2

STANDING COMMITTEE ON COAL AND STEEL (2004-2005)

FOURTEENTH LOK SABHA

DEPARTMENT OF MINES

DEMANDS FOR GRANTS (2004-2005)

SECOND REPORT

LOK SABHA SECRETARIAT
NEW DELHI

August, 2004 / *Bhadrapada*, 1926 (*Saka*)

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DEPARTMENT OF MINES

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Presented to Lok Sabha on 25.8.2004

Laid in Rajya Sabha on 25.8.2004

सत्यमेव जयते

LOK SABHA SECRETARIAT
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COMPOSITION OF THE STANDING COMMITTEE ON COAL & STEEL (2004-05)

Shri Ananth Kumar—*Chairman*

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Lok Sabha

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3. Shri Hansraj G. Ahir
4. Shri Harishchandra Chavan
5. Shri Bikash Chowdhury
6. Shri Chandra Sekhar Dubey
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8. Shri Faggan Singh Kulaste
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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. 20.8.2004.

Rajya Sabha

22. Shri Devdas Apte
23. Shri Ramadhar Kashyap
24. Shri Jai Narayan Prasad Nishad
25. Shri Vidya Sagar Nishad
26. Shri B.J. Panda
27. Shri Jibon Roy
28. Shri G.K. Vasan
29. Vacant
30. Vacant
31. Vacant

SECRETARIAT

1. Shri John Joseph — *Additional Secretary*
2. Shri Anand B. Kulkarni — *Joint Secretary*
3. Shri P.K. Bhandari — *Director*
4. Shri Shiv Singh — *Under Secretary*
5. Smt. Madhu Tandon — *Committee Assistant*

INTRODUCTION

I, the Chairman, Standing Committee on Coal & Steel having been authorised by the Committee to present the Report on their behalf, present this 2nd Report (Fourteenth Lok Sabha) on Demands for Grants (2004-2005) relating to the Department of Mines.

2. The Committee took evidence of the representatives of the Department of Mines on 12th August, 2004.

3. The Committee wish to thank the representatives of the Department of Mines who appeared before the Committee and placed their considered views. They also wish to thank the Department 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 18th August, 2004.

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

NEW DELHI;
20 *August*, 2004
29 *Sravana*, 1926 *(Saka)*

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

REPORT

CHAPTER I

INTRODUCTORY

Minerals and Metals constitute the backbone of economic growth of any nation and India has been eminently endowed with this gift of nature. A number of minerals of economic and commercial value abound in this country. There are many evidences that exploitation of minerals like coal, iron-ore, copper, lead-zinc has been going on in the country from time immemorial. Mining activities in the country however, remained primitive in nature and modest in scale uptill the beginning of the current century. Thereafter, with progressive industrialization, the demand for metals and minerals increased manifolds and hence the production of various metals and minerals gradually went up. After India became independent, the growth of mining under the impact of successive Five Year Plans has been very fast. There are ambitic plans in metalliferrous sector to increase production of metals and minerals during the 9th Five Year Plan and thereafter.

1.2 The Department of Mines is responsible for development and regulation of the mineral sector including mining and metallurgy of all non-ferrous metals both in private and public sector, but excluding Natural Gas, Petroleum, Coal and Atomic Minerals. As per the Annual Report (2003-04), the Department of Mines has been allotted subjects as under:

(i) 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.

(ii) 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 mineral in various States and the matter connected therewith or incidental thereto.

(iii) All other metals and minerals not specifically allotted to any other Ministry/Department such as aluminium, zinc, copper, gold, diamond and nickel.

(iv) Planning, development and control of and assistance to all industries dealt with by the Ministry.

1.3 At the Secretariat level the Department of Mines is mainly engaged in direction, supervision and coordination of five divisions which *inter-alia* include Survey and Exploration, Mines, Metal, General Administration and Finance and Accounts Division. Survey and Exploration 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 to implement the programmes of the division, *viz*. Indian Bureau of Mines (IBM). Metal division of the Ministry of Mines deals with the planning, exploration, development, monitoring of progrmames and research in respect of non-ferrous metals both in the public and private sectors. General Administration Division is mainly concerned with the establishment and administrative matter of the Department 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.

1.4 Department of Mines has two subordinate offices, namely:

(a) Geological Survey of India (HQ Kolkata)

(b) Indian Bureau of Mines (HQ Nagpur)

Public Sector Undertakings (PSUs)—Department of Mines has following four PSUs;

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

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

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

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

1.5 Joint Venture Undertakings: The two companies in which the Department of Mines held equity shareholding during 2003-04 are as under:

(a) Bharat Aluminium Company Ltd. (BALCO), New Delhi (a company jointly owned by Sterlite Industries Ltd. and Government of India)

(b) Hindustan Zinc Ltd. (HZL) (a company jointly owned by Sterlite Industries Ltd. and State Government of India), Udaipur, Rajasthan.

1.6 Research Institutions: There are three Research Institutions under the Department of Mines, namely:

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

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

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

1.7 A detailed statement showing the actual Revenue and Capital expenditure for the year 2002-2003, Budget Estimates, Revised Estimates for 2002-2003, Budget Estimates, Revised Estimates for 2003-04 and Budget Estimates for 2004-05 are given at Annexure-I.

1.8 The Committee have examined in depth, the detailed Demands for Grants of the Department of Mines for the year 2004-05. The Committee approved the Demands presented by the Government, subject to their observations/recommendations which are contained in the succeeding chapters.

CHAPTER II

ANALYSIS OF DEMANDS FOR GRANTS OF THE DEPARTMENT OF MINES (2004-05)

A. Plan Outlay

The Budget Estimate (BE) for the year 2004-05 of the Department of Mines includes the requirements of the Secretariat of the Department, National Aluminium Co. Ltd. (NALCO), Mineral Exploration Corporation Ltd. (MECL), Hindustan Copper Ltd. (HCL), Geological Survey of India, Indian Bureau of Mines, Science and Technology and lump-sum provision to North Eastern Region and Sikkim.

2.2 In BE 2003-2004 the approved Budget of this Department was Rs. 633.74 crores comprising Rs. 228.50 crores (Plan) and Rs. 405.24 crores (Non-Plan). Against this, the RE 2003-2004 was Rs. 500.00 crores comprising of Rs. 190.00 crores (Plan) and Rs. 310.00 crores (Non-Plan). The Budget Estimates (BE) 2004-2005 is being kept at Rs. 549.00 crores comprising Rs. 239.00 crores (Plan) and Rs. 310.00 crores (Non-Plan). The Plan and Non-Plan provisions made in the Department of Mines for the year 2004-05 is as under:

(Rs. in crores)

	Plan	Non-Plan	Total
Revenue Section	196.73	280.00	476.73
Capital Section	42.27	30.00	72.27
Total Plan Outlay	239.00	310.00	549.00

2.3 The comparison of the budget figures for the last three years i.e. 2001-2002, 2002-2003, 2003-2004 and 2004-2005 is given below:

(Rs. in crores)

Sl. No.		Plan	Non-Plan	Total
1	2	3	4	5
1.	BE 2001-2002	182.00	388.96	570.96
	RE 2001-2002	235.45	334.78	570.23

1	2	3	4	5
2.	BE 2002-2003	227.50	365.82	593.32
	RE 2002-2003	207.50	*910.49	1117.99
3.	BE 2003-2004	228.50	405.24	633.74
	RE 2003-2004	190.00	310.00	500.00
4.	BE 2004-2005	239.00	310.00	549.00

*Includes Rs. 4.70 crores for Bhutan unit (since closed).

2.4 Replying to the query regarding the reasons for the variation between BE and RE and also the reasons for less utilisation of funds, the Department have stated as under:

Reasons for variations

1. The BE for the financial year 2001-2002 for Plan was Rs. 182.00 crores. The RE for Plan was Rs. 235.45 crores due to increase in plan funds to HCL for maintaining production. The Non-Plan Budget Estimates for 2001-2002 was placed at Rs. 388.96 crores. The RE for non-plan has been reduced, as employees of BGML could not be separated.

2. The BE for the financial year 2002-2003 for plan was Rs. 227.50 crores. The RE for Plan is Rs. 207.50 crores due to reduction in plan funds to GSI, IBM & Science & Technology programmes in view of overall availability of funds with the government. The Non-Plan Budget Estimates for 2002-2003 was placed at Rs. 365.82 crores. The RE for Non-Plan has been increased due to provision provided for carrying out the accounting adjustment in respect of conversion for Non-Plan loan into Grants-in-aid, waiver of guarantee fee and waiver of interest on Plan-Loan for implementing capital restructuring of HCL to the tune of Rs. 472.47 crores.

3. The BE 2003-2004 under Plan has been kept at Rs. 228.50 crores. The Non-Plan BE 2002-2003 has been placed at Rs. 405.24 crores. The RE 2003-2004 under Plan has been kept at Rs. 190.00 crores. The Non-Plan RE 2003-2004 has been placed at Rs. 310.00 crores. The reduction of Plan under

RE 2003-2004 has been due to reduction of external aid provisions of Geological Survey of India (GSI) as the assistance from BRGM, France was stopped. Non-Plan provision was reduced by Ministry of Finance at RE stage keeping in view the trend of expenditure by HCL for separation of surplus manpower for VRS.

4. In so far as Non-Plan provisions of the 2004-2005 is concerned the amount has been provided taking into the account the normative increase of hike in prices and DA, increment, etc. and Rs. 60.00 crores grants-in-aid to Hindustan Copper Ltd. and Rs. 30.00 crores of Non-Plan loan to Mineral Exploration Corporation Ltd. for separation of surplus manpower for both the companies. The plan provision of Rs. 239.00 crores mainly consist of Rs. 162.00 crores to GSI for its different schemes, Rs. 20.00 crores for IBM, Rs. 40.00 crore of plan provision of HCL for replacement and renewals, Rs. 12.00 crore to MECL for promotional work and equity and Rs. 5.00 crores for Science & Technology.

2.5 Replying to the major heads of accounts which showed shortfalls in utilization of funds earmarked for expenditure during 2003-2004 and the reasons thereof, the Department have informed that the shortfall in utilization of funds in the Non-Plan side has been mainly for two organisations namely Hindustan Copper Ltd. and Bharat Gold Mines Ltd. where Rs. 95.00 crores of Grants-in-aid and Rs. 79.59 crores of Grants-in-aid were surrendered. In the former case the company was unable to utilize the amount till the middle of the financial year and the amount was reduced by Ministry of Finance at RE stage depending upon the actual requirement. In the later case the company has already been closed and the amount could not be utilised pending any decision about the payment mode of VRS payment to its employees. The proposal for grant of VRS package is before cabinet for its approval. In the Plan side, the reduction was only in the case of GSI as its further aid from BRGM, France has stopped.

2.6 About the corrective steps taken by the Department to ensure that the BE is expended fully, the Department have stated that the budget procedure will include phasing of expenditure, monitoring at regular intervals and review the status periodically and finally take appropriate measures so that the provision of Budget Estimates are utilised to the fullest extent possible.

2.7 The detailed Non-Plan expenditure of the Department of Mines for the year 2004-2005 are as under:

(in thousand of Rupees)

Sl. No.		Budget Estimates 2003-2004	Revised Estimates 2003-2004	Budget Estimates 2004-2005
1.	Secretariat, Department of Mines	76700	76700	81700
2.	Geological Survey of India	1777000	1774600	1890000
3.	Indian Bureau of Mines	141300	141300	150000
4.	Grants to Bharat Gold Mines Ltd.	830100	830100	50000
5.	Grants to Hindustan Copper Ltd.	1200000	250000	600000

2.8 As regards the reasons for upward revision in BE for the year 2004-2005 as compared to 2003-2004, the Department have stated that the upward revision in Budget Estimates (BE) for the year 2004-2005 in respect of Secretariat (proper), Geological Survey of India and Indian Bureau of Mines has been only mediocre rise since only normative increase has been taken into account due to hike in prices of Telephone, Petrol, Stationery, etc. and increase in salary on account of annual increments, DA, etc. In respect of BGML, a token amount has been taken for essential activities and any VRS amount since decision in respect of VRS payment to the employees is yet to be finalised after the approval of cabinet. In respect of HCL, the BE provision is less than the BE provision of 2003-2004.

2.9 The Department have informed that a sum of Rs. 5.00 crore as a token provision has been made in BE 2004-2005 for meeting expenditure on security, legal expenses, essential staff, etc. in respect of BGML and any VRS amount.

2.10 A statement showing different sub-heads together with a brief explanations reflected in the Demands for Grants 2004-2005 of Department of Mines is given in Annexure-II.

(Rs. in crores)

Sl. No.	PSUs/ Orgns.	Annual Plan 2004-05					
		Outlay	IR	EBR	G.B.S.	N.B.S.	Ext. Aid
1.	NALCO	310.00	310.00	—	—	—	—
2.	HCL	40.00	—	—	40.00	40.00	—
3.	MECL						
	-P	10.00	—	—	10.00	10.00	—
	-C	2.00	—	—	2.00	2.00	—
4.	GSI	162.00	—	—	162.00	162.90	—
5.	IBM	20.00	—	—	20.00	18.50	1.50
6.	S&T	8.55	2.80	0.75	5.00	5.00	—
7.	Const.						
	-GSI	5.00	—	—	5.00	5.00	—
	-IBM	1.00	—	—	1.00	1.00	—
	Total	558.55	312.80	0.75	245.00	243.50	1.50

2.11 The Plan Outlay of the Department of Mines for 2004-2005 has been approved by the Planning Commission at Rs. 558.55 crores including the Gross Budget Support of Rs. 245.00 crores. The Net Budget Support of Rs. 243.50 crores includes Rs. 6.00 crores for the Construction Programme of GSI (Rs. 5.00 crores) and IBM (Rs. 1.00 crores) which have been included in the Demands for Grants of Ministry of Urban Development.

2.12 Department of Mines has informed the Committee that as far as plan allocation is concerned, the funds have been allocated in view of overall availability of the funds with the Government of India and the funds allocated to the Department of Mines are sufficient to meet the financial requirements of the various ongoing activities/projects. The budgetary support is provided by Ministry of Finance and Planning Commission after detailed scrutiny and examination of the requirements of Department of Mines, based on the proposed activities/schemes, within the overall availability of resources. The budgetary allocations are released to the spending authorities in monthly/quarterly installments, taking into consideration the actual requirements and trend of utilization of the releases already made. The expenditure is closely monitored in the Department of Mines in consultation with Pay & Accounts Office, Department of Mines by obtaining periodical expenditure statements from the spending authorities.

