07 for hiring of consultant for the same. The revised EFC Memo with necessary modifications suggested by the Planning Commission has been submitted by GSI to the Ministry of Mines for approval.</p> <p>The Committee are deeply concerned to note the inordinate delay in preparation and submission of Detailed Project Report (DPR) and EFC Memo regarding purchase of Research Vessel had made the Planning Commission to believe that the above vessel is unlikely to be procured during 2006-07 resulting in reduction in the proposed outlay. The Committee feel that the laxity on the part of GSI has put the modernisation programme of the organisation on the back seat. The Committee are apprehensive how the modernisation of GSI, which was one of the major thrusts of 10<sup>th</sup> Plan period, could be achieved given the procurement status of the vessel. The Committee, therefore, desire the Ministry to take necessary measures to ensure that the vessel is procured in 10<sup>th</sup> Plan period itself and approach the Planning Commission and the Ministry of Finance for additional funds at RE stage.</p>
4.	4.11	<p>The Committee note that IBM has generated Rs.122.60 lakhs during 2005-06 (upto Feb., 2006) through consultancy services. The Committee also note that IBM has planned to take up 5 to 7 consultancy services and generate a revenue of Rs.1 crore through promotional activities during 2006-07. The Committee desire that IBM should make all out efforts to bag more and more projects</p>

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under consultancy services in order to exceed the target to enable it to become financially sound.

5. 4.12 The Committee further note that the two projects namely, Computerised Online Register of Mining Tenements System at an estimated cost of Rs.20.00 crore and Management of Solid Waste from Mining in India, at estimated cost of Rs.14.12 crore were initially planned to be executed by Aid Through Budget (ATB) and were referred to the Planning Commission for "in principle" approval. However, the Planning Commission has advised that these projects may be taken up in the 11<sup>th</sup> Five Year Plan. The Committee observe that both the above projects are very significant as they proposed to provide information on mineral resources in the country and management and regulation of Mine Waste. The Committee desire IBM to start preparatory work on the implementation of these projects and obtain necessary clearances, if any, required. The Committee also desire that these projects may be taken up in right earnest in the very first year of the 11<sup>th</sup> Plan and the completion schedule therefore is strictly adhered.
6. 4.13 The Committee note that in the year 2004-05, IBM had inspected 2593 mines against the target of 2450 mines in pursuance of MCD Rules 1988 for approval of mining plans, schemes and mine closure plans. The Committee are, therefore, surprised to note that comparatively lower targets of 2300 and 2500 inspections for the year 2005-06 and 2006-07 respectively were set-up by IBM. The Committee stress that the prime cause of massive illegal mining all over the country is delays in approval of mining plans/schemes apart from mine closure plans. The role of IBM assumes significance as it is entrusted with the responsibilities which involve inspections of prospective and likely to be closed mines. The Committee, therefore, desire IBM to set a reasonably higher target every year in this regard so that more and more plans/schemes are inspected and approved and all the mines where mining operations have ceased are closed with proper mine closure plan to prevent illegal mining.
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1	2	3
7.	5.24	<p>The Committee note that the second phase expansion proposal of NALCO for its Bauxite Mines, Alumina Refinery Smelter and Captive Power Plant (CPP) with a project capital outlay of Rs.4091.51 crore was approved by the Government in October 2004 to be completed in 50 months. While NALCO has taken a slew of measures for the implementation of the 2<sup>nd</sup> phase expansion programme, it has engaged M/s. Dastur company, an independent agency for Time and Cost Monitoring (TCM) on monthly basis and cost monitoring on quarterly basis. The Committee note with satisfaction that the second phase expansion proposal of NALCO is progressing as per schedule. However, considering the significance of the expansion proposal and the huge investment involved therein, the Committee recommend that the Ministry should strictly monitor the progress of the expansion plan at their level to ensure that the milestones of the projects are reached as per schedule.</p>
8.	5.25	<p>The Committee also note that NALCO has been allotted 'Utkal-E' coal block for its 9<sup>th</sup> to 12<sup>th</sup> units of CPP on 27.8.2004 by the Ministry of Coal. The production of coal therefrom, is scheduled to commence from September, 2008. The Geological Report has been received by NALCO from CMPDI on 20.4.2005 and its application for mining lease is at present under consideration of the Orissa Government. The Committee are extremely unhappy to note that even after the lapse of nearly two years, NALCO is yet to obtain the mining lease from the Government of Orissa. The Committee while examining the Demands for Grants (2005-06) had desired the Ministry to activate the above project at the earliest and obtain the necessary clearances from the different authorities. The Committee are anguished to note the lack lustre approach on the part of NALCO and feel that considerable time has been lost by the company even for completing the preliminary formalities since the coal block was allotted in August 2004. The Committee, therefore, desire the Ministry to play a decisive role in overcoming the problems being faced by NALCO prior to commencement of the production of coal from the Utkal-E Coal Block.</p>