2.13 The statement furnished to the Committee showing the Schemes/PSUs & Organisation-wise allocations made and actual of 2002-03 and 2003-04 are given below:—

Department of Mines

Statement showing Scheme-wise/PSU-wise Xth Plan, BE & Actuals of 2002-03 &2003-04

(Rs. in crores)

Sl. No.	Name of Public Sector Undertakings/Name of Schemes/Projects	Xth Plan 2002-2007 (Approved)	Annual Plan 2002-2003		Annual Plan 2003-2004	
			BE	Actual	BE	Actual
1	2	3	4	5	6	7
I.	**National Aluminium Co. Ltd.**					
A.1	**Schemes completed during 2001-02**					
1.	Special Grade Alumina	6.22	6.22	2.92	—	4.03
2.	Zeolite	0.00	—	—	—	—
3.	Equity Participation in I.A.P.L.	34.00	34.00	34.35	—	—
	Total (A.1)	40.22	40.22	37.27	0.00	4.03
A.2	**Critical ongoing Schemes**					
1.	Mines & Refinery	126.02	126.02	49.85	40.00	14.47
2.	Smelter & Power Plant	697.06	502.72	391.65	300.00	101.87
3.	VIII Unit of C.P.P.	384.40	180.04	99.38	145.00	91.56
4.	Rolled Products Unit	—	—	—	—	3.74
	Total (A.2)	1207.48	808.78	540.88	485.00	211.64
B.	**Schemes Aimed at Maximising Benefits**	402.30	51.00	30.54	65.00	14.18
C.	**New Schemes**					
1.	Alumina 4th Stream	1193.00	—	—	20.00	—

1	2	3	4	5	6	7
2.	Aluminium 4th Pot line	1575.00	—	—	50.00	—
3.	CPP (2x120 MW)	855.00	—	—	30.00	—
4.	Equity Participation of Quatar Project	1573.00	—	—	—	—
5.	Coal Mine (one block)	210.00	—	—	100.00	0.00
	Total (C):	5406.00	—	—	100.00	0.00
	Total (NALCO):	7056.00	900.00	608.69	650.00	229.85
II.	**Hindustan Copper Ltd.**					
A.1	**Schemes Completed During 2000-01**					
A.2	**Critical ongoing Schemes**					
B.	**Schemes Aimed at Maximising Benefits**					
1.	Replacement & Renewals	50.00	25.00	85.00	20.00	113.84
2.	Research & Development					
	Total (B)					
C.	**New Schemes**					
	(Total (HCL):	50.00	25.00	85.00	20.00	113.84
III.	**Mineral Exploration Corporation Ltd.**					
	—Promotional	45.00	8.00	7.91	9.00	7.61
	—Capital	5.00	3.00	3.00	0.00	0.00
	Total (MECL):	50.00	11.00	10.91	9.00	7.61
IV.	**Geological Survey of India**					
1.	Survey & Mapping	281.50	29.61	26.47	37.70	34.63
2.	Mineral Exploration	139.00	22.08	18.84	19.11	17.23
3.	Specialised Investigation	103.30	9.75	7.26	9.52	7.50
4.	Other Exploration	0.40	0.06	0.07	0.09	0.08
5.	Research & Development	61.00	7.49	5.32	8.44	5.64
6.	Information & Dissemination	111.10	16.75	9.88	21.76	14.38
7.	Human Resource Development	18.70	2.57	2.01	2.94	2.52
8.	Modernisation & Replacement	285.00	80.19	11.33	76.44	31.40
	Total (GSI)):	1000.00	168.50	81.18	176.00	113.38

1	2	3	4	5	6	7
V.	**Indian Bureau of Mines**					
1.	Scheme No. 1: Inspection of Mines for Scientific and Systematic Mining, Mineral conservation and mine environment	11.32	2.62	3.21	3.31	3.14
2.	Scheme No. 2: Mineral Beneficiation studies Utilisation of low grade and subgrade ores and analysis of environmental samples	20.90	4.92	5.17	5.68	5.39
4.	Scheme No. 3: Technical Upgradation and modernisation	15.53	4.30	4.13	5.03	4.95
4.	Scheme No. 4: Collection processing, dissemination of data on mines and minerals through various publication	4.77	1.31	1.28	1.63	1.38
5.	Capital Expenditure (Works Outlay)	0.50	0.05	0.05	0.10	0.08
	Capital Outlay (NER)					
	Lump sum provision for NER	—	1.20	—	1.60	—
6(i)	BRGM-Schemes-TMIS-Project. III	0.66	0.66	0.66	—	—
(6)(ii)	BRGM-Schemes-Physico Chemical-Project. IV	4.43	2.67	1.01	1.50	1.50
6(iii)	Token Provision for New Schemes	44.89	—	—	—	—
	Total (IBM):	103.00	18.00	15.78	19.00	16.46
VI.	**Science & Technology Programmes**	57.50	8.50	8.51	8.05	7.26
VII	**Construction**	28.00	7.00	7.00	6.00	6.00
	Grand Total: Department of Mines	8344.50	1138.00	817.07	888.05	494.40

2.14 It has been observed from the above table that the financial achievements of National Aluminium Co. Ltd. and Geological Survey of India (GSI) have not been upto the mark. On the other hand, Hindustan Copper Ltd. (HCL) has expended the funds much more than the allocations. In the year 2002-2003, the BE for NALCO was kept at Rs. 900.00 crore but the actual was Rs. 608.69 crore. In 2003-2004, against the BE of Rs. 650.00 crore, the actual remained as low as Rs. 229.85 crore. Now a provision of Rs. 310.00 crore has been made for the year 2004-2005. The Budget Estimate of Geological Survey of India for 2003-04 was Rs. 176.00 crore but they could utilize only Rs. 113.38 crore. As regards Hindustan Copper Ltd., a provision for Rs. 25.00 crores were made at BE 2002-03 stage but

actually Rs. 85.00 crore were expended. In the year 2003-2004, the Budget Estimates were reduced to Rs. 20.00 crore but actually Rs. 113.84 crore, i.e, Rs. 93.84 crore more were spent. Thus there does not appear to be any financial prudence in the Ministry as far as Budget utilization is concerned. The Ministry should take immediate corrective steps.

2.15 The Committee are constrained to note that the total Plan outlay for the mining sector (Department of Mines) during 2003-2004 was Rs. 633.74 comprising Rs. 228.50 crores (Plan) and Rs. 405.24 crores (Non-Plan) was reduced to Rs. 500.00 crores at RE stage comprising of Rs. 190.00 crores (Plan) and Rs. 310.00 crores (Non-Plan). The Committee are further dismayed to note that the reduction of Plan outlay at BE stage has continued and the BE for 2004-2005 has been kept at Rs. 549.00 crores. The further concern is the fact that there has been downsizing of Plan expenditure from Rs. 228.50 crores (Plan) in BE 2003-04 to Rs. 190.00 crores (Plan).

2.16 The Committee understands the financial constraints of Government of India. However, keeping in mind the importance of the Mining Industry, it is desirable that for optimal utilization of the resources the Ministry of Mines be given sufficient funds. Therefore, the Committee recommend that the Ministry of Mines would take up the matter at RE stage with Planning Commission and the Ministry of Finance for more allocation of plan outlay as per requirement.

2.17 The Committee are also unhappy to note that while on the one hand there has been reduction in Plan outlay, on the other hand the utilization of funds by PSUs like NALCO and subordinate organizations like GSI have not been satisfactory. In the year 2002-03, the BE for NALCO was kept at Rs. 900.00 crores but the actual utilisation was Rs. 608.69 crores. In the year 2003-04 against the allocated BE of Rs. 650.00 crores only Rs. 229.85 crores were utilized by the organization. The Committee feel that the Department of Mines should have undertaken realistic calculation of the needs of PSUs and organizations under its administrative jurisdiction and accordingly projected its plan outlay. The Committee also observe that the National Aluminium Co. Ltd. failed to utilize the allocated amount for critical ongoing schemes and for new schemes during the first two years of Tenth Plan. There is a general slackness in utilization of funds allocated to the organizations & PSUs and the Committee desire that necessary corrective action be taken by the Government to ensure that funds allocated be expended as targeted.

2.18 The Committee are pained to note that grants-in-aid of Rs. 79.59 crores provided to Bharat Gold Mines Ltd. during 2003-2004 for VRS packages could not be utilized and had to be surrendered, as the Cabinet could not give its approval to the proposal of granting VRS package in time. The Committee express serious concern over the inordinate delay on the part of the Government in taking a timely decision. The Committee would like to be apprised of the action taken in this regard.

B. Geological Survey of India (GSI)

The Geological Survey of India (GSI), a premier scientific organisation in the country is relentlessly pursuing its objectives since 1851 to fulfill the society's requirement of minerals and raw materials for industrial growth besides, ensuring as safe community life free from the vagaries of natural hazards. The organisation has now successfully completed 152 years of glorious service to the nation.

Thrust Areas of Activity

3.2 The thrust areas of GSI's activities have evolved with the changing national priorities throughout the successive Five Year Plans and are presently oriented in the light of the objectives and goals set up for the Xth Plan. The major thrust areas in respect of GSI identified in the Xth Five Year Plan are:

- **Creation and updating of National geo-scientific database through specialised thematic studies, geochemical and geophysical mapping:** Specialised thematic studies, multielemental geochemical mapping of the country with ultra-low detection level analytical facilities, low-altitude aerogeophysical multi-sensor surveys and ground geophysical mapping of prioritised areas have been stressed to locate so far undiscovered and/or deepseated/concealed prospects/deposits based on new concepts of ore genesis. Seabed survey will continue in Territorial Waters and parametric survey in EEZ along with preliminary assessment of economic materials in seabed.
- **Concept oriented search for concealed mineral deposits with stress on deficient and high-tech minerals:** The principal thrust of GSI in the mineral exploration would remain on noble metals, precious stone, base metal, coal and lignite. Appraisal will continue for ferrous and non-

ferrous (bauxite), fertilizer, strategic, refractory and high-tech. minerals. In addition, to the mineral prognostication, the organization would continue with systematic updating of the data base in the mineral resource sector to provide reliable and relevant information on mineral and other natural resources to the public and private sector entrepreneurs to sustain investment in mineral sector.

- **Seismic micro-zonation of urban clusters, active fault mapping and observational seismology for delineation of potential risk zones for geo-hazard management**: Earthquake studies including active fault mapping, observational seismology for delineation of potential risk zones for geo-hazard management and seismic micro-zonation of urban clusters as a part of preparedness and hazard mitigation with state-of-the-art technology and instrumental support.

- **Compilation and digitisation of maps for archival preservation and dissemination:** Information Technology is vital for preservation, management, retrieval and analysis of geoscientific data bank accumulated by GSI in past 152 years of existence. The task of soft copy conversion of all the reports taken up in previous year has almost been completed. GSI has also embarked upon an ambitious plan for creation of internet portal, which will provide uninterrupted connectivity among all the offices of GSI, spread over in 32 cities of 34 the country. The portal, apart from dissemination of information via internet or intranet will also be useful to integrate work plan, collaboration, messaging and content management.

Expert Committee Report

3.3 The report of the Expert Committee set up by the Department of Mines to examine and recommend suitable changes in the Charter of GSI through assessment of the role and functions of GSI in the light of developments in the field of earth sciences over the last 30 years has been accepted by the Government. The committee has revised the Charter and functions of GSI and has made recommendations to make GSI more responsive to the scientific and societal needs and enhance its visibility.

Physical Performance of GSI

3.4 The physical targets set and the actual achievements during IXth Plan are given at Annexure-III. From the table showing the targets *vis-a-vis* actual achievements during IXth Plan period (1997-2000) it is seen that the achievement has fallen far short of the targets. The percentage of shortfall in achievement of targets for systematic Geological Mapping (20.6%) Thematic Mapping (8.3%), Aerial Survey (10.2%), etc. In case of mineral investigation the percentage of shortfall in respect of detail mapping was 0% while for drilling it was 22%.

3.5 When asked about the reasons for shortfall in respect of target programmes during IXth Plan period, the Department *inter-alia* stated that this was due to local law and order problems in North-East part, shortage of field going scientific and technical professional manpower leading to postponing of some of the programmes, old and outdated drilling equipment, etc. The details of reasons for shortfalls in respect of targeted programmes during IXth Plan period is given in Annexure-IV.

Financial Performance of Geological Survey of India (GSI)

3.6 The details of the plan outlays and expenditure during IXth Plan (1997-2002) and the first two years of Xth Plan (2002-2003 to 2003-2004) for Geological Survey of India (GSI) is given in Annexure-V. The given table show that the actual expenditure has fallen short of the approved outlay. During the IXth Plan, while the total outlay was Rs. 586.46 crores, the actual expenditure was only 433.61 crores. Similarly, during 2002-2003, only Rs. 81.18 crores were spent against the allocation of Rs. 168.50 crores. During 2003-2004, against the approved outlay of Rs. 176.090 crores, only Rs. 113.38 crores were spent.

3.7 Elaborating on the aspect of financial performance of GSI, the Secretary, Department of Mines stated during evidence that :—

> "There has been sluggishness on the part of GSI. As a matter of fact, in my initial request, I have been pointing out that they keep on telling us that they need money for modernisation. I also told them that the money is unspent. In the second phase of expansion of NALCO, though the CCEA approval is yet to come, NALCO have already globally tendered. Similar anticipation will have to be shown by GSI in terms of specifications, global tendering, one fiscal in advance. The moment the money comes they can proceed.

If they wait for money and when the money comes, and then if they go for specifications and tendering, etc. then the problem comes. We noticed this and we concede that there has been some lethargy. We will show improvement".

3.8 The Committee appreciate the role played by GSI in pre and post-independent India as premier national scientific survey and research organisation. The Committee note that in view of the changing environment, the role and functions of Geological Survey of India (GSI vis-a-vis **other organizations, the role of GSI needs to be examined. To make the role of GSI more relevant in the light of development in the field of earth sciences, etc., the Committee recommend that the Report of the Expert Committee may be implemented by the Department of Mines at the earliest. The Committee may be apprised of the action taken on the findings of the Expert Committee.**

3.9 The Committee are constrained to note that the achievement/ physical performance of GSI during the IXth Plan period (1997–2000) have fallen far short of the actual targets in various fields such as systemic Geological Mapping, Thematic Mapping, Aerial Survey, Drilling, Training, Research etc. The reasons advanced by Geological Survey of India (GSI) for the shortfall, such as local law and order problems, shortage of professional manpower, old and outdated equipment etc., are also not convincing and the Ministry failed to take corrective steps in time. The Committee, therefore, cannot but deplore the Department' casual approach to achieve the targets laid and desire that necessary steps should be taken to achieve all the targets in right earnest. Replacement of old and outdated equipments should be carried out on war footing and other steps like filling up of vacancies of professional manpower should be taken up to ensure the achievement of the targets laid for 10th Period.

3.10 The details of the plan outlays and expenditure furnished by the Department during the IXth Plan and first two years of the Xth Plan for GSI also show that the actual expenditure has fallen short of the approved outlay for the whole of IXth Plan. Also, during 2003-2004, only Rs. 113.38 crores were spend against the approved outlay of Rs. 176.00 crores. The Secretary, Department of Mines himself conceded during evidence that there has been sluggishness on the part of GSI in utilisation of funds. The Committee, thus, taking note of the dismal performance of GSI in utilization of funds feel that funds are no longer a constraint in the task for completion

of the projects. The Committee, therefore, desire that GSI should take proactive steps to ensure the optimal utilization of the sanctioned funds. The Committee also agree with the views of the Secretary that GSI has to show anticipation in terms of laying down specifications and in global tendering in anticipation of the financial provisions.

Modernisation of Geological Survey of India (GSI)

3.11 The actual plan expenditure 2003-2004 is for modernisation during as shown below:

(Rs. in crore)

	10th Plan	Annual Plan 2002-03		Annual Plan 2003-04	
		BE	Actual	BE	Actual
Modernisation & Replacement	285.00	80.19	11.33	76.44	31.40

3.12 The Ministry in their reply have stated that on the advice of the Parliamentary Standing Committee on Industries, an Expert Panel on Modernisation of GSI was constituted by the Department of Mines and the panel has submitted its report on 'Modernisation of GSI' to the Department of Mines, Government has subsequently approved and accepted the recommendation of the Panel. The Expert Panel has identified a detailed list of state-of-the-art equipment for field survey, ground geophysical survey, marine survey and laboratory studies. As a part of Sub-Group—I's report of the Working Group on 'Mineral Exploration and Development' for 10th Plan constituted by Planning Commission a detailed action plan for procurement of equipment/instrument/research vessel/aircraft etc. has been drawn covering the following domains involving a cost of Rs. 712 crores.