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9. 5.26 The Committee further note that the Ministry of Mines is exploring the possibility of third phase expansion of NALCO with regard to its bauxite mining, alumina refinery and aluminium smelter. A team of officials visited UAE and Oman in April 2005 and held discussions with the Governments of these countries and report submitted by them is under consideration. NALCO has engaged M/s. Engineers India Ltd. to prepare a pre-feasibility report so that a decision could be taken on putting up an aluminium smelter in a third country. The Committee consider setting-up of smelter plant overseas a significant step in the expanding and diversifying activities of NALCO. The Committee, therefore, desire the Ministry to take necessary measures for setting up of a smelter plant overseas. The Committee further desire that necessary groundwork for exploring the possibilities of third phase expansion of NALCO may be accelerated without putting stress on the ongoing 2<sup>nd</sup> phase expansion.
10. 6.12 The Committee note that Hindustan Copper Limited (HCL) was allocated Rs.40.00 crore during 2005-06 for Replacement and Renewal (R&R) of its plants and equipments. The Committee further note that HCL in pursuance to the approval of Rs.40.00 crore at BE stage had gone ahead and ensured commitment of about 67 per cent of the total fund by December, 2005 for replacement of the equipments, which were beyond economical repair. The Committee are anguished to note that the Ministry withdrew the entire sanctioned amount of Rs.40.00 crore at RE stage leaving the HCL with no option but to retract its steps for replacement and renewal and cope-up with high cost of its operations. The Committee further note that a plan outlay of Rs.30.00 crore has been provided to HCL for R&R activities in BE 2006-07.

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The Committee are convinced that the withdrawal of entire amount allocated for R&R during 2005-06 has adversely affected the performance of company which is already struggling hard to come out of the financial crunch. Further, allocation of Rs.30.00 crore only for R&R activities during 2006-07 would be insufficient to accomplish the task given the condition of equipments and machineries. The Committee deprecate the attitude of the Ministry of Mines and its utter failure to strengthen HCL by not

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forcefully pleading its case with the Ministry of Finance for allocating adequate funds and for not withdrawing the entire allocations meant for R&R activities during 2005-06. The Committee, therefore, desire the Ministry to approach the Ministry of Finance with sufficient justification for allocation for required additional funds to HCL at RE stage.

11. 6.13 The Committee also note that the financial restructuring proposal as submitted by HCL was deliberated and it was decided that the same should be formulated based on a detailed 'Corporate Plan'. The basic objective of restructuring is to transform HCL into a vibrant and self-sustaining company with an adequate share of copper business in the domestic market after taking into account of various important issues and current international scenario on copper as well as future trend. M/s. A.T.Kearney Ltd. has been entrusted with the job of formulation of a detailed 'Corporate Plan' in December, 2005. Based on their findings, financial restructuring proposal of the company would be drawn and submitted to the BRPSE for consideration. The Committee feel that once the 'Corporate Plan' of HCL is approved and implemented, the HCL will have a turn-around and become a profit making company. The Committee, therefore, recommend that the financial restructuring proposal based on its 'Corporate Plan' should be approved without any further loss of time for increased productivity and sustainable operations of HCL.

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12. 7.10 The Committee note that the comprehensive proposal of financial restructuring of MECL was circulated among the concerned Ministries/Departments for their comments based on the recommendations of BRPSE. The Committee further note that the revised draft cabinet note based on the comments/views of the Ministries/Departments is under submission. The Committee are constrained to observe that the failure of the Government to approve the financial restructuring proposal of MECL has deprived the company to reap the benefits of capital restructuring plan. The Committee in their 9<sup>th</sup> Report on Demands for Grants (2005-06) also had recommended that the financial restructuring proposal of MECL should be approved without any further loss of time. The Committee feel that keeping in view the vital role being played by MECL is carrying out mineral exploration in the country, it becomes the utmost responsibility of the Ministry to
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strengthen it by way of financial restructuring. The Committee, therefore, would like to reiterate that the financial restructuring proposal of MECL pending with the Government should be cleared as early as possible. The Committee would like to be apprised in this regard.

13. 7.11

The Committee note that allocation of outlay for Mineral Exploration Corporation Ltd. (MECL) for promotional exploration has been hiked from Rs.11.00 crore at RE 2005-06 to Rs.17.00 crore at BE 2006-07 to facilitate simultaneous exploration in more number of mineral areas. The Committee also note that MECL will be completing the six on-going projects during 2006-07 and will take up eight new projects only after the approval of SCPP. Two projects namely Dholamala copper, Rajasthan and Muruda Gold, Kerala are likely to be taken up during 11<sup>th</sup> Plan period subject to availability of forest clearance. The Committee feel that it is high time for MECL to realize its goals to complete the above projects as early as possible. The Committee, however, observe that some of the projects cannot be commenced for want of forest clearance and without the approval of SCPP. The Committee, therefore, desire the Ministry of Mines to play a role of catalyst and ensure timely forest clearance for the Dholamala copper and Muruda gold projects. The Committee further desire the Ministry to facilitate early approval of SCPP for the proposed new projects.

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ANNEXURE-I  
(Rs. in crore)

Budget at a Glance

		BE-2005-2006			RE 2005-2006			BE 2006-2007		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
	1	2	3	4	5	6	7	8	9	10
<b>1.</b>	<b>Direction &amp; Administration (Secretariat, Ministry of Mines)</b>		8.21	8.21		8.42	8.42		8.86	8.86
<b>2.</b>	<b>Non-Ferrous Metals</b>									
(i)	National Aluminium Co. Limited									
	(a) Investment in equity									
	(b) Loan									
	Sub Total									
	Total: Aluminium									
(ii)	Hindustan Zinc Limited									
	(a) Investment in equity									
	(b) Loan									
	Total: Zinc & Lead									
(iii)	Hindustan Copper Limited									
	(a) Investment in equity	40.00		40.00	-	-	-	30.00	-	30.00
	(b) Loan									
	(c) Non-Plan Loan					25.00	25.00		25.00	25.00
	Total: Copper									
	<b>Total: Non-Ferrous Metals</b>	<b>40.00</b>		<b>40.00</b>		<b>25.00</b>	<b>25.00</b>	<b>30.00</b>	<b>25.00</b>	<b>55.00</b>
<b>3.</b>	<b>Other Mining and Metallurgical Industries</b>									
	Mineral Exploration Corpn. Ltd.									
	(a) Investment in equity	1.00		1.00	1.00		1.00			
	(b) Loan									
	(c) Non-Plan									
	<b>Total: Other Mining &amp; Metallurgical Industries</b>	<b>1.00</b>		<b>1.00</b>	<b>1.00</b>		<b>1.00</b>			

<b>4.</b>	Survey, Exploration, Regulation & Development of Mines									
	(i) Geological Survey of India	131.85	192.93	324.78	121.85	191.25	313.10	148.95	197.21	346.66
	(ii) Indian Bureau of Mines									
	(a) Operational expenditure	16.55	15.43	31.98	16.55	15.43	31.98	20.38	16.30	36.68
	(b) Capital Works	0.10		0.10	0.10		0.10	1.22		1.32
	Total (a) + (b)	16.65	15.43	32.08	16.65	15.43	32.08	21.60	16.13	37.73
	(iii) Grants to MECL	11.00		11.00	11.00		11.00	17.00		17.00
	(iv) Grants to BGML		1.54	1.54		2.62	2.62		3.41	3.41
	(v) Grants to HCL		.01	.01	-	-				
	(vi) Science&Technology)	3.88	2.30	6.18	3.88	2.30	6.18	4.50	2.30	6.80
	(vii) International Cooperation		0.28	0.28		0.28	0.28		0.28	0.28
	(viii) National Mineral Awards		0.28	0.28		0.28	0.28		0.33	0.33
	<b>Total: Survey, Exploration, Regulation &amp; Development of Mines</b>	<b>163.38</b>	<b>212.77</b>	<b>376.15</b>	<b>153.38</b>	<b>212.16</b>	<b>365.54</b>	<b>192.05</b>	<b>220.16</b>	<b>412.21</b>
<b>5.</b>	<b>Lump sum provision to North Eastern Region &amp; Sikkim</b>									
	(i) Geological Survey of India	14.65		14.65	13.65		13.65	16.55		16.55
	(ii) Indian Bureau of Mines	1.85		1.85	2.85		2.85	2.40		2.40
	<b>Total: Lump sum provision to North Eastern Region &amp; Sikkim</b>	<b>16.50</b>		<b>16.50</b>	<b>16.50</b>		<b>16.50</b>	<b>18.95</b>		<b>18.95</b>
	<b>Grand Total:</b>	<b>220.88</b>	<b>220.98</b>	<b>441.86</b>	<b>170.88</b>	<b>245.58</b>	<b>416.46</b>	<b>241.00</b>	<b>254.02</b>	<b>495.02</b>