(i) Ground Geophysical Survey Instruments

(ii) Chemical, Petrological, Palaeontological and Geochronological laboratory equipment

(iii) Field Location-cum-data collection system

(iv) Airborne Survey System (including aircraft, heliborne system)

(v) Marine Survey vessels (including blue water research vessel, Geotechnical vessel, coastal launch)

(vi) Drill Machines and Accessories

(vii) IT infrastructure

3.13 Out of Rs. 712 crores, an amount of Rs. 425 crores need to be arranged through special dispensation by Government towards acquisition of ship (blue water research vessel), aircraft, coastal launch and heliborne system, whereas the remaining Rs. 287 crores has to be provided through budget support, partly by Domestic Budget Support (DBS) and considerably by Aid through budget (ATB).

3.14 Following is the gist of expenditure outlay for modernisation in different fields of GSI during 10th Plan:—

(Rs. in crore)

Sl. No.	Equipment/Instruments	Procurement Action proposed to be taken up in		Total estimated cost
		Phase I	Phase II	
1	2	3	4	5
1.	Ground Geophysical Survey Instruments/ Lab. Equipment	18.00	8.00	26.00
2.	Geochemical Lab. Equipment	18.00	13.00	31.00
3.	Petrological/Palaeontological/Gem Testing/Geotechnical Lab Equipment	13.00	16.00	29.00
4.	Mineral Phys. Lab. Equipment	3.00	2.00	5.00
5.	Geochronological Lab. Equipment	4.00	6.00	10.00
6.	Airborne Survey			
	New Aircraft with Time Domain EM System	55.00*	—	—
	Heliborne Survey System	14.00*	16.00*	85.00
7.	Research Vessel	300.00*	—	—
	Marine Survey Equipment	12.00	—	382.00
	Geotechnical Vessel	30.00	—	—

1	2	3	4	5
	Coastal launch	—	40.00*	—
8.	Drill machines and Accessories (Table-9)	29.00	16.00	45.00
9.	Field Location-cum-Data Collection System especially for Geochemical and Geophysical Mapping, Active fault studies, Microzonation of Urban Cluster, Mineral Prospecting etc.	12.00	6.00	18.00
10.	Others including Vehicle-Camp equipment/ Tentages+all accessories to the instruments, Photo Geology equipment etc.	30.00	26.00	56.00
11.	IT infrastructure	17.00	8.00	25.00
	(a) GSI-Net, (b) NSDI, (c) Computers, software, hardware & peripherals, (d) archival of GSI unpublished report			
	Grand Total	555.00	157.00	712.00

*To be arranged through special dispensation by Government.

Modernisation of GSI in terms of equipment and organisational set up is one of the thrust areas of Xth Plan.

3.15 With the availability of fund, the administrative processing machineries of GSI geared up at its different levels to fulfil the modernisation programme of GSI. Task Force which is the prime machinery, prioritise the major capital procurement of GSI cleared various equipment at different categories to steer up the procurement procedures so that the available fund is utilised appropriately to its optimum level.

3.16 The modernisation effort had already been initiated during the last year of IXth Plan, *i.e.* during Financial Year 2001-02. To achieve the goals of modernisation programme of GSI, due effort has been made during 2003-04. In support of this programme Government had initially allocated a sum of Rs. 46.35 crore (B.E.) under Domestic budget Support (DBS) in Mineral Exploration (ME) Sub-head, which has been subsequently reduced to Rs. 28.75 crores [aid through Budget

(ATB)-5.90] in R.E. With this fund provision, GSI has geared up its entire mechanism of prioritisation and procurement process to achieve the goal at desired level. Till the end of Financial Year 2003-04, the entire allocated amount of Rs. 28.75 has been spent for procurement of Laboratory instrument/machineries, drilling rigs, pumps, casings etc. During Financial Year 2004-2005, a sum of Rs. 32.54 crores under ME Head has been provisionally allocated.

3.17 The initial stage of implementation of Modernisation Programme has taken considerable time is processing work. This is considered normal for undertaking a vast procurement programme of high cost enquipment. Such delay would not be faced in the successive years as the processing work is already in an advanced stage. Some steps have been taken to eliminate delay. Hence, the projected target of modernisation for 2004-05 is likely to be achieved.

3.18 Details of the budget proposal made for the purpose for the last three years and during the year 2004-05.

(Rs. in crore)

2001-02 (BE)	2002-03 (BE)	2003-04 (BE)	2004-05 (BE)
27.83 (ATB 5.00)	71.43 (ATB 66.40)	67.25 (ATB 20.00)	32.54

Areas which have been modernised so far:

3.19 Some of the important equipment/machinery procured during Xth Plan is given below:

Geology: Magnetic Barrier Separator; Turbo Molecular Pump; Task Benzene Synthesizer; Laboratory Sample Divider; Digital Camera; Total Station; Stereo zoom research microscope; DGPS; Gem Testing Equipment.

Chemical: ICP-MS, ICP-AES; XRF; AAS; Graphite furnace, Auto Sampler, Hydride Generator-4 Nos; XRF; Graphite furnace; Auto sampler & Hydride Generator system-3 Nos; SRM 44 items; CHNS-1 unit; Microwave digestion pressure vessels-6 nos.; XRF.

Drilling: Heavy duty Drill Machine 1000m; Marsh Funnel, Hydroclone, Slush pump; Triplex pump; Slush Pump; Heavy Duty Skid Mounted core drill 600m; Mursh Funnel with measuring can; Triplex pump; Drill Rigs-300m; Water Sampler & Messenger.

Marine: DGPS Beacon/Receiver, Whip antenna; Marine Graphic Recorder; Spares for thermal Graphic Recorder.

Mineral Physics: XRD; Simultaneous TC/DTA Dsc system.

Areas for further Modernisation:

3.20 Geochemical, geophysical mapping, specialised thematic studies environmental appraisal, natural hazard mitigation are some of the thrust areas of the Xth Plan. Future areas of modernisation will be aimed primarily at augmenting the laboratory facilities and file equipment necessary to support these programmes.

Major High-cost Equipment:

3.21 Additional resource of much larger order has to be mobilised for acquiring some High-cost equipment, mentioned below. Efforts are being made by DOM/GSI to identify the possible funding sources to meet these needs. Hence the necessary steps have been initiated for acquiring these items through external funding/special dispensation by the Government within the stipulated time frame.

(i) Off-shore Marine Surveys include Blue Water Research vessel (Rs. 400.00 crores), Geotechynical Vessel, Coastal Launch.

(ii) Airborne Geophysical Surveys EM Time Domain with new Platform Aircraft and heliborne systems (Rs. 48.50 crores).

3.22 The Committee are dismayed to note that the funds allocated for modernisation and replacement in different fields of GSI have not been fully utilised. In 2002-2003, out of BE of Rs. 80.19 crores, only Rs. 11.33 crores have been utilized. Also during 2003-2004, against the budgetary allocation of Rs. 76.44 crores, only Rs. 31.40 have been expended. The Committee are of the opinion that under-utilization of allocated funds is one of the reasons for downsizing of plan outlay for modernisation. The details of the budget proposals made for the purpose for the last three years and during the year 2004-2005 show that there has been a reduction in budgetary outlay from Rs. 71.43 in 2002-2003 to Rs. 67.25 crores in 2003-2004 and to Rs. 32.54 crores in 2004-2005. This clearly shows the tardy progress made in the implementation programme of modernisation of GSI. The Committee recommend that the pace of GSI needs to be accelerated.

3.23 The Committee observe that as informed by the Department, there are vast areas for modernisation as geochemical, mapping,

specialised thematic studies, environmental appraisal, natural hazard mitigation, etc.

3.24 The Committee feel that the process of further modernization of GSI should not suffer for want of sufficient funds. The Committee, therefore, recommend that the Department of Mines should not only take adequate steps for optimum utilisation of sanctioned funds but also make available adequate funds in the Revised Estimates for the year 2004-05.

Mineral Exploration (ME)

3.25 The Committee are informed that the Geological Survey of India continued its broad-based uniform natural approach to data generation in respect of mineral resources. Preliminary appraisal to regional mineral exploration was continued for several commodities keeping in view the policy of the Government and directives of the Planning Commission and recommendations of CGPB and SGPB.

3.26 During 2003-04, one hundred fourteen (114) mineral investigations were taken up which include 36 for coal and lignite, 31 for gold, 20 for base metals, 3 for strategic and rare metals and rare earth elements, 8 for diamond, 3 for precious and semi-precious minerals and remaining for ferrous and industrial minerals. Region-wise break up of these programmes is given below:

Mineral Investigation

Mineral	RE	NER	NR	SR	CR	WR	AMSE	Total
1	2	3	4	5	6	7	8	9
Coal/Lignite	13	—	—	4	18	1	—	36
Base Metal	1	—	—	—	4	14	1	20
Strategic & rare minerals	1	—	_	2	—	—	—	3
Gold	3	—	3	12	5	5	3	31
Diamond	1	—	—	4	2	—	1	8
Ferrous Mineral	5	—	—	—	—	—	—	5
Precious & Semiprecious minerals	1	—	—	1	—	—	1	3

1	2	3	4	5	6	7	8	9
Limestone/Dolomite	—	3	—	—	—	—	—	3
Bauxite	—	—	—	—	2	—	—	2
Other Industrial minerals	1	—	—	1	—	1	—	3
Total	26	3	3	24	31	21	6	114

3.27 The Committee are happy to note the progress made in mineral exploration especially in Eastern Region, Southern Region, Central Region and Western Region. The Committee are, however, dismayed to note the negligible progress made in mineral exploration in North-East Region and Northern Region. The Committee strongly recommend that the Geological Survey of India should enhance the pace of mineral investigation and achieve the targets set for the purpose in a time bound manner.

C. National Aluminium Company Ltd. (NALCO)

National Aluminium Company Limited (NALCO) was incorporated on 7th January, 1981, as a Public Sector Enterprise of the Government of India NALCO is Asia's largest integrated aluminium complex. Commissioned during 1985-87, NALCO has emerged as a star performer in production and export of alumina and aluminium, and more significantly, the company has been able to propel self-sustained growth.

4.2 Leveraging the technical collaboration with Aluminium Pechiney of France, with ISO 9002 certification of quality management, LME registration of products, environment care conforming to ISO 14001, international customer base (with export of products to more than 30 countries world over at present NALCO is one of the lowest cost producer of Alumina & Aluminium in the world. NALCO has been conferred Mini Ratna status & Star Trading House by the Government of India.

4.3 Since 1997 NALCO has undertaken phased expansion of production capacity at an investment of Rs. 4200 crore. The Bauxite mine capacity has been raised to 4.8 million tonne since December 1999, Alumina Refinery capacity to 1.575 million tonne since December 2001 and Smelter capacity has been raised to 288,000 tonne in March 2003 and Captive Power Plant (CPP) capacity has been augmented to 960 MW in February 2004. Expansion at Smelter complex will be completed shortly, when aluminium production capacity will reach 345,000 tonne.

4.4 During the year 2002-03, with export of over 1 million tonnes of alumina, the company established itself as a global alumina major, contributing nearly 10% of global third party alumina transaction.

4.5 During the year 2003-04, all the segments of operation *i.e.* Mines, Refinery Smelter & CPP have achieved the rare distinction of highest even production since inception. Physical sales in respect of aluminium export, domestic metal sale & total metal sale are the highest since inception and have surpassed the annual targets. In financial parameters all the previous records have been surpassed, with sales turnover, gross margin, export earning, profit before tax & profit after tax at highest since inception.

4.6 The comparative statement of plan outlay for BE 2003-04, RE 2003-04 and BE 2004-05 is as given below:

(Rs. in crore)

Sl. No.	Particulars	BE 2003-2004	RE 2003-2004	BE 2004-05
1	2	3	4	5
1.	**Expansions:**			
	(a) Mines & Refinery	40.00	23.23	8.88
	(b) Smelter & CPP VII Unit	300.00	139.16	63.82
	(c) CPP VIII Unit	145.00	100.45	50.87
	(d) Proposed Expansion	100.00	—	100.00
		585.00	262.84	223.57
2.	**New Schemes:**			
	(a) Spl. Grade Alumina	—	8.49	—
	(b) Zeolite	—	3.67	—
	(c) Gallium	—	—	—

1	2	3	4	5
	(d) RPU	—	20.00	11.43
		—	32.16	11.43
3.	Additions/ Modifications/ Replacements (AMRs)	65.00	30.00	75.00
	Grand Total	650.00	325.00	310.00

4.7 The budgeted plan outlay of Rs. 650 crore for the year 2003-04 was revised to Rs. 325 crore in RE 2003-04. The downward revision in RE 2003-04 took place mostly in expansion projects amounting to about Rs. 322 crore. The reasons for the downward revision are as follows:

1. The budgetary provision of Rs. 40 crore in BE 2003-04 for Mines and Refinery expansion, which was already commissioned, basically represented settlement of various final bills and claims. Based on the trend of actual expenditure by Setp.'03, the Company anticipated to spend about Rs. 23 crore during the year. Accordingly, a sum of Rs. 23.23 crore was provided in RE 2003-04 and a sum of Rs. 8.88 crore representing the spill over payments were projected in BE 2004-05.

2. A sum of Rs. 300 crore was projected in BE 2003-04 against Smelter and CPP (7th Unit) expansion. However, this was revised to Rs. 139.16 crore in RE 2003-04. An estimated saving in the overall project cost by about Rs. 150 crore, which was not envisaged at the time of compilation of BE 2003-04 and could be firmed up at RE stage is the major reason for downward revision. The projection of Rs. 139.16 crore in RE 2003-04 was after considering the progress of the work and actual expenditure incurred till Sept.'03. A sum of Rs. 63.82 crore was projected under BE 2004-05 representing the estimated spill over expenditure.

3. In case of CPP (8th unit) RE figure was revised to Rs. 100.45 crore from Rs. 145 crore provided in BE 2003-04. This was primarily due to a substantial saving of Rs. 119 crore envisaged in the project cost and spilling over of estimated expenditure of Rs. 50.87 crore to the year 2004-05.

4. The provision of Rs. 100 crore was kept under BE 2003-04 in anticipation of the Government approval of proposed 2nd phase expansion. Since the final approval of the project got delayed, the BE provision was not retained in RE 2003-04 and shifted to BE 2004-05 in anticipation of commencement of expansion activities in the year 2004-5.

5. The reduction of play outlay against Addition, Modification and Replacement (AMR) from Rs. 65 crore in BE 2003-04 to Rs. 30 crore in RE 2003-04 was keeping in view the trend of the actual expenditure till Sept.'03 and based on assessment of likely expenditure during the balance period of the year.

4.8 None of the projects and schemes have suffered due to downward revision in outlays in RE 2003-04. The phasing of expenditure in RE 2003-04 was based on project needs only and not due to any sort of fund constraints or deliberate cut in plan outlay.

4.9 The formulation of plan outlay for the year 2004-05 was based on actual requirement and mostly represented spill over expenditure against different ongoing/completed projects. Besides, a budgetary provision of Rs. 100 crore for the proposed second phase expansion was made in anticipation of Government approval during the year 2004-05. Thus the decrease in the outlay in 2004-05 as compared to that of 2003-04 is need based and have no effect on the project activities.

4.10 **Expansion and diversification**

(i) Expansion and Smelter and power complex (8th units of CPP)

The mechanical completion of 240 pots in the smelter was completed on 31.1.2003. 120 pots were operationalised on 31.3.2003. The remaining 120 pots will be operationalised shortly.

(ii) Commissioning of 8th Unit of CPP

The project was approved by Government of India on 14.02.2001 with a completion schedule of 36 months i.e. by 13.02.2004. The Boiler has been lighted up on 30.10.2003 and has been synchronized on 25.2.2004. It is expected that there will be a saving of about Rs. 100 crore in this project from the approved cost of Rs. 480. crore.