## MINISTRY OF MINES

STATEMENT SHOWING CENTRAL PLAN OUTLAY INCLUDING BUDGET SUPPORT AND I&EBR, BE, RE AND ACTUALS FROM  
2002-2003 ONWARDS

(Rs.in crore)

Sl.No	Name of Public Sector Undertaking/organisation	ANNUAL PLAN			ANNUAL PLAN			ANNUAL PLAN			ANNUAL PLAN			ANNUAL PLAN
		2002-2003			2003-2004			2004-2005			2005-2006			2006-2007
		BE	RE	Actual	BE	RE	Actual	BE	RE	Actual	BE	RE	Actual	BE
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1.	NATIONAL ALUMINIUM CO. LTD.	900.00	700.00	608.69	650.00	325.00	229.85	310.00	172.00	146.50	450.71	220.09	220.09	622.14
2.	HINDUSTAN COPPER LTD.	25.00	85.00	85.00	20.00	20.00	113.84	40.00	40.00	40.00	40.00	0.00	0.00	30.00
3.	MINERAL EXPLORATION COPRN. LTD.													
	- PROMOTIONAL	8.00	8.00	7.91	9.00	9.00	7.61	10.00	10.00	9.24	11.00	11.00	10.00	17.00
	- CAPITAL	3.00	3.00	3.00	0.00	0.00	0.00	2.00	2.00	2.00	5.00	6.00	6.00	8.00
4.	GEOLOGICAL SURVEY OF INDIA	168.50	90.00	81.19	176.00	137.50	101.12	162.00	137.37	116.75	146.50	135.50	132.90	165.50
5.	INDIAN BUREAU OF MINES	18.00	17.50	15.78	19.00	19.00	16.17	20.00	20.63	17.81	18.50	19.50	19.50	24.00
6.	SCIENCE & TECHNOLOGY	8.50	6.60	6.60	8.05	8.05	7.61	8.55	8.55	7.23	7.43	7.43	6.43	8.05
7.	CONSTRUCTION	7.00	7.00	4.38	6.00	6.00	5.38	6.00	5.50	3.10	6.00	6.00	6.00	9.00
	TOTAL	1138.00	917.10	812.55	888.05	524.55	481.58	558.55	396.05	342.63	685.14	405.52	400.92	883.69

## ANNEXURE-III

**MINISTRY OF MINES**  
**STATEMENT SHOWING MAJOR HEAD-WISE UTILISATION OF FUNDS EARMARKED FOR EXPENDITURE**  
**DURING THE YEARS 2004-2005 AND 2005-2006**

(Rs.in crore)

MAJOR HEAD	2004-05								2005-06							
	B.E.		R.E.		Actuals		Savings		B.E.		R.E.		Anticipated		Savings	
	PLAN	NON-PLAN	PLAN	NON-PLAN	PLAN	NON-PLAN	PLAN	NON-PLAN	PLAN	NON-PLAN	PLAN	NON-PLAN	PLAN	NON-PLAN	PLAN	NON-PLAN
3451	0.00	8.17	0.00	7.86	0.00	7.31	0.00	-0.86	0.00	8.21	0.00	8.42	0.00	8.72	0.00	0.51
2853	178.93	271.83	154.93	244.91	135.16	233.85	-43.77	-37.98	163.26	212.77	153.26	212.16	150.74	205.12	-12.52	-7.65
4853	42.02	0.00	42.02	0.00	42.00	0.00	-0.02	0.00	41.12	0.00	1.12	0.00	1.12	0.00	-40.00	0.00
6853	0.00	30.00	0.00	30.00	0.00	0.00	0.00	-30.00	0.00	0.00	0.00	25.00	0.00	25.00	0.00	25.00
2552	17.80	0.00	17.80	0.00		0.00		0.00	16.47	0.00		0.00		0.00		0.00
4552	0.25	0.00	0.25	0.00	*12.33	0.00	3.81	0.00	0.03	0.00	*16.5	0.00	*13.98	0.00	2.52	0.00
<b>TOTAL</b>	<b>239.00</b>	<b>310.00</b>	<b>215.00</b>	<b>282.77</b>	<b>189.49</b>	<b>241.16</b>	<b>-39.98</b>	<b>-68.84</b>	<b>220.88</b>	<b>220.88</b>	<b>170.88</b>	<b>245.58</b>	<b>165.84</b>	<b>238.84</b>	<b>-50.00</b>	<b>17.86</b>

\* The amount has been utilized through operative heads 2853 and 4853 as per budgetary operations.

## ANNEXURE-IV

## MINISTRY OF MINES

STATEMENT SHOWING XTH FIVE YEAR PLAN (APPROVED) BE AND ACTUAL OF 2002-03, 2003-04, 2004-05, BE\_& ANTICIPATED OF 2005-06 & BE 2006-07

(Rs. in crore)

Sl.No.	Name of Public Sector Undertakings	XTH PLAN 2002-2007 (Approved)	2002-03			2003-04			2004-05			2005-06			2006-06			2006-07
			BE	RE	Actual	BE	RE	Actual	BE	RE	Actual	BE	RE	Actual	BE	RE	Anticipated	Approved
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1.	NATIONAL ALUMINIUM CO. LTD.																	
A.1	SCHEMES COMPLETED DURING 2001-02																	
1	Special Grade Alumina	6.22	6.22	18.60	2.92	0	8.49	4.03	0	1.15				0	6.22	28.24	6.95	
2	Zeolite	0.00	0			0	3.67	0	0	3.85	2.68	1.26	1.50	1.50	1.26	9.02	4.18	0.00
3	Equity Participation in I.A.P.L.(Rolled Product Unit)	34.00	34.00	29.40	34.35	0	20.00	3.74	11.43	10.00	2.87	16.91	7.70	7.70	62.34	67.10	48.66	0.00
	TOTAL (A.1)	40.22	40.22	48.00	37.27	0.00	32.16	7.77	11.43	15.00	5.55	18.17	9.20	9.20	69.82	104.36	59.79	0.00
A.2	CRITICAL ON GOING SCHEMES																	
1	Mines & Refinery	126.02	126.02	60	49.85	40.00	23.23	14.47	8.88	15.00	4.35	9.18	0.80	0.80	184.08	99.03	69.47	0.00
2	Smelter & Power Plant	697.06	502.72	390	391.65	300.00	139.16	101.87	63.82	51.00	56.84	40.27	26.87	26.87	906.81	607.03	577.23	0.00
3	VIII Unit of C.P.P.	384.40	180.04	152.00	99.38	145.00	100.45	91.56	50.87	40.00	30.29	11.81	15.87	15.87	387.72	308.32	237.10	0.00
	TOTAL (A.2)	1207.48	808.78	602.00	540.88	483.00	262.84	207.90	123.57	106.00	91.48	61.26	43.54	43.54	1478.81	1014.38	883.80	0.00
B.	SCHEMES AIMED AT MAXIMISING BENEFITS	402.30	51.00	50.00	30.54	65.00	30.00	14.18	75.00	40.00	51.84	75.00	60.00	60.00	266.00	180.00	156.56	95.00
C.	NEW SCHEMES																	
1	Alumina 4 <sup>th</sup> Stream	1193.00	0			20.00		0.00	20.00	10.00	3.39	290.28	106.42	27.06	330.28	116.42	30.45	192.07
2	Aluminium 4 <sup>th</sup> Pot line	1575.00	0			50.00		0.00	40.00					30.94	90.00	0.00	30.94	212.90
3	CPP (2x120 MW)	855.00	0			30.00		0.00						48.42	60.00	0.00	48.42	116.00
4	Equity participation of Qatar Project	1573.00	0					0.00				1.00	0.93	0.93	1.00	0.93	0.93	1.00
5	Coal Mine (one block)	210.00	0					0.00	100.00	1.00		5.00			15.00	1.00	0.00	5.17
	TOTAL (C)	5406.00	0			100.00		0.00	100.00	11.00	3.39	296.28	107.35	107.35	496.28		110.74	527.14
	TOTAL (NALCO)	7056.00	900.00	700.00	608.69	650.00	325.00	229.85	310.00	172.00	152.26	450.71	220.09	220.09	2310.71	1298.74	1210.89	622.14