(iii) Rolled Product Unit (Formerly IAPL)

Government of India approved the revised cost estimates for the project on 28.03.2002. The Cold Rolling Mill was commissioned on 31.03.2002. The expected date of commissioning of Casters along with melting and holding furnace was scheduled to be 6 months from the date of approval of the revised cost estimate.

The revised capital cost of Rs. 372.63 crore for the project was considered by the Board during its meeting held on 30.01.2003. The proposal was considered by the Standing Committee on Time and Cost Overrun on 17.4.2003 and it was agreed to recommend the proposal for consideration of Public Investment Board (PIB). Because of the delay in approval of the Revised/Cost Estimate, the cost of the project has further increased to Rs. 398.36 crore on account of financing charges upto September, 2004 and for closure of lease agreement with M/s. Sundaram Finance.

(iv) 2nd Phase Expansion of Integrated Aluminium Complex

The proposal for 2nd Phase expansion of NALCO's Integrated Aluminium Complex has been considered and recommended by the PIB for consideration of the competent authority in the Government on 6.2.2004. The cost estimates have now been revised to Rs. 4092 crore at July, 2003 price level.

Energy Conservation

The following energy conservation measures have been adopted for optimal utilisation of energy resources in different units of NALCO during the period:

(a) Smelter

In the Anode Baking Furnace (in the expansion), PLC controlled heating regulation system has been introduced. Initial fuel oil consumption in the new baking furnance is approximately 40 ltr./tonne as against 65-70 ltr./tonne in old baking furnance.

Advanced pot regulation system ALPSYS has been successfully commissioned which assists in reduction of volt per pot, instability in pot and anode effect frequency. This leads to reduction in DC energy consumption per tonne of metal production.

(b) Captive Power Plant

With operation of only 3 coal mills instead of 4, a power generation of 120 MW could be achieved by optimization of process parameters resulting energy saving worth Rs. 38.71 lakh. MS blades were replaced by energy efficient hollow FRP blades for all six cells of cooling tower number 4, resulting in saving is Rs. 7.36 lakh per year. Modification in illumination circuit in switch gear room & boiler area was done which saved electrical energy worth Rs. 1.54 lakh per annum.

(c) Mines & Refinery Complex

Two cooling tower fans of SPP were replaced by FRP fans which resulted in achieving an average power saving of 25%.

Physical and Financial Performance of NALCO

Physical Performance

4.11 The physical performance of the company during the year 2001-2002 and 2002-2003 and 2003-2004 has been as under :

Physical Performance of NALCO

Sl. No.	Product	Unit	2001-2002 Actual	2002-03 Actual	2003-04 Actual
A.	**Production**				
1.	Bauxite	MT*	3,522,059	4,777,003	4,816,762
2.	Alumina	MT*	1,113,000	1,480,600	1,550,100
3.	Aluminium	MT*	2,31,674	2,44,708	2,98,208
4.	Net Power (Generation)	MU**	3,970	4,291	5,109
B.	**Sales**				
1.	Alumina Export	MT*	6,70,120	10,37287	9,34,874
2.	Aluminimum Export	MT*	1,06,282	1,07,302	1,29,718
3.	Domestic Metal Sale	MT*	1,23,095	1,35,193	1,66,650
4.	Total Metal Sale	MT*	2,29,377	2,42,495	2,96,368
5.	Power to Gridco	MU**	342	411	484

*MT = Metric Tonnes **MU = Million Units

4.12 Regarding the performance of NALCO, the Secretary, Department of Mines stated during evidence that :

> "NALCO contribution to public exchequer, this is again important. We have so far in 2003-2004 given Rs. 112286 crore of money back to the exchequer whether in the form of tax, in the form of royalty, etc. As far as NALCO dividend is concerned, in 2002-2003, we paid a dividend of Rs. 386 crore. So based on this performance, we are again and again approaching the Orissa Government that whatever mining deposits are there with NALCO should be augmented by further allocations. Presently at Damanjodi our deposits are going to last for 40 years. We have approached the Orissa Government and they have given in principle allocation of Potangi. Potangi deposits will last for another 20 years. So, for the next 60 years, NALCO with its current level of production is quite happily placed. My earnest submission is that there are very heavy bauxite deposits outside Orissa particularly in Vishakhapatnam district at Paderu and Chintapali. If those mines can also be activated, and then subsequently just a small gap is bridged from there to Araku. Araku to Vishakapatnam broad gauge is there we can exploit the Andhra Pradesh deposits and use the Vishakapatnam for our use".

Financial Performance

4.13 The Financial Performance of the company during the year 2001-02, 2002-03 and 2003-04. NALCO had paid Rs. 386.90 crore as dividend is Government of India for the year 2002-2003.

(Rs. in crore)

Sl. No.	Details	2001-02 Actual	2002-03 Actual	2003-2004 Actual
1.	Income	2380.61	2762.46	3322.98
2.	Operating Cost	1425.54	1545.22	1716.40
3.	Interest etc.	116.39	105.66	99.75
4.	Depreciation & Amortization	313.07	360.15	457.80
5.	Net Profit before Tax & Dividend (PBT)	525.61	751.43	1049.03
6.	Net Profit after Tax but before Dividend (PAT)	409.35	520.92	735.60

Sales Performance

4.14 The sales performance of the company during the year 2001-02, 2002-03 and 2003-04 is given below :

Sales Performance of NALCO

Details Unit		Unit	2001-2002 (Actual)	2002-2003 (Actual)	2003-2004 (Actual)
Export Sales					
(a)	Calcined Alumina	MT	670120	103,7287	934,874
(b)	Aluminium	MT	106,282	107,302	129,718
	Total Export Earning	Rs. crore	1,235.42	1,532.79	1,717.27*
Domestic Sales					
Aluminium		MT	123,095	135,193	166,650

Disinvestment of NALCO

4.15 The Government on 27.7.2001 approved for open market sale of 30% of the Government equity in National Aluminium Company Limited (NALCO) to be followed in the Second stage by a sale of the balance equity to a strategic partner, bringing the Government equity down to 26% after reserving up to 2% of the equity for NALCO employees. The due diligence by Qualified Interested Parties (QIPs), which began on 28.10.2002 at Angul and Damanjodi units of NALCO was disrupted and subsequently the process was stopped. Thereafter, following the statement that "the disinvestment status of NALCO is being reviewed" of the then Prime Minister at Bhubaneswar on July 15, 2003, the disinvestment in NALCO has not been pursued.

4.16 It has been reported in a news item (Business Standard dated 16.6.04) that the privatization of NALCO has been put to the back burner. The company is now looking forward to an early clearance of its Rs. 4000 crore expansion project. It has been indicated that the expansion project may get the final nod of the cabinet by July, 2004. The second phase expansion project of NALCO is now awaiting environmental clearance before being sent to the cabinet for final approval. The project was earlier cleared by the public investment board.

4.17 The Committee note that the National Aluminium company Ltd. (NALCO) which was incorporated on 7 January, 1981 is Asia's largest integrated aluminium complex. The company was commissioned during 1985-87 and has emerged as a star performer in production and export of alumina and aluminium. The Committee also observe that NALCO has been conferred Mini Ratna and Star Trading House status by Government of India. The Committee appreciate the achievements of NALCO both in regard to physical and financial performance and hope that the company will continue to keep the pace of performance in the years to come.

4.18 However, despite the commendable performance of NALCO since its inception, the Committee are perturbed to note the decrease in plan outlay at the RE stage and the huge gap between the BE and RE for the year 2003-04. The budget plan outlay of Rs. 650 crore for the year 2003-004 was revised to Rs. 325 crore in RE 2003-04. The BE for 2004-2005 has been further reduced to Rs. 310 crore. A sum of Rs. 300 crore were projected in BE 2003-04 against Smelter and CPP (7th Unit) expansion. However, this was revised to Rs. 139.16 crore in RE 2003-04. This clearly shows that the Ministry has not been projecting realistic budgetary proposals. Again, a provision of Rs. 100 crore was kept under BE 2003-04 in anticipation of Government approval of proposed 2nd phase expansion. Since the final approval of the project was delayed, the BE provision was not retained in RE 2003-04 and has been shifted to BE 2004-05.

4.19 Since the delayed approval of any project could lead to serious time and cost overrun implications, the Committee strongly feel that the Government should accord its approval to the proposed projects well in time for the overall interest of the economy of the country.

4.20 The Committee note that the Government had in 2001 approved for open market sale of 30% of Government equity in NALCO, bringing down Government equity to 26%. Thereafter, the Committee note that the disinvestments status of NALCO was being reviewed. The Committee would like to be apprised of the present status of disinvestments of NALCO which is reported to be temporarily put on hold. The Committee also recommend that the Government should give a fresh and serious look to the disinvestment decision of NALCO keeping in mind the various factors that NALCO has emerged as a star performer in production and export in ore and has been conferred Mini Ratna status. The

Committee also recommend that the Government should commission a study to evaluate the working of NALCO.

4.21 The Committee note that the company is now looking forward to an early clearance of its Rs. 4000 crore expansion project. It has been indicated that the expansion project may get the final nod of the cabinet by July, 2004. The second phase expansion project of NALCO is now awaiting environmental clearance before being sent to the cabinet for final approval. The project was earlier cleared by the Public Investment Board. The Committee desire that the Department of Mines should pursue the matter for expeditious environmental clearance of the second phase expansion programme and its early implementation in a time bound manner.

D. Hindustan Copper Limited (HCL)

Hindustan Copper Limited (HCL) was incorporated on 9th November, 1967, under the Companies Act, 1956. It was established as a Govt. of India Enterprise to take over from National Mineral Development Corporation Ltd., all plants, projects, schemes and studies pertaining to the exploration and exploitation of copper deposits, including smelting and refining.

5.2 The Government of India Nationalized the only copper producing company, Indian Copper Corporation Ltd. at Ghatsila in Bihar in March 1972 and handed over its management and ownership to HCL.

5.3 In November 1982, the prestigious Malanjkhand Copper Project comprising of a large and fully mechanised open pit mine and Concentrator plant was dedicated to the nation.

5.4 The Continuous Cast Copper Rod plant at Taloja Copper Project of Hindustan Copper Ltd. was commissioned in December, 1989 with an installed capacity of 60,000 tonnes.

5.5 Three copper mines of Hindustan Coppper located at Khetri in Rajasthan, Ghatsila in Jharkhand and Malanjkhand in Madhya Pradesh supply concentrate to two smelters located at Kehtri Copper Complex, Rajasthan and Indian Copper Complex, Jharkhand for processing copper cathodes. C.C. Rod plant at Taloja, Maharashtra converts copper cathodes to C.C. Rods.

5.6 The installed capacity of processing copper cathodes of Khetri Copper Complex and Indian Copper Complex, Jharkhand is 31,000 tonnes per annum and 16,500 tonnes per annum respectively.

Smelter of HCL also process sulphuric acid, gold and silver as a byproducts.

5.7 The following grants have been made to HCL for the year 2003-04 and 2004-05 :

Major Head	BE 2003-04		RE 2003-04		BE 2004-05	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
2853	—	120.00	—	25.00	—	60.00

5.8 The Department in a reply to the query regarding the reasons for huge decline in the level of BE from Rs. 120 crores to Rs. 25 crores during 2003-2004 in the Non-Plan expenditure and the present demand of Rs. 60 crores as proposed during 2004-2005 have stated that during the financial year 2003-04, an amount of Rs. 133 crores has been spent on VRS which includes Rs. 110 crores released to HCL on 31.3.2003 and Rs. 25 crores released during 2003-04. Though the grant of Rs. 110 crores was pertaining to the year 2002-03 the same was not utilized in that year and was utilised during 2003-04. As such, RE for 2003-04 has been kept at Rs. 25 crores as against BE of Rs. 120 crores. The present demand for Rs. 60 crores is for further separation of manpower through VRS.

Physical and Financial Performance of HCL

5.9 The production of ore, metal in concentrates, refined copper (cathode) and wire rod during the year 2001-2002, 2002-2003 and 2003-2004 are given below :

Physical Performance of HCL

(Figures in tonnes)

Product	2001-2002 Actual	2002-2003 Actual	2003-2004 Actual
Ore Production (thousand)	3396	3064	2895
Metal in Concentrates	34282	30824	28306
Refined Copper (Cathode)	40218	36575	30598
Wire rod (Taloja) (tonnes)	29642	30346	28172

Financial Performance

5.10 The financial performance of the Company during the year 2001-2002, 2002-2003 and 2003-2004 is given below :

(Rs. in crores)

Details	2001-2002 Actual	2002-2003 Actual	2003-2004 Provisional
Income	586.66	501.53	498.76
Operating cost Interest cost	645.15	531.95	442.39
Transaction cost	67.43	59.57	58.93
Depreciation and Amortisation	58.12	57.71	59.86
Net Profit /(Loss) before income tax and dividend	(184.04)	(147.70)	(62.42)

Disinvestment of HCL

5.11 Hindustan Copper Limited (HCL) which was a near monopoly earlier and was making profit till early nineties, started incurring losses after 1995-96, mainly on account of factors like intense competition from domestic and overseas producers, steep declining international prices, increase in overhead cost of infrastructure like power, progressive reduction in the basic custom duty on copper and surplus manpower. In 1998, with a view to revive the company, the Government decided to implement a capital restructuring which involved writting off of outstanding interest of Rs. 167.43 crore, conversion of outstanding loan of Rs. 180.73 crores into preference shares, sanction of a non-plan loan of Rs. 414 crore for separating surplus manpower and providing Government guarantee to raise working capital term loans from financial institutions and banks. However, the restructuring failed to revive the company due to number of reasons. Since the above capital restructuring envisaged disinvestment of HCl, the Government on 10.11.99 decided that HCL may be disinvested in two phases. However, it was found that Qualified Interested Parties (QIPs) did not find the proposal attractive in this form. Consequently, the Cabinet Committee on Disinvestment, amended the earlier approval for disinvestment of HCL in phases and approved disinvestment of the entire (98.95%) Government equity in HCL to be implemented alongwith another financial restructuring.

5.12 The Cabinet Committee on Disinvestment (CCD) in its meeting held on 10th July, 2003 decided that the final and binding price bids be invited from the Qualified Interested Parties (QIPs) on the basis of the existing restructuring package as approved by the Cabinet Committee on Economic Affairs in June, 2002. Accordingly, price bids from the QIPs were invited by October, 2003. However, in view of the decision of the Supreme Court in HPCL/BPCL case and various petitions filed and pending in the courts against the disinvestment of HCL, it was decided by the erstwhile Ministry of Disinvestment to postpone this process. In view of the above no such proposal of lock-up period (Moratorium) is under consideration of the Government. So far the policy of Government with regard to disinvestment of PSEs is concerned, this Department has recently received a draft note for the Cabinet Committee on Economic Affairs (CCEA) on Implementing Disinvestment from Ministry of Finance which *inter-alia* propose the following :

> "The Government is committed to a strong and effective public sector, whose social objectives are met by its commercial functioning. But for this, there is need for selectivity and a strategic focus. The Government will devolve full managerial and commercial autonomy to successful, profit-making companies operating in a competitive environment. Privatisation will be considered on a case-by-case basis. Chronically loss-making companies will either be sold-off, or closed, after workers get their legitimate dues and compensation. Private industry will be inducted to turn-around companies that have potential for revival. Final Policy and instructions are yet to be received".

5.13 Replying to the query as to whether any revival package for HCL is being considered, the Department have informed that Hindustan Copper Limited is not a sick company as per Sick Industrial Companies (Special Provisions) Act, (SICA) as such no revival package has been drawn for HCL. However, Government of India sanctioned the first capital restructuring of HCL during December, 1998 to strengthen the balance sheet and also to improve the operations of the Company. The Government again had sanctioned the second capital restructuring of the company in June, 2002 in order to keep the net worth of the company positive. The total cash support provided to HCL in both the restructuring amounts to Rs. 720 crore including VRS grant of Rs. 660 crore and non-cash support amounts to Rs. 452.13 crore. Besides this Government has also provided Rs. 113.84 crore as equity to the Company (Rs. 20 crore for replacement & renewal and Rs. 93.84 crore for redemption of Government guaranteed bonds and debentures and payment of interest thereon, payment of excise duty and LC payment for concentrate so as to keep the networth of HCL positive) during 2003-04.

5.14 Government have taken the following measures to revive the HCL :

(a) Closed uneconomic and unvivable mine;

(b) Separation of surplus manpower through VRS;

(c) Sale/transfer of company's townships at different locations where the operations have been closed.

5.15 In view of the proposed disinvestment of HCL, the plan outlay for HCL was kept at the minimum level for the first two years of the 10th Plan. In the process, the company had attended to only the urgent requirements of renewal and replacement and deferred planned shut downs. If the Company has to operate as a profit making entity (the company has been making operating profit since December, 2003) it needs to repair and replace its plants, equipment and machinery especially those in mines so that it can augment production of copper ore and take advantage of favourable global price of copper. Hence the Company needs augmentation of plan outlay instead of reduction which will very adversely affect the Company and its turn around effort.

5.16 The Committee note that there has been a continuous decline in the physical and financial achievements of the company during the last three years and the company was incurring heavy losses. This has happened due to factors like intense competition, steep decline in international prices and increase in the cost of infrastructure like power and also because of the surplus manpower. To overcome the question of surplus manpower, the company is

implementing a scheme of Voluntary Retirement Scheme (VRS). The Committee observe that a grant of Rs. 120.00 crores was made to HCL in BE 2003-2004 as Non-Plan expenditure. As this was not utilised in that year and was utilised during 2003-2004. The Revised Estimates was therefore, reduced to Rs. 25 crores for 2003-2004. In BE 2004-2005, Rs. 60 crores have been granted to HCL as Non-Plan expenditure for separation of manpower through VRS.

5.17 The Committee note that HCL has been incurring heavy losses in its operation. During 1999-2000, it incurred net loss of Rs. 147.70 crores. During 2001-2002 the company again incurred net loss of Rs. 184.04 crores. The financial performance and the accumulated losses of HCL were as high as 1171 crores. The Secretary, department of Mines while conceding that heavy losses incurred have however stated during evidence that from December, 2003, the company has turned around and at least saved its cash loss with a marginal saving and is repaying part of its liabilities. From December, 2003, they have avoided cash losses and have done well. The Committee, therefore, recommend that all out efforts should be made by the Ministry to make HCL financially viable by providing financial restructuring package. The Committee recommend that the question of disinvestment of HCL should be re-examined and it may be resorted to if absolutely unavoidable.

E. Mineral Exploration Corporation Limited (MECL)

Mineral Exploration Corporation Limited (MECL) since its inception in the year 1972 has been carrying out its functions by steadily enlarging its volume & scope of activities. During the last 31 years it has established 114005 million tonne of mineral reserves in different States of the country.

6.2 MECL, the premier exploration agency in the country, carries out its activities under two major heads :

- Promotional—on behalf of Govt. of India, in which projects are funded by Central Govt. on the basis of detailed exploration schemes formulated by the Company, in consonance with national priorities.
- Contractual—on behalf of agencies including both Public & Private Sectors and also State Governments on mutually agreed terms and conditions.

6.3 During the year 2003-04, MECL has completed 1,72,281 m. of drilling & 3357 m. of developmental mining and established 2081 million tonne of mineral reserves of coal, lignite, copper, bauxite & rare metal. The sales turn over of the Company is Rs. 6089 lakh and the gross margin is Rs. 1253 lakh.

6.4 As a part of diversification activities, MECL continued coal sampling and analysis work, slim hole drilling for CBM studies and ballast stone supply and generated a revenue of Rs. 1226.28 lakh.

6.5 Replaying to the query regarding the targets of exploration, drilling and development mining for 2003-2004 by MECL, the Department have informed that the MoU target *vis-a-vis* achievement for 2003-04 and proposed MoU target 2004-05 are given below :

	2003-04		2004-05	
	Target	Actuals	Target	Actuals as of June 04
Drilling (m)	165000	172281	165000	39089
Mining (m)	5000	3357	6000	1473
Sales (Rs. Lakhs)	6436	6089	6600	1590
Gross margin (Rs. Lakhs)	1362	1253	1304	289

6.6 For the year 2004-05 MECL has signed an MOU with Department of Mines where in the annual targets for drilling and sales turn over and the share for diversification programme is given below :

Item	Total Target	Target for diversification
Drilling (m)	165000	20000
Sales Turn over (Rs. crore)	66.00	11.95

6.7 Keeping in view the immense potential for coal bed methane exploration and production well drilling MECL proposes to expand its diversification activity and capitalize on the market situation. however, it is the new area and needs specialized drills and accessories which are not available with MECL. To take up coal bed methane exploration and production well drilling. Initially MECL proposed to acquire one drill and accessories at estimated cost of Rs. 23.75 crore and gradually expanded its resources further. Therefore it is targeting 20% of the market share which shall be reviewed later on depending upon the resources available.

6.8 In Reply to the query regarding the manner in which the Department of Mines proposed to improve the physical and financial performance of MECL, the Department have stated that in the on-going economic liberalization, the mining industry has been thrown open for private participation and the Government support for exploration activities is reducing gradually. Therefore, to make up the shortfall in revenue, MECL has been asked to obtain more and more jobs from organisations who are planning to take up the ground exploration activities. For the purpose a conceptual change in its pricing policy has been adopted, by the company in obtaining the work orders. As a result, MECL has received work orders for Rs. 45.21 crore during 2003-04 and is hopeful to generate sufficient work for deployment of its available resources.

6.9 Further, financial performance of MECL has shown improvement during the year 2003-04 wherein it has achieved in sales turn over of Rs. 60.89 crore. The gross margin has been Rs. 12.53 crore, which is highest since inception. Further, once the financial restructuring and implementation of VRS proposal of MECL is approved and implemented, the company shall be in a position to earn profits and also would be in a position to achieve the target of optimal manpwoer.

6.10 Total outstanding Government Non-Plan loan against MECL as on 31.3.2004 is Rs. 35.05 crore. It includes Rs. 15.00 crore Non-Plan loan drawn by MECL during 2001-02 and 2002-03 for payment of terminal dues to outgoing employees separated under VRS.

6.11 A proposal for financial restructuring of the Company which includes transfer of outstanding Government loan of Rs. 30.80 crore as on 31.3.2004 (Rs. 10.75 crore Plan loan & Rs. 20.05 crore Non-Plan loan) to Capital reserves and conversion of non-plan loan of Rs. 15.00 core outstanding as on 31.3.2004 in to Grant which was drawn for disbursement of terminal dues to its employees opted for VRS along with to provide Rs. 70.00 crore as Grant for implementation of VRS is under consideration.

6.12 Regarding the steps taken by the Department to modernise MECL, it has been stated that MECL has drawn a road map for modernization and induction of state-of-art technology for drilling, exploration (geophysics Laboratories survey), mining and IT enabled services. There exists a budget provision of Rs. 5 crore during the 10th Five Year Plan period (2002-07) for the purpose. The details of fund drawn from the Government by MECL for capital purchases during last 3 years are given below :

2001-02 : NIL

2002-03 : Rs. 3.00 crore

2003-04 : NIL

6.13 With the above investment, MECL has procured shallow capacity drills with higher mobility and low maintenance cost, high performance bits, drill rods, bore hole deviation survey camera, laboratory equipments etc. All the equipments procured has benefited MECL as it could meet the requirement of the clients and could complete assigned job successfully with improved drilling productivity and quality exploration reports.

6.14 Further, under title “Road Map on cost effective exploration and development of the state of the art technology for mineral exploration” by MECL, a proposal for purchase of drill for Coal Bed Methane (CBM) Exploration and production for Rs. 23.75 crore has been submitted to Planning Commission for consideration.

6.15 The Secretary, Department of Mines informed the Committee that MECL provides consultancy services also and in this regard stated as under :

> “MECL has recently got major work orders even from TISCO, STERLITE, SMC, GEC, AMD, ONGC, Singareni Colleries etc. What I am submitting is in the administered price mechanism, before de-regulation of the coal price, when everything was controlled by Government, then lot of orders by Coal India, coal companies came to MECL. Once that regime was withdrawn and open market forces were allowed to come, then MECL started receiving very very few orders form traditional sources like coal companies. Hence they had to complete in open tenders *vis-a-vis* private tenders. I am quite happy that in spite of competition they have been able to bag substantial orders.”

6.16 The Committee observe that MECL which was set up in 1972 is engaged in undertaking detailed systematic mineral exploration in the country. The Committee are, however, perturbed to note that as far as the achievement in exploration, mining are concerned, the actual performance of MECL has fallen far short of the targets. While the target for mining in 2003-04 was 5000 m, the actual mining was only 3357 m. In the context of sales, while the target was Rs. 6436 lakhs, only Rs. 6089 lakhs sales was achieved. The Committee recommend that all out efforts should be made by MECL for improving their physical and financial performance, laying emphasis on rationalisation of manpower to improve performance in core activities and in the field of diversification. The Committee recommend that the financial restructuring and implementation of VRS proposal of MECL should be approved and implemented without any further loss of time in order to enable the company to achieve the physical targets, targets of optimal manpower and to earn profits.

6.17 The Committee are pleased to note that MECL has recently got major work orders in the field of consultancy services even from TISCO, STERLITE, SMC, GEC, AMD, ONGC, Singareni Collieries etc. The Committee desire that MECL should make adequate efforts to obtain substantial orders from not only traditional clients like coal companies but also from newer companies in order to generate more internal resources. The Committee further recommend that the company's proposal to purchase drill for Coal Bed Methane Exploration should be approved at the earliest so that it can take a lead in a new field and augment its resources, the Government should also take immediate steps to modernise MECL so that it can withstand competition from other companies.

F. Bharat Gold Mines Limited (BGML)

7.1 Bharat Gold Mines Limited (BGML) was incorporated as a public sector undertaking in 1972. The authorised capital of BGML as on 31.3.2003 was Rs. 60.00 crore and paid up capital was Rs. 51.06 crore. Since its inception, BGML has been consistently making losses (except for a brief period of two years, namely, 1979-80 & 1980-81) due to depletion of reserves, deep level of mining, high cost of inputs and surplus manpower. The cost of production of gold by BGML was about Rs. 19,729 per 10 grams at the time of closure. The accumulated losses as on 31.3.2003 was Rs. 892.08 crore. The total number of employees at the time of closure was 3580. The position regarding assets and liabilities of BGML is indicated in the following table :

ASSETS

(As per Valuation Report of Registered Valuer as on 30.6.1997)

(In Rs. Lakh)

Sl.No.	Asset Description	Fair Market Value
1.	Land	3,254.00
2.	Buildings	2,139.64
3.	Plant & Machinery	5,467.85
4.	Vehicles	55.57
5.	Furniture & Fixtures	13.33
6.	Office Equipment	8.33
7.	Roads & Drains	150.00
8.	Computers	5.00
9.	Water Supply	55.00
10.	Power Supply	40.25
	Total	11,188.98
	Rounded off to	11,200.00 or say Rs. 112 crore

LIABILITIES (As on 31.3.2003)

(In Rs. Lakh)

Sl.No.	Details of liabilities	Amount
1	2	3
1.	Central Govt.	76850.00
2.	State Government of Karnataka	5543.07
3.	State Government of Andhra Pradesh	266.00

1	2	3
4.	State Government of Maharashtra	57.00
5.	State Bank of Mysore	700.00
6.	Sundry creditors	33.00
7.	Statutory dues etc. to employees	3128.00
	Total	86577.07
	Or say	Rs. 866 crore

Present position of BGML

7.2 BGML was referred to Board for Industrial and Financial Reconstruction (BIFR) in 1992 when its net worth became negative due to continuous losses. The Government considered various options for its revival including joint venture route but came to conclusion that it is not feasible to revive BGML as even after infusion of fresh funds the revival of the company was uncertain. BIFR passed its final order on 12.6.2000 concluding that it was just, equitable and in public interest to wind up BGML under Section 20 (1) of SICA, 1985 and forwarded its opinion to High Court of Karnataka on 30.6.2000. The order of BIFR was challenged by the employees union before Appellate Authority for Financial and Industrial Reconstruction(AAFIR). AAFIR dismissed the appeal filed by the employees and upheld the orders passed by BIFR *vide* its order dated 15.11.2000. In a separate proceeding the Ministry of Labour, Government of India, accorded permission of closure of BGML *w.e.f.* 1.3.2001 under Section 25(O) of the Industrial Disputes Act, 1947 *vide* their letter dated 29.1.2001.

7.3 The Employees' Union filed a number of Writ Petitions against the orders of BIFR, AAFIR, Ministry of Labour and introduction of Voluntary Separation Scheme(VSS) by the company in December, 2000. The Single Judge Bench of High Court of Karnataka passed the orders on 16.3.2001 dismissing writ petitions against introduction of VSS. However, orders of BIFR to wind up the Company and the order of the Ministry of Labour for closure of the company *w.e.f.* 1.3.2001 under Section 25(O) of I.D. Act 1947 were quashed and BIFR was directed to reconsider the claim made by the employees and find ways and means to revive BGML. Government of India moved the Division Bench of

High Court of Karnataka against the order of the Single Judge Bench. The Division Bench in its order dated 26.9.2003 has set aside the order of the Single Bench, thus upholding the winding up/closure orders passed by BIFR/AAFIR and Ministry of Labour. The High Court has made certain recommendations which are under consideration of the Government. Following the orders of Division Bench of the Karnataka High Court, Winding up/Liquidation proceedings already pending in the High Court have been resumed.

7.4 Further, in this regard, the Secretary, Department of Mines stated during evidence that :

> "Regarding BGML, if I may submit, once upon a time it was one of the most prestigious institutions that we had. Unfortunately, I think, as the time passed, the deposits went down and down, more so now the last mining was done as deep as three kilometers. Consequently recovery percentage of gold also started going down. The profitability started going down so much so that in the last year of production in 1999-2000, to dig out ten grams of gold we had to spend Rs. 19,000 as cost of production. This being the situation, the mining was stopped. Earlier also the matter was referred to BIFR and the BIFR gave its judgement. The unions went in appeal against the BIFR judgement and that was also dismissed. They went to a Single Bench of Bangalore High Court and then to the Division Bench of the High Court. Finally the Division Bench has also upheld that order of BIFR that it has to be closed.
>
> They have only suggested that as far as the workers who are still there, there were just two packages involved. One was the STBP package which gave a certain pattern of monetary relief to the 3,100 workers. Unfortunately, this was slightly less. Then, this was a second package announced which had enhanced the *ex-gratia*, compensation etc. The unions wanted the 6th November package. From the Mines Ministry we had no problems. As a matter of fact we supported the unions. But when the matter went to the CCEA, the Finance Ministry and the PSEB took serious objections that there can be no retrospective applicability of the package. Since BGML was closed in the month of April it will be given only, whatever relief was available in March or April.
>
> Currently we have taken the advantage of the High Court judgement. The latest High Court judgement has come out very strongly in favour of the 6th November package. They have

strongly recommended the Government to consider with "sincerity and dispatch" the request of the unions for the 6th November package. We have submitted a paper to the Cabinet saying that the main objection of the Finance Ministry and the PSEB was what could be extended to BGML retrospectively will be cited by others also and it will be a pandora's box. What we have said is take a stand-alone basis for BGML. There is a High Court judgement, there is a BIFR order. The amount involved is not much. The difference is Rs. 40 crore to Rs. 48 crore. One hopes that this particular package gets accepted. When the last discussions were held with the Finance Minister, he had conveyed a fair amount of sympathetic consideration and he said about it. The basic idea that the F.M. said is—okay, you are being out by Rs. 48 crore; but what happens to the money to be recovered from BGML after winding up. I said that the last valuation that was done of BGML was as far as lands and assets that were there and it was for Rs. 112 crore.