<b>II.</b>	<b>Hindustan Copper Ltd.</b>																		
<b>A.1</b>	<b>Schemes completed during 2000-01</b>																		
<b>A.2.</b>	<b>Critical ongoing Schemes</b>																		
<b>B.</b>	<b>Schemes aimed at Maximising Benefits</b>																		
1	Replacement & Renewals	50.00	25.00	85.00	85.00	20.00	20.00	13.84	40.00	40.00	40.00	40.00	0.00	0.00	125.00	145.00	238.84	30.00	
2.	Research & Development																		
	Total (B)																		
<b>C.</b>	<b>New Schemes</b>																		
1.	Banwas Mine	0.00	0.00		0.00	0.00		0.00	0.00	0.00	0.00	0.00					0.00	0.00	
	Alternate ore pass system at Khetri Mine	0.00	0.00		0.00	0.00		0.00	0.00	0.00	0.00	0.00					0.00	0.00	
	Total (HCL):	50.00	25.00	85.00	85.00	20.00	20.00	113.84	40.00	40.00	40.00	40.00	0.00	0.00	125.00	145.00	238.84	30.00	
<b>III.</b>	<b>Mineral Exploration Corporation Ltd.</b>																		
	-Promotional	45.00	8.00	8.00	7.91	9.00	9.00	7.61	10.00	10.00	9.24	11.00	11.00	10.00	38.00	38.00	34.76	17.00	
	-Capital	5.00	3.00	3.00	3.00	0.00		0.00	2.00	2.00	2.00	5.00	6.00	6.00	10.00	11.00	11.00	8.00	
	Total (MECL):	50.00	11.00	11.00	10.91	9.00	9.00	7.61	12.00	12.00	11.24	16.00	17.00	16.00	48.00	49.00	45.76	25.00	
<b>IV.</b>	<b>Geological Survey of India</b>																		
1.	Survey & Mapping	281.50	29.61	29.73	26.47	37.70	37.70	31.63	41.61	39.06	31.55	41.00	36.05	35.03	149.92	142.54	124.68	38.00	
2.	Mineral Exploration	139.00	22.08	19.83	18.84	19.11	19.11	15.23	24.26	21.17	17.26	23.00	18.96	18.28	88.45	79.07	69.61	21.00	
3.	Specialized Investigation	103.30	9.75	7.40	7.26	9.52	9.52	7.50	8.09	6.08	4.66	6.00	5.17	5.52	33.36	28.17	24.94	5.00	
4.	Other Exploration	0.40	0.06	0.06	0.07	0.09	0.09	0.08	0.15	0.10	0.12				0.30	0.25	0.27		
5.	Research & Development	61.007.49	5.87	5.32	8.44	8.44	5.64	8.68	7.81	6.23	9.35	7.21	7.66	33.96	29.33	29.33	24.85	8.00	
6.	Information & Dissemination	111.10	16.75	10.55	9.88	21.76	21.76	12.48	30.62	22.44	24.10	22.00	22.93	23.66	91.13	77.68	70.12	21.00	
7.	Human Resource Development	18.70	2.57	2.47	2.01	2.94	2.94	2.52	3.20	2.96	2.43	3.15	2.36	2.47	11.86	10.73	9.43	3.00	
8.	Modernistion & Replacement	285.00	80.19	14.09	11.34	76.44	37.94	26.04	45.39	37.75	30.41	42.00	42.82	40.28	244.02	132.60	108.07	69.50	
	Total (GSI):	1000.00	168.50	90.00	81.19	176.00	137.50	101.12	162.00	137.37	116.76	146.50	135.50	132.90	653.00	500.37	431.97	165.50	

<b>V.</b>	<b>Indian Bureau of Mines</b>																	
1.	Scheme No.1: Inspection of Mines for Scientific and Systematic Mining, Mineral conservation and mine environment	11.32	2.62	3.39	3.21	3.31	4.26	3.09	4.08	5.39	3.60	4.20	7.02	4.02	14.21	20.06	14.10	4.94
2.	Scheme No.2: Mineral Beneficiation studies utilisation of low grade and subgrade ores and analysis of environmental samples	20.90	4.92	4.92	5.17	5.68	6.09	5.26	6.41	5.98	5.32	6.00	6.00	6.00	23.01	22.99	21.75	5.74
3.	Scheme No.3: Technical Upgradation and modernisation	15.53	4.30	4.74	4.13	5.03	5.59	4.90	4.66	4.51	4.28	4.50	4.50	4.50	18.49	19.34	17.81	6.51
4.	Scheme No.4: Collection processing, dissemination of data on mines and minerals through various publication	4.77	1.31	1.30	1.28	1.63	1.46	1.39	1.49	1.43	1.40	1.85	1.84	1.84	6.28	6.03	5.91	4.31
5.	Capital Expenditure (Works Outlay)	0.05	0.05	0.05	0.05	0.10	0.08	0.00	0.00	0.00	0.00	0.10	0.10	0.10	0.25	0.23	0.15	0.10
	Capital Outlay (NER)		0.27	0.27	0.27	0.15	0.02	0.03	0.06	0.06	0.00	0.03	0.04	0.04	0.51	0.39	0.34	0.03
	Lumpsum provision for NER		1.20			1.60			1.80	0.00	0.00	1.82		2.82	6.42	0.00	2.82	2.37
6.(i)	BRGM-Scheme TMS-Project III	0.66	0.66	0.67	0.66	0.00									0.66	0.67	0.66	
6.(ii)	BRGM-Scheme Physico Chemical-Project IV	4.43	2.67	2.16	1.01	1.50	1.50	1.50	1.50	3.26	3.21	0.00			5.67	6.92	5.72	0.00
6.(iii)	Token Provision for New Schemes	44.89																
	Total (IBM)	103.00	18.00	17.50	15.78	19.00	19.00	16.17	20.00	20.63	17.81	18.50	19.50	19.50	75.50	76.63	69.26	24.00
VI.	Science & Technology Programmes	57.50	8.50	6.60	6.60	8.05	8.05	7.61	8.55	8.55	6.73	7.43	7.43	6.43	32.53	30.63	27.37	8.05
VII.	Construction	28.00	7.00	7.00	4.38	6.00	6.00	5.38	6.00	5.50	3.10	6.00	6.00	6.00	25.00	24.50	18.86	9.00
	<b>Grand Total: Ministry of Mines</b>	<b>8344.50</b>	<b>1138.00</b>	<b>917.10</b>	<b>812.55</b>	<b>888.05</b>	<b>524.55</b>	<b>481.58</b>	<b>558.55</b>	<b>396.05</b>	<b>347.90</b>	<b>685.14</b>	<b>405.52</b>	<b>400.92</b>	<b>3269.74</b>	<b>2124.87</b>	<b>2042.95</b>	<b>883.69</b>



ANNEXURE-V

MINUTES OF THE NINTH SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2005-2006) HELD ON 5.4.2006 IN COMMITTEE ROOM 'C', PARLIAMENT HOUSE ANNEXE, NEW DELHI.

The Committee met from 1400 hours to 1500 hours.

PRESENT

**Shri Chandrakant Khaire** - **In the Chair**

MEMBERS

2. Shri Hansraj G.Ahir
3. Shri Chandra Sekhar Dubey
4. Shri Vikrambhai Arjanbhai Maadam
5. Shri Hemlal Murmu
6. Shri Anirudh Prasad *Alias* Sadhu Yadav
7. Capt. Jai Narayan Prasad Nishad