In fact, the BGML is the oldest gold company in the country. There are these tailing huge dumps which are there in the BGML. We have been mining for the last 80 years. During that period the latest machines, the latest equipment and the latest recovery was not done. There is a considerable belief in international community that still there is a lot of gold in these tailings. The value of that gold on 1997 valuation was Rs. 1,200 crore.

We told the Finance Minister that 'as and when you go for global tender for recovery of gold from those tailings, you will certainly get much more than Rs. 1,200 crore; this Rs. 112 crore is the value of assets and what we are asking for workers is only Rs. 48 crore additionality'. I think the Government may take a sympathetic view."

7.5 The Committee note that BGML which was incorporated as a PSU in 1972 has been consistently making losses since its inception due to various reasons such as depletion of reserves, deep level of mining, high cost of inputs & surplus manpower. BGML was referred to Board for Industrial and Financial Reconstruction (BIFR) in 1992 who passed order for winding up of BGML.

7.6 The Committee observe that two packages were announced for the workers as a result of liquidation of BGML. One was the STBP package in February, 2002 where the monetary relief was less. Another package was announced on 6th November which had

enhanced *ex gratia*, compensation, etc. The Department have informed that the latest High Court judgement has strongly favoured the 6th November package for the workers. The Committee are of the view that after the closure of BGML, the interests of employees should be protected in all respects. Therefore, the Committee also recommend the Government to consider and implement the 6th November package for the employees of BGML.

7.7 The Committee also note that the last valuation that was done of BGML as far as its lands and assets were concerned was for Rs. 112 crore. In addition, there are huge tailing dumps and there is a considerable belief in international community that there is still a lot of gold in these tailings. The value of that gold on 1997 valuation was Rs. 1200 crore. The Committee, therefore, desire that immediate steps should be taken to recover gold from the tailing and by disposal/sale/utilisation of assets of the company which will help in mitigating to a large extent the liabilities of the company. These steps may be taken concurrently with the winding up process if there is no legal bar in it. The Committee may be informed of the action taken in the matter.

G. Science and Technology

The Science and Technology programmes (S&T) of the Department of Mines initiated in 1978, cover the disciplines of Geology, Exploration, Mining and Environment, Bleaching, Beneficiation, Rock Mechanics, Ground Control and Non-Ferrous Metallurgy. A total of 123 projects have been completed so far and 30 are in progress.

8.2 The projects are approved by the Standing Scientific Advisory Group (SSAG) of the Department of Mines under the Chairmanship of Secretary (Mines). The Department of Mines provides support to different organizations as well as Public Sector Undertakings for implementing S&T programmes.

8.3 During the 10th Five Year Plan emphasis will be on multi-disciplinary, multiorganisational projects catering to the national requirements, and on building the capabilities and strengths of the mineral and non-ferrous metal industries.

8.4 In the Revised Estimates (RE) 2003-04 an outlay for S&T programmes has been retained at Rs. 8.05 crore (budget support Rs. 4.50 crore). An outlay of Rs. 8.55 crore (budget support Rs. 5.00 crore) has been approved in Budget support 2004-05.

8.5 Replying to the query, regarding the reasons for increase in the outlays for S&T programmes for the year 2004-05 and the details of the new schemes, the Department have stated that the increase of Rs. 50 lakh in the outlay in BE 2004-05 (Rs. 855 lakh—Budget Support—Rs. 500 lakh) as compared to that in BE 2003-04 (Rs. 805 lakh Budget Support—Rs. 450 lakh) is due to one major new project to be taken up. The details of new projects are given in the Annexure-VI. All six new projects have been approved at total cost of Rs. 772.17 lakh. DoM's contribution will be Rs. 151 lakh. Rs. 621.17 lakh will be contributed by other departments/organizations. A provision of Rs. 60 lakh has been made for two new projects for 2004-05.

8.6 Regarding details of funds actually utilised under S&T during 2002-2003, the Department have stated as under :

"Funds utilized during 2002-03 : Rs. 370.78 lakh

Funds utilized during 2003-04 : Rs 405.67 lakh"

8.7 As regards the reasons for variation, the Department have informed that the expenditure envisaged in 2002-03, for setting up of a branch of National Institute of Rock Mechanics at Nagpur, to overcome the locational disadvantage of its present location at Kolar Gold Fields, was deferred, due to resistance from the employees against the move. The procurement for other S&T projects was hindered due to scarcity of specialized equipment required.

8.8 The technological development in mineral and non-ferrous metal sectors is being tuned to the requirements of the industry to attain international competitive edge. The technology available and suitable for Indian conditions is imported and further developed and assimilated. National facility for introduction of semi solid forming technology is being setup at the cost of Rs. 476 Lakh at Indian Institute of Science, Bangalore. The technology will help Indian auto component manufactures to compete successfully in export market. In addition the development of newer materials like aluminium foam which have exciting possibilities in Indian scenario is being attempted. Aluminium foam has one fifth the weight of aluminium, high damping capacity and high heat insulation capability. The other extreme of reinventing the wheel is avoided to save time, money and effort. The status of ongoing research projects for which provisions have been made for 2004-05 is placed at a Annexure-VII.

8.9 The Committee note that the S&T programme of the department of Mines cover vast number of disciplines such as Geology, Exploration, Mining and Environment, Bleaching, Beneficiation, Rock Mechanics, Ground Control and Non-Ferrous Metallurgy. The Committee are also pleased to note that during the X Five Year Plan emphasis will be given on multi-disciplinary, multi-organisational projects catering to national requirements. The Committee are, however, unhappy to note that while in the revised estimates 2003-04 an outlay for S&T programmes has been retained at Rs. 8.05 crore, the funds utilized during 2003-04 was Rs. 405.67 lakh (Rs. 4.06 crore). The Committee recommend that the Department should take adequate steps to fully utilise the funds sanctioned for S&T programmes as these programmes have wide and varied objectives which have national ramifications. The Committee note that six new projects have been approved for Rs 772.17 lakh (Rs. 7.7 crore) and desire that these should be completed in a time bound manner with optimal utilisation of sanctioned funds. The Committee also desire that the Department should strive to procure more and more S&T projects from other Departments/Organisations which will help to augment the internal resources of the Department.

NEW DELHI;
20 *August*, 2004
29 *Sravana*, 1926 *(Saka)*

ANANTH KUMAR,
Chairman,
Standing Committee on Coal & 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.	2.14	It has been observed from the above table that the financial achievements of National Aluminium Co. Ltd. and Geological Survey of India (GSI) have not been upto the mark. On the other hand, Hindustan Copper Ltd. (HCL) has expended the funds much more than the allocations. In the year 2002-2003, the BE for NALCO was kept at Rs. 900.00 crore but the actual was Rs. 608.69 crore. In 2003-2004, against the BE of Rs. 650.00 crore, the actual remained as low as Rs. 229.85 crore. Now a provision of Rs. 310.00 crore has been made for the year 2004-2005. The Budget Estimate of Geological Survey of India for 2003-04 was Rs. 176.00 crore but they could utilize only Rs. 113.38 crore. As regards Hindustan Copper Ltd., a provision for Rs. 25.00 crores were made at BE 2002-03 stage but actually Rs. 85.00 crore were expended. In the year 2003-2004, the Budget Estimates were reduced to Rs. 20.00 crore but actually Rs. 113.84 crore, i.e, Rs. 93.84 crore more were spent. Thus there does not appear to be any financial prudence in the Ministry as far as Budget utilization is concerned. The Ministry should take immediate corrective steps.
2.	2.15	The Committee are constrained to note that the total Plan outlay for the mining sector

1	2	3
		(Department of Mines) during 2003-2004 was Rs. 633.74 comprising Rs. 228.50 crores (Plan) and Rs. 405.24 crores (Non-Plan) was reduced to Rs. 500.00 crores at RE stage comprising of Rs. 190.00 crores (Plan) and Rs. 310.00 crores (Non-Plan). The Committee are further dismayed to note that the reduction of Plan outlay at BE stage has continued and the BE for 2004-2005 has been kept at Rs. 549.00 crores. The further concern is the fact that there has been downsizing of Plan expenditure from Rs. 228.50 crores (Plan) in BE 2003-04 to Rs. 190.00 crores (Plan).
3.	2.16	The Committee understands the financial constraints of Government of India. However, keeping in mind the importance of the Mining Industry, it is desirable that for optimal utilization of the resources the Ministry of Mines be given sufficient funds. Therefore, the Committee recommend that the Ministry of Mines would take up the matter at RE stage with Planning Commission and the Ministry of Finance for more allocation of plan outlay as per requirement.
4.	2.17	The Committee are also unhappy to note that while on the one hand there has been reduction in Plan outlay, on the other hand the utilization of funds by PSUs like NALCO and subordinate organizations like GSI have not been satisfactory. In the year 2002-03, the BE for NALCO was kept at Rs. 900.00 crores but the actual utilisation was Rs. 608.69 crores. In the year 2003-04 against the allocated BE of Rs. 650.00 crores only Rs. 229.85 crores were utilized by the organization. The Committee feel that the

1	2	3
		Department of Mines should have undertaken realistic calculation of the needs of PSUs and organizations under its administrative jurisdiction and accordingly projected its plan outlay. The Committee also observe that the National Aluminium Co. Ltd. failed to utilize the allocated amount for critical ongoing schemes and for new schemes during the first two years of Tenth Plan. There is a general slackness in utilization of funds allocated to the organizations & PSUs and the Committee desire that necessary corrective action be taken by the Government to ensure that funds allocated be expended as targeted.
5.	2.18	The Committee are pained to note that grants-in-aid of Rs. 79.59 crores provided to Bharat Gold Mines Ltd. during 2003-2004 for VRS packages could not be utilized and had to be surrendered, as the Cabinet could not give its approval to the proposal of granting VRS package in time. The Committee express serious concern over the inordinate delay on the part of the Government in taking a timely decision. The Committee would like to be apprised of the action taken in this regard.
6.	3.8	The Committee appreciate the role played by GSI in pre and post-independent India as premier national scientific survey and research organisation. The Committee note that in view of the changing environment, the role and functions of Geological Survey of India (GSI vis-a-vis other organizations, the role of GSI needs to be examined. To make the role of GSI more relevant in the light of development in the field of earth sciences, etc., the Committee recommend

1	2	3
		that the Report of the Expert Committee may be implemented by the Department of Mines at the earliest. The Committee may be apprised of the action taken on the findings of the Expert Committee.
7.	3.9	The Committee are constrained to note that the achievement/physical performance of GSI during the IXth Plan period (1997-2000) have fallen far short of the actual targets in various fields such as systemic Geological Mapping, Thematic Mapping, Aerial Survey, Drilling, Training, Research etc. The reasons advanced by Geological Survey of India (GSI) for the shortfall, such as local law and order problems, shortage of professional manpower, old and outdated equipment etc., are also not convincing and the Ministry failed to take corrective steps in time. The Committee, therefore, cannot but deplore the Department's casual approach to achieve the targets laid and desire that necessary steps should be taken to achieve all the targets in right earnest. Replacement of old and outdated equipments should be carried out on war footing and other steps like filling up of vacancies of professional manpower should be taken up to ensure the achievement of the targets laid for 10th Plan Period.
8.	3.10	The details of the plan outlays and expenditure furnished by the Department during the IXth Plan and first two years of the Xth Plan for GSI also show that the actual expenditure has fallen short of the approved outlay for the whole of IXth Plan. Also, during 2003-2004, only Rs. 113.38 crores were spend against the approved outlay of Rs. 176.00 crores. The Secretary,

1	2	3
		Department of Mines himself conceded during evidence that there has been sluggishness on the part of GSI in utilisation of funds. The Committee, thus, taking note of the dismal performance of GSI in utilization of funds feel that funds are no longer a constraint in the task for completion of the projects. The Committee, therefore, desire that GSI should take proactive steps to ensure the optimal utilization of the sanctioned funds. The Committee also agree with the views of the Secretary that GSI has to show anticipation in terms of laying down specifications and in global tendering in anticipation of the financial provisions.
9.	3.22	The Committee are dismayed to note that the funds allocated for modernisation and replacement in different fields of GSI have not been fully utilised. In 2002-2003, out of BE of Rs. 80.19 crores, only Rs. 11.33 crores have been utilized. Also during 2003-2004, against the budgetary allocation of Rs. 76.44 crores, only Rs. 31.40 have been expended. The Committee are of the opinion that under-utilization of allocated funds is one of the reasons for downsizing of plan outlay for modernisation. The details of the budget proposals made for the purpose for the last three years and during the year 2004-2005 show that there has been a reduction in budgetary outlay from Rs. 71.43 in 2002-2003 to Rs. 67.25 crores in 2003-2004 and to Rs. 32.54 crores in 2004-2005. This clearly shows the tardy progress made in the implementation programme of modernisation of GSI. The Committee recommend that the pace of GSI needs to be accelerated.

1	2	3
10.	3.23	The Committee observe that as informed by the Department, there are vast areas for modernisation as geochemical, mapping, specialised thematic studies, environmental appraisal, natural hazard mitigation, etc.
11.	3.24	The Committee feel that the process of further modernization of GSI should not suffer for want of sufficient funds. The Committee, therefore, recommend that the Department of Mines should not only take adequate steps for optimum utilisation of sanctioned funds but also make available adequate funds in the Revised Estimates for the year 2004-05.
12.	3.27	The Committee are happy to note the progress made in mineral exploration especially in Eastern Region, Southern Region, Central Region and Western Region. The Committee are, however, dismayed to note the negligible progress made in mineral exploration in North-East Region and Northern Region. The Committee strongly recommend that the Geological Survey of India should enhance the pace of mineral investigation and achieve the targets set for the purpose in a time bound manner.
13.	4.17	The Committee note that the National Aluminium company Ltd. (NALCO) which was incorporated on 7 January, 1981 is Asia's largest integrated aluminium complex. The company was commissioned during 1985-87 and has emerged as a star performer in production and export of alumina and aluminium. The Committee also observe that NALCO has been conferred Mini Ratna and Star Trading

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		House status by Government of India. The Committee appreciate the achievements of NALCO both in regard to physical and financial performance and hope that the company will continue to keep the pace of performance in the years to come.
14.	4.18	However, despite the commendable performance of NALCO since its inception, the Committee are perturbed to note the decrease in plan outlay at the RE stage and the huge gap between the BE and RE for the year 2003-04. The budget plan outlay of Rs. 650 crore for the year 2003-004 was revised to Rs. 325 crore in RE 2003-004. The BE for 2004-2005 has been further reduced to Rs. 310 crore. A sum of Rs. 300 crore were projected in BE 2003-04 against Smelter and CPP (7th Unit) expansion. However, this was revised to Rs. 139.16 crore in RE 2003-04. This clearly shows that the Ministry has not been projecting realistic budgetary proposals. Again, a provision of Rs. 100 crore was kept under BE 2003-04 in anticipation of Government approval of proposed 2nd phase expansion Since the final approval of the project was delayed, the BE provision was not retained in RE 2003-04 and has been shifted to BE 2004-05.
15.	4.19	Since the delayed approval of any project could lead to serious time and cost overrun implications, the Committee strongly feel that the Government should accord its approval to the proposed projects well in time for the overall interest of the economy of the country.
16.	4.20	The Committee note that the Government had in 2001 approved for open market sale

1	2	3
		of 30% of Government equity in NALCO, bringing down Government equity to 26%. Thereafter, the Committee note that the disinvestments status of NALCO was being reviewed. The Committee would like to be apprised of the present status of disinvestments of NALCO which is reported to be temporarily put on hold. The Committee also recommend that the Government should give a fresh and serious look to the disinvestment decision of NALCO keeping in mind the various factors that NALCO has emerged as a star performer in production and export in ore and has been conferred Mini Ratna status. The Committee also recommend that the Government should commission a study to evaluate the working of NALCO.
17.	4.21	The Committee note that the company is now looking forward to an early clearance of its Rs. 4000 crore expansion project. It has been indicated that the expansion project may get the final nod of the cabinet by July, 2004. The second phase expansion project of NALCO is now awaiting environmental clearance before being sent to the cabinet for final approval. The project was earlier cleared by the Public Investment Board. The Committee desire that the Department of Mines should pursue the matter for expeditious environmental clearance of the second phase expansion programme and its early implementation in a time bound manner.
18.	5.16	The Committee note that there has been a continuous decline in the physical and financial achievements of the company during the last three years and the

1	2	3
		company was incurring heavy losses. This has happened due to factors like intense competition, steep decline in international prices and increase in the cost of infrastructure like power and also because of the surplus manpower. To overcome the question of surplus manpower, the company is implementing a scheme of Voluntary Retirement Scheme (VRS). The Committee observe that a grant of Rs. 120.00 crores was made to HCL in BE 2003-2004 as Non-Plan expenditure. As this was not utilised in that year and was utilised during 2003-2004. The Revised Estimates was therefore, reduced to Rs. 25 crores for 2003-2004. In BE 2004-2005, Rs. 60 crores have been granted to HCL as Non-Plan expenditure for separation of manpower through VRS.
19.	5.17	The Committee note that HCL has been incurring heavy losses in its operation. During 1999-2000, it incurred net loss of Rs. 147.70 crores. During 2001-2002 the company again incurred net loss of Rs. 184.04 crores. The financial performance and the accumulated losses of HCL were as high as 1171 crores. The Secretary, department of Mines while conceding that heavy losses incurred have however stated during evidence that from December, 2003, the company has turned around and at least saved its cash loss with a marginal saving and is repaying part of its liabilities. From December, 2003, they have avoided cash losses and have done well. The Committee, therefore, recommend that all out efforts should be made by the Ministry to make HCL financially viable by providing financial restructuring package.

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		The Committee recommend that the question of disinvestment of HCL should be re-examined and it may be resorted to if absolutely unavoidable.
20.	6.16	The Committee observe that MECL which was set up in 1972 is engaged in undertaking detailed systematic mineral exploration in the country. The Committee are, however, perturbed to note that as far as the achievement in exploration, mining are concerned, the actual performance of MECL has fallen far short of the targets. While the target for mining in 2003-04 was 5000 m, the actual mining was only 3357 m. In the context of sales, while the target was Rs. 6436 lakhs, only Rs. 6089 lakhs sales was achieved. The Committee recommend that all out efforts should be made by MECL for improving their physical and financial performance, laying emphasis on rationalisation of manpower to improve performance in core activities and in the field of diversification. The Committee recommend that the financial restructuring and implementation of VRS proposal of MECL should be approved and implemented without any further loss of time in order to enable the company to achieve the physical targets, target of optimal manpower and to earn profits.
21.	6.17	The Committee are pleased to note that MECL has recently got major work orders in the field of consultancy services even from TISCO, STERLITE, SMC, GEC, AMD, ONGC, Singareni Collieries etc. The Committee desire that MECL should make adequate efforts to obtain substantial orders from not only traditional clients like coal

1	2	3
		companies but also from newer companies in order to generate more internal resources. The Committee further recommend that the company's proposal to purchase drill for Coal Bed Methane Exploration should be approved at the earliest so that it can take a lead in a new field and augment its resources, the Government should also take immediate steps to modernise MECL so that it can withstand competition from other companies.
22.	7.5	The Committee note that BGML which was incorporated as a PSU in 1972 has been consistently making losses since its inception due to various reasons such as depletion of reserves, deep level of mining, high cost of inputs & surplus manpower. BGML was referred to Board for Industrial and Financial Reconstruction (BIFR) in 1992 who passed order for winding up of BGML.
23.	7.6	The Committee observe that two packages were announced for the workers as a result of liquidation of BGML. One was the STBP package in February, 2002 where the monetary relief was less. Another package was announced, on 6th November which had enhanced *ex gratia*, compensation, etc. The Department have informed that the latest High Court judgement has strongly favoured the 6th November package for the workers. The Committee are of the view that after the closure of BGML, the interests of employees should be protected in all respects. Therefore, the Committee also recommend the Government to consider and implement the 6th November package for the employees of BGML.

1	2	3
24.	7.7	The Committee also note that the last valuation that was done of BGML as far as its lands and assets were concerned was for Rs. 112 crore. In addition, there are huge tailing dumps and there is a considerable belief in international community that there is still a lot of gold in these tailings. The value of that gold on 1997 valuation was Rs. 1200 crore. The Committee, therefore, desire that immediate steps should be taken to recover gold from the tailing and by disposal/sale/utilisation of assets of the company which will help in mitigating to a large extent the liabilities of the company. These steps may be taken concurrently with the winding up process if there is no legal bar in it. The Committee may be informed of the action taken in the matter.
25.	8.9	The Committee note that the S&T programme of the department of Mines cover vast number of disciplines such as Geology, Exploration, Mining and Environment, Bleaching, Benificiation, Rock Mechanics, Ground Control and Non-Ferrous Metallurgy. The Committee are also pleased to note that during the X-Five Year Plan emphasis will be given on multi-disciplinary, multi-organisational projects catering to national requirements. The Committee are, however, unhappy to note that while in the revised estimates 2003-04 an outlay for S&T programmes has been retained at Rs. 8.05 crore, the funds utilized during 2003-04 was Rs. 405.67 lakh (Rs. 4.06 crore). The Committee recommend that the Department should take adequate steps to fully utilise the funds sanctioned for S&T programmes as these programmes have wide and varied objectives which have

1	2	3
		national ramifications. The Committee note that six new projects have been approved for Rs 772.17 lakh (Rs. 7.7 crore) and desire that these should be completed in a time bound manner with optimal utilisation of sanctioned funds. The Committee also desire that the Department should strive to procure more and more S&T projects from other Departments/Organisations which will help to augment the internal resources of the Department.

ANNEXURE I

(*Vide* Para 1.7 of the Report)

BUDGET AT A GLANCE

(Rs. in crore)

		BE 2003-04			RE 2003-04			BE 2004-05		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
	1	2	3	4	5	6	7	8	9	10
1.	**Direction & Administration (Secretariat, Department of Mines)**	—	7.67	7.67	—	7.67	7.67	—	8.17	8.17
2.	**Non-Ferrous Metals**									
(i)	National Aluminium Co. Ltd.									
	(a) Investment in equity									
	(b) Loan									
	Sub Total	—	—	—	—	—	—	—	—	—
	Total : Aluminium									

1		2	3	4	5	6	7	8	9	10
(ii)	Hindustan Zinc Limited									
	(a) Investment in equity									
	(b) Loan									
	Total : Zinc & Lead	—	—	—	—	—	—	—	—	—
(iii)	Hindustan Copper Limited									
	(a) Investment in equity	20.00	—	20.00	20.00	—	20.00	40.00	—	40.00
	(b) Loan	—	—	—	—	—	—	—	—	—
	(c) Non-Plan Loan	—	—	—	—	—	—	—	—	—
	Total : Copper	20.00	—	20.00	20.00	—	20.00	40.00	—	40.00
	Total : Non-Ferrous Metals	**20.00**	**—**	**20.00**	**20.00**	**—**	**20.00**	**40.00**	**—**	**40.00**
3.	**Other Mining and Metallurgical Industries**									
	Mineral Exploration Corpn. Ltd.									
	(a) Investment in equity	—	—	—	—	—	—	2.00	—	2.00

1	2	3	4	5	6	7	8	9	10
(b) Loan	—	—	—	—	—	—	—	—	—
(c) Non-Plan Loan	—	—	—	—	—	—	—	30.00	30.00
Total : Other Mining & Metallurgical Industries	—	—	—	—	—	—	**2.00**	**30.00**	**32.00**
4. Survey, Exploration, Regulation & Development of Mines									
(i) Geological Survey of India	160.82	177.70	338.52	122.32	177.46	299.78	145.80	189.00	334.80
(ii) Indian Bureau of Mines									
(a) Operational Expenditure	17.16	14.13	31.29	17.16	14.13	31.29	18.15	15.00	33.15
(b) Capital Works	0.10	—	0.10	0.10	—	0.10	—	—	—
Total (a) + (b)	17.26	14.13	31.39	17.26	14.13	31.39	18.15	15.00	33.15
(iii) Grants to MECL	9.00	—	9.00	9.00	—	9.00	10.00	—	10.00
(iv) Grants to BGML	—	83.01	83.01	—	83.01	83.01	—	5.00	5.00
(v) Grants to HCL	—	120.00	120.00	—	25.00	25.00	—	60.00	60.00
(vi) Science & Technology	4.50	2.25	6.75	4.50	2.25	6.75	5.00	2.30	7.30

1		2	3	4	5	6	7	8	9	10
	(vii) International Cooperation	—	0.23	0.23	—	0.23	0.23	—	0.27	0.27
	(viii) National Mineral Awards	—	0.25	0.25	—	0.25	0.25	—	0.26	0.26
	(ix) Subsidy to HCL	—	—	—	—	—	—	—	—	—
	Total: Survey, Exploration, Regulation & Development of Mines	**191.58**	**397.57**	**589.15**	**153.08**	**302.33**	**455.41**	**178.95**	**271.83**	**450.78**
5.	**Lump sum provision to North-Eastern Region & Sikkim**									
	(i) Geological Survey of India	15.18	—	15.18	15.18	—	15.18	16.20	—	16.20
	(ii) Indian Bureau of Mines	1.74	—	1.74	1.74	—	1.74	1.85	—	1.85
	Total : Lump sum provision to North-Eastern Region & Sikkim	**16.92**	**—**	**16.92**	**16.92**	**—**	**16.92**	**18.05**	**—**	**18.05**
	Grand Total	**228.50**	**405.24**	**633.74**	**190.00**	**310.00**	**500.00**	**239.00**	**310.00**	**549.00**

ANNEXURE II

STATEMENT SHOWING DIFFERENT SUB-HEADS TOGETHER WITH A BRIEF EXPLANATION REFLECTED IN THE DEMANDS FOR GRANTS 2004-2005 OF DEPARTMENT OF MINES

Major Head	Sub-Head	Minor Head	Amount Allotted		Activity
			Plan	Non-Plan	
1	2	3	4	5	6
Revenue Section					
3451		00.090.13 Secretariat—Department of Mines		817	Provisions for Secretariat expenditure of Ministry of Mines for items like salaries, wages, overtime, travel expenses and other administrative expenses, etc.
2853	01 GSI	01.003 Training	100	18875	Provision both under Plan and Non-Plan is for items such as salaries, wages, overtime, travel epxenses and other administrative expenses, etc. for Geological Survey of India.

1	2	3	4	5	6
		01.004 Research & Development	452		Proposed for Research and Development activities in various disciplines of geosciencs/projects of GSI.
		01.005 Investigation	225	—	Provision is to carry various geological investigtions during the year.
		01.101 Survey & Mapping	2945	—	Under this sub-head, the provision is for various Survey & Mapping activities such as geological survey & mapping, aerial survey and marine survey etc. to be done by GSI.
		01.102 Mienral Exploration	1350	—	Provisions are for exploratory activities on different minerals carried out by GSI.
		01.200 Antarctica	15	—	Provisions for Antarctica expedition of GSI.

1	2	3	4	5	6
		01.800 other expenditure	6537	25	Under this sub-head, the provisions cover the various (major) miscellaneous expenditure of GSI such as publications, supplies and materials, clothing and tentage, minor works, purchase of motor vehicles, information & technology and machinery & equipments, etc. the provisions under plan includes amount for purchase of vessel.
Total GSI			**14579**	**18900**	**BRGM aid.**
		02.004.01—Research & Development—Indian Bureau of Mines	490	—	Provisions is for Research & Development activities of Indian Bureau of Mines and includes Rs. 150 of BRGM aid.
		02.104.01	1324	1500	Provisions both under Plan 9Non S&T) and Non-Plan are for estbalishment and administrative expense of IBM.

1	2	3	4	5	6
		02.102.01—Mineral Exploration—Professional Service	1000	—	Provision is for grants to Mineral exploration Corporation Ltd. for the promotional work to be done by the company on behalf of Government.
		02.102.02—Science & Technology Programme	500	230	Provision is for grants-in-aid to various scientific institutions/organisations.
					Non-Plan support is for JNARDDC, Instiute of rock mechanics and national institute of miner’s health.
		02.798.00.00.32—International Cooperation—Contribution		27	provision is for contribution to the international study groups of zinc and copper under the international cooperation.
		02.008—other expenditure		6526	Provision is for national mineral awards (Rs. 26.00

1	2	3	4	5	6
					lakhs), grants to BGML (Rs. 50.00 lakhs) for separation of employees and grants to HCL (Rs. 6000.00 lakhs).
Sub-Total : Major Head 2853					
2552		800—other expenditure	1780		Provisions for projects/schemes to be undertaken in North-Eastern Region.
Total : Revenue Section (A)			**19673**	**28000**	
Capital Section					
6853	60—other Mining & Metallurgi-cal Industries	60.190—Loans to public sector and other undertakings		3000	Non-Plan loan to MECL for implementation of VRS
4853	01—Mineral Exploration & Devleopment	01.190—Investment in Public Sector & other Undertakings	4202		Under Major-head 4853, budget provision of (i) A token amount of Rs. 1.00 lakhs each for GSI & IBM for

1	2	3	4	5	6
					capital expenditure in NER (ii) Rs. 4000.00 lakhs to HCL as investment (iii) Rs. 2 crores to MECL on investment.
4552		800—other expenditure	25		Provision for the projects/ schemes to be undertaken in North-Eastern Region
Total: Capital Section (B)			**4227**	**3000**	
Grand Total (A & B)			**23900**	**31000**	

ANNEXURE III

TABLE SHOWING THE ACTUAL TARGETS VIS-A-VIS ACHIEVEMENTS DURING IX PLAN PERIOD (1997-2002)

		1997-98		1998-99		1999-2000		2000-01		2001-02		Toal		Shortfall(%)
		Target	Achiev.	Target	Achiev.	Target	Achiev.	Target	Achiev.	Target	Achiev.	Target	Achiev.	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A. Survey & Mapping														
Ground Survey														
(i) Syst. Geol. Mapping		6300	5330	4000	824	2160	1849	1280	2900	—	—	13740	10903	20.6
(ii) Spl. Thematic Mapping		7430	4969	7600	6586	5765	6327	7113	6074	8722	9647	36630	33603	8.3
B. Aerial Survey														
Multi Sensor by Twin Otter		20000	20343	11000	*	18000	6877	28000	30732	24350	33037	101350	90989	10.2
C. Marine Survey														
(i) Mapping in EEZ by RVSM		78000	67664	+	+	+	+	+	+	18000	27970	96000	95634	0.4
(ii) Mapping in T Water		3600	2256	3800	3455	4300	3960	4400	6753	7667	7359	23767	23783	Excess 0.1

1 2	3	4	5	6	7	8	9	10	11	12	13	14	15
D. Mineral Investigation													
(a) Coal & Lignite													
Large Scale Mapping	120	154	120	143	633	651	324	302	120	95	1317	1345	Excess 2.1
Detail Mapping	2										2	0	100.0
Drilling	66344	38007	46500	33162	49133	40020	48253	43038	48400	47384	258630	201611	22.0
(b) Ores & minerals													
Large Scale Mapping	3826	4241	2665	3646	1142	1590	1561	1633	1286	987	10480	12097	Excess 15.4
Detail Mapping	49	34	50	56	46	56	40	38	31	45	216	229	Excess 10.6
Drilling	61866	48880	60160	52254	54761	49454	51508	44292	46562	48170	274857	243050	11.6
E. Other Investigation													
Geotech/Env/Glaciology/Goetherm	90	90	90	88	92	90	92	95	92	90	456	453	0.7
Antarctica	1000	1000	1000	500	1000	#	1000	1200	1000	1000	5000	3700	26.0
Training	25	25	30	28	44	42	24	25	25	25	148	145	2.0
Research	90	93	100	98	80	78	83	82	82	82	435	433	0.5

(Figures are rounded off)
*Upgradation of TOASS; *Permission from MOD & DGCA not received in time; + Parametric studies and sponsored of ONGC;
#Regional Geological Mapping Programme along with theme based geological studies completed.