SECRETARIAT

1. Shri A.K.Singh - Joint Secretary
2. Shri A.K.Singh - Director
3. Shri Shiv Singh - Under Secretary

**WITNESSES**  
**MINISTRY OF MINES**

Sl. No.	Name & Designation	Ministry/PSUs
1.	Shri A.K.D.Jadhav, Secretary	Ministry of Mines
2.	Shri Pradeep Kumar, Additional Secretary	-do-
3.	Shri V.K.Thakral, Joint Secretary	-do-
4.	Smt. Ajita Vajpai Pande, Joint Secretary	-do-
5.	Shri Sujit Gulati, Joint Secretary & Financial Adviser	-do-
6.	Shri Sunil Bharthwal, Director	-do-

7.	Shri Vinod Kumar, Director	-do-
8.	Shri Deepak Srivastava, Director(Tech.)	-do-
9.	Shri A.K.Singh, Director	-do-
10.	Shri Bhupal Nanda, Deputy Secretary(Fin.)	-do-
11.	Shri P.M.Tejale, Acting DG	Geological Survey of India
12.	Shri S.Sengupta, Dy. DG	-do-
13.	Shri A.Mukhopadhyaya, DDG(F)	-do-
14.	Shri Gautam Dhar, Director(Fin.)	-do-
15.	Shri C.P.Ambesh, Acting Controller General	Indian Bureau of Mines
16.	Shri D.K.Kundu, Technical Secretary	-do-
17.	Shri C.R.Pradhan, Acting CMD	NALCO
18.	Shri S.C.Chatwal, Director(Fin.)	-do-
19.	Shri S.C.Gupta, CMD	HCL
20.	Shri M.Samajpati, Director(Fin.)	-do-
21.	Shri Rajneesh Gupta, CMD	MECL
22.	Shri C.P.Gupta, Director(Fin.)	-do-

2. Since the Hon'ble Chairman was not available, Members of the Committee requested Shri Chandrakant Khaire to preside over the meeting.

3. At the outset, Shri Chandrakant Khaire, welcomed the Members of the Committee and representatives of the Ministry of Mines to the sitting of the Committee and apprised them of the provision of Direction 58 of the Directions by the Speaker.

4. Thereafter, the Secretary, Ministry of Mines briefed the Committee on the Demands for Grants(2006-07) of the Ministry of Mines. The following important points were discussed by the Committee:

- (i) Plan allocation to GSI, NALCO, MECL and HCL
- (ii) Physical and Financial performance of NALCO, HCL, GSI and utilization of funds
- (iii) Prevention of Illegal Mining
- (iv) 2<sup>nd</sup> Phase Expansion of NALCO
- (v) Ferro Chrome Policy
- (vi) Bauxite Mining in Maharashtra
- (vii) Incident of Ash Pond in NALCO.

5. A copy of the verbatim proceedings of the sitting of the Committee has been kept for record.

**The Committee then adjourned.**



## ANNEXURE-VI

### MINUTES OF THE NINTH SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2005-06) HELD ON 22<sup>nd</sup> MAY, 2006 IN COMMITTEE ROOM 'B' PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 1530 hrs. to 1640 hrs. to consider and adopt the Reports on Demands for Grants (2006-07) pertaining to the Ministries of Coal, Mines and Steel.

#### **PRESENT**

Shri Ananth Kumar - Chairman

#### **MEMBERS**

2. Shri Hansraj G. Ahir
3. Shri Chandra Sekhar Dubey
4. Shri Chandrakant Khaire
5. Shri E.Ponnuswamy
6. Smt. Karuna Shukla
7. Shri Devdas Apte
8. Capt. Jai Narayan Prasad Nishad

#### **SECRETARIAT**

1. Shri A.K.Singh - Joint Secretary
2. Shri A.K.Singh - Director
3. Shri Shiv Singh - Under Secretary

2. At the outset, the Chairman, Standing Committee on Coal and Steel welcomed the Members to the sitting of the Committee.

3. The Committee then considered and adopted the following Draft Reports with some additions/deletions/modifications:-

- (i) \*\*                    \*\*                    \*\*                    \*\*                    \*\*
- (II) Report on Demands for Grants (2006-07) of the Ministry of Mines
- (III) \*\*                    \*\*                    \*\*                    \*\*                    \*\*

4. The Committee authorized the Chairman to finalise the Reports after making consequential changes arising out of factual verifications by the concerned Ministries and to present these Reports to both the House of Parliament during the Current Session.

**The Committee then adjourned.**

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\*\* Does not pertain to this Report.