ANNEXURE IV

REASONS FOR SHORTFALL IN RESPECT OF TARGETED PROGRAMMES DURING IX PLAN PERIOD

Activity	Shortfall(%)	Reason for shortfall
1	2	3
Survey & Mapping		
Ground Survey		
(i) Systematic Geological Mapping	20.60	Local law and order problems in NE part. Some of the areas are unapproachable in North East and Northern Himalayas. As a remedial measure, it has been decided to take-up limited areas every year for systematic mapping, besides taking up some programmes of photogeological coverage with limited field checks.
(ii) Specialised Thematic Mapping (STM)	8.30	Shortage of young field going scientific and technical professional manpower led to postponing of some of the programmes originally proposed under STM
Aerial Survey	10.20	F.S. 1998-99 : Airborne Geophysical Survyes could not be taken up as the aircraft was subjected to major mandatory inspection required after 4800 hours of flying and for mandatory installation of GPWS. This task delayed the planned installation of upgraded geophysical data acquisition system.

1	2	3
		F.S. 1998-99 : The installation of upgraded geophysical system was completed and the necessary reorientation and training to handle the new hardware and software under the supervision of SCINTREX Engineers was achieved by the end of Feb. 2000.
Mineral Investigation		
Coal and Lignite : Detail Mapping	100	This detail mapping of 2.00 sq. km. is only for coal and lignite exploration which was dropped mid-season after technical review. This may be viewed in terms of total detail mapping for mineral exploration (218 sq. km. target/219 sq. km. achievement). Thus the performance is in excess of the set target and no shortfall exists.
Drilling	22&11.60	Old and outdated drilling rigs hampered the progress of work due to frequent breakdown. Remedial measure : Replacement action has already been initiated during X Plan.
3. Antarctica (Collaborative work with DST)	26.00	In 1998-99 and 1999-2000, due to inhospitable climate and thick snow cover in Antarctica, original mapping programme was diverted to some other theme based scientific studies. Also Regional Geological Mapping Programme along with theme based geological studies completed.

ANNEXURE V

DETAILS OF PLAN OUTLAYS AND EXPENDITURE DURING IX PLAN (1997-2002) AND FIRST TWO YEARS OF X PLAN (2002-03 TO 2003-04) FOR GSI

(Rs. in crore)

Sl. No.	Name of the Scheme/Project /Programme	IX Plan approved Outlay	Actual Expend.	X Plan approved Outlay	2002-03		2003-04	
					Approved Outlay	Actual Expend.	Approved Outlay	Actual Expend.
1.	Survey & Mapping	168.94	122.90	281.50	29.61	26.47	37.70	34.63
2.	Mineral Exploration	153.03	104.54	139.00	22.08	18.84	19.11	17.23
3.	Specialised Investigation	30.79	29.90	103.30	9.75	7.26	9.52	7.50
4.	Other Exploration	0.37	0.27	0.40	0.06	0.07	0.09	0.08
5.	Research & Dev.	29.16	26.10	61.00	7.49	5.32	8.44	5.64
6.	Inform. Dissemination	42.22	37.25	111.10	16.75	9.88	21.76	14.38
7.	HRD	11.00	10.19	18.70	2.57	2.01	2.94	2.52
8.	Modern. & Replacemet	150.95	102.46	285.00	80.19	11.33	76.44	31.40
	Toal	586.46 (ATB 138.91)	433.61 (ATB 50.326)	1000.00 (ATB 200.00)	168.50 (ATB 70.00)	81.18 (ATB 2.45)	176.00 (ATB 24.10)	113.38 (ATB 5.0543)

ANNEXURE VI

DETAILS OF NEW PROJECTS

Sl.No.	Name of the Project	Implementation Agency	Cost in Rs./Lakh	DoM Contribution Rs./in Lakh	Others Contribution Rs./in Lakh
1.	Pilot Scale smelting pre-feasibility studies on nickel-Chromium—cobalt bearing magnetite ores of Nagaland for an economically viable plant	NML & Govt. of Nagaland	78	21	Ministry of Steel—21, DST—21 Govt. of Nagaland-15
2.	Die-casting technology and application development centre and technology up-gradation and development of non-automotive applications for zinc die casting in India	ILZDA, New Delhi	610	130	DST-25, CFC/IZAs—297, ILZDA—75, Indian Industry-83
3.	Development of integrated technology for processing of East Coast for production of alumina	JNARDDC	34.42	Nil	Total cost to be financed by NALCO
4.	Evaluation of grain refining efficiency of commercially available grian refiner alloys	JNARDDC	5.75	Nil	Total cost to be financed by NALCO
5.	Study on Impurity Build-up during Bauxite Processing and its effect on Bayer Liquor Chemistry	JNARDDC	32	Nil	Total cost to be financed by NALCO
6.	Ultrasonic Treatment of Spent Pot-lining	JNARDDC	12	Nil	Total cost to be financed by NALCO
	Total		772.17	151	621.17

STATUS OF ON-GOING PROJECTS FOR WHICH PROVISIONS HAVE BEEN MADE IN BE 2004-05

Sl. No.	Name of the Project	Implementing Agency, year, Cost in Rs./Lacs/ Period	Expen- diture Rs./Lac	Objectives	BE 2004-05 Rs./Lac	Status
1	2	3	4	5	6	7
1.	Extraction of magnesium from indigenous raw materials DoM-184 lacs, DST-45 Lacs	NML, 1997 DST, DOM 229 December, 2004	164	To develop a new energy efficient, continuous process	20	100 kg per/day magnesium sponge Pilot Plant commissioned. The progress will be reviewed by PMC shortly. The project has been delayed due to the problems faced in the design of the pilot plant. The extraction process requires 1200°C and high vacuum of 30 mb. (1 millibar-mb is 1000th part of normal atmospheric pressure. Enhancement of purity of the metal is being addresed. The project will be completed by December 04.
2.	Studies on production of alloyed pig iron and low alloy steel/stainless steel using COB from Sukinda, Orissa-DoM Rs. 78.75 lac, DST 26.25 lac, MECON Rs. 27 lac	MECON, 1998 DST, DOM 132 September 2004	65	To use the chromite overburden for iron production and recover nickel.	13	Blast furnace trials on the sinter produced from COB were completed in September, 2003. The data is being analyzed. The delay has been primarily due to unavailability of blast funances at Kalinga Iron Works, Barbil, Orissa. The project will be completed in September 04.
3.	Establishment of Downstream Processing Laboratory	JNARDDC, 2001 262 December 2004	213.45	To fulfil R&D needs identified by the Naitonal Task Force on downstream processing.	50	Equipment procurement is in progress. The laboratory will render service to the downstream sector and improve revenue generation potential of the centre.

1	2	3	4	5	6	7
4.	National Facility for Semi-Solid Forming DoM-Rs. 359 lacs, DST-Rs. 92 lacs, DRDO-Rs. 25 lacs	IISc., Bangalore 2001 476 3 years	206	To set-up National Facility for Development of Semi Solid forming Technology	168 (Rs. 56 Lakh have been released in 2004-05)	The Die-casting machine (Rs. 210 lac) has started its journey on 19th July, 2004 from UZWIL, Switzerland and will reach Bangalore by middle of August, 2004. Building is ready The MHD system has been indigenously developed and is under fabrication. The orders for indigenous equipment have been placed. The equipment will be received by the end August 2004. The facility will be operational by 1st October 2004.
5.	Development of data acquisition, processing and control system for aluminium electrolysis cell.	JNARDDC 2003 49 2 years	7.89	To develop computer based program for enhanced problem solving capabilities	20	1st instalment was released in September 2003. Equipment procurement is in progress. The specifications have been vetted by the Research Advisory Committee.
6.	Development of rapid analytical procedures for bauxite and semi-quantitative analysis of scrap aluminium	JNARDDC 2003 25 2 years	15	To develop analytical kit for qualitative and semi-quantitative checks	10	1st instalment was released in September 2003. Equipment procurement is in progress. the specifications have been vetted by the Research Advisory Committee.
7.	Recovery of values from wastes of base metals industries—DoM-Rs. 24 lacs, DST Rs. 6 lacs	RRL Bhopal 2003 30 3 years	15	To explore the feasibility of recovery of values from tailings.	9	Administrative approval was issued on 23rd June 2003. Equipment procurement is in progress. The specifications have been vetted by the Research Advisory Committee.
8.	Integrated approach for the sustainable development of geological and natural resources in Bundelkhand region"—DoM-Rs. 233.95 lacs balance from Bundelkhand University	Bundelkhand University 2003 285.19 2 years	30	To develop a model for sustainable development of Bundelkhand region	30	Administrative approval was issued in May 2003. First instalment was released in August 2003. The building construction is nearing completion. The equipment specifications are being firmed up and will be vetted by the Project Monitoring Committee.

1	2	3	4	5	6	7
9.	Simulation assisted development of aluminium metal foam through liquid metallurgy route RRI, Bhopal Rs. 15 lacs, DoM-Rs. 28 lac, DST Rs. 20 lac and DRDO Rs. 17 lac	RRL, Bhopal 80 January 2004 2.5 years	5.0	To develop new aluminium metal foam material	15	MoU signed on 2/12/03. Administrative approval was issued on 9th Jan. 2004. 1st installment was released on 22.1.2004. The progress was reviewed on 25th June, 2004. 2 kg of aluminium foam has been produced in laboratory. Its application in protection of Army personnel is bunkers from explosions is being aimed at. The material has only one forth weight of normal aluminium metal and has high damping capacity.
10.	Expenditure for modernization					
	(i) NIRM				60	The equipment procurement is approved by the respective Governing Body and the specifications are vetted by the respective Research Advisory Committee.
	(ii) NIMH				25	
	(iii) JNARDDC				20	
11.	New Schemes :					
	(i)	Pilot Scale smelting pre-feasibility studies on nickel—Chromium—cobalt bearing magnetite ores of Nagaland for an economically viable plant	NML, DoM, DST and Govt. of Nagaland CFC/IZA, DST, DoM ILZDA and Industry	50	10	Administrative approval issued in April 2004. MoU is being finalized.
					MoU is being finalized	

1	2	3	4	5	6	7
(ii)		Die-casting technology and application development centre and technology up-gradation and development of non-automotive applications for zinc die casting in India				
			Total New Scheme		60	
Grand Total					500	

ANNEXURE VIII

MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2004) HELD ON 12TH AUGUST, 2004 IN COMMITTEE ROOM 'C', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 12.15 hours to 1.30 hours to examine Demands for Grants (2004-2005) of the Department of Mines.

PRESENT

Shri Ananth Kumar — *Chairman*

MEMBERS

2. Shri Prasanna Acharya
3. Shri Nitish Kumar
4. Shri Bhubneshwar Prasad Mehta
5. Shri E. Ponnuswamy
6. Shri Ramsevak Singh(Babuji)
7. Shri Devdas Apte
8. Shri Vidya Sagar Nishad

SECRETARIAT

1. Shri John Joseph	—	*Additional Secretary*
2. Shri P.K. Bhandari	—	*Director*
3. Shri Shiv Singh	—	*Under Secretary*

WITNESSES

1. Shri C.D. Arha	—	Secretary, Department of Mines
2. Shri R.K. Bhargava	—	Addl. Secretary, Department of Mines
3. Shri Harbhajan Singh	—	JS&FA, Department of Mines
4. Shri Hem Pande	—	Joint Secetary, Department of Mines

5.	Shri Prashant Mehta	—	Joint Secreary, Department of Mines
6.	Shri S.K. Banerjee	—	CMD, NALCO
7.	Shri Rajneesh Gupta	—	Actg. CMD, MECL
8.	Shri C.P. Gupta	—	Dir (Fin.), MECL
9.	Shri Yogesh Sharma	—	RM(MECL)
10.	Shri Rana Som	—	Actg. CMD, HCL
11.	Dr. Balram Chattopadhyay	—	DDG(GSI)
12.	Shri Gautam Dhar	—	Director (Fin.) (GSI)
13.	Shri J.K. Bhalla	—	Director (GSI)
14.	Shri Shah Nawaz Khan	—	Scientist-B

2. At the outset, the Chairman, Standing Committee on Coal and Steel welcomed the representatives of the Department of Mines to the sitting of the Committee and apprised them of the provision of Direction 58 of the Directions by the Speaker.

3. The following important points were discussed by the Committee:

(i) Overview of the activities of Department of Mines.

(ii) Budgetary outlay.

(iii) Plan allocation to GSI, NALCO, MECL, HCL.

(iv) Physical and financial performance of GSI and utilization of funds.

(v) Allocation for modernization programme of GSI.

(vi) Liquidation of BGML and monetary relief to employees thereof.

(vii) Physical and financial performance of HCL.

(viii) Physical and financial performance of NALCO.

4. A copy of the verbatim proceedings of the sitting of the Committee has been kept on record.

The Committee then adjourned.

ANNEXURE IX

MINUTES OF THE FOURTH SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2004) HELD ON 18TH AUGUST, 2004 IN COMMITTEE ROOM No. 139, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 15.00 hours to 17.30 hours to examine and adopt Reports on Demands for Grants (2004-2005) pertaining to the Ministry of Steel and Department of Coal and Mines.

PRESENT

Shri Ananth Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Prasanna Acharya
3. Shri Hansraj G. Ahir
4. Shri Bikash Chowdhury
5. Shri Chandra Sekhar Dubey
6. Shri Chandrakant Khaire
7. Shri Faggan Singh Kulaste
8. Shri Nitish Kumar
9. Shri Vikrambhai Arjanbhai Madam
10. Shri Bhubneshwar Prasad Mehta
11. Shri Hemlal Murmu
12. Shri Dalpat Singh Paraste
13. Shri E. Ponnuswamy
14. Smt. Karuna Shukla
15. Shri Ramsevak Singh (Babuji)

Rajya Sabha

16. Shri Devdas Apte
17. Shri Ramadhar Kashyap
18. Shri Jai Narayan Prasad Nishad
19. Shri Vidya Sagar Nishad
20. Shri Jibon Roy
21. Shri G.K. Vasan

SECRETARIAT

1. Shri P.K. Bhandari — *Director*
2. Shri Shiv Singh — *Under Secretary*

2. At the outeset, 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) Draft Report on Demands for Grants (2004-2005) of the Department of Coal;

(ii) Draft Report on Demands for Grants (2004-05) of the Department of Mines; and

(iii) Draft Report on Demands for Grants (2004-05) of the Ministry of Steel.

4. The Committee authorized the Chairman to finalise the Reports after making consequential changes arising out to factual verification by the concerned Departments/Ministry and to present these Reports to both the Houses of Parliament during the current Session.

The Committee then adjourned.