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**STANDING COMMITTEE ON
COAL AND STEEL
(2006-2007)**

FOURTEENTH LOK SABHA

MINISTRY OF MINES

**DEMANDS FOR GRANTS
(2007-08)**

TWENTY FOURTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2007 / Vaisakha, 1929 (Saka)

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COAL AND STEEL
(2006-2007)

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DEMANDS FOR GRANTS
(2007-08)

Presented to Lok Sabha on 27.4.2007

Laid in Rajya Sabha on 27.4.2007



LOK SABHA SECRETARIAT
NEW DELHI

April, 2007/Vaisakha, 1929 (Saka)

CC&S No. 24

Price : Rs. 90.00

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Published under Rule 382 of the Rules of Procedure and Conduct of
Business in Lok Sabha (Eleventh Edition) and Printed by Jainco Art India,
New Delhi-110 005.

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COMPOSITION OF THE STANDING COMMITTEE
ON COAL AND STEEL (2006-07)

Dr. Satyanarayan Jatiya—*Chairman*

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3. Shri D.K. Audikesavulu
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2. Shri P.K. Bhandari — *Joint Secretary*
3. Shri A.K. Singh — *Director*
4. Shri Shiv Singh — *Deputy Secretary*
5. Smt. Madhu Tandon — *Committee Assistant*

INTRODUCTION

1. I, the Chairman, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Twenty Fourth Report (Fourteenth Lok Sabha) on Demands for Grants (2007-08) relating to the Ministry of Mines.

2. The Committee took evidence of the representatives of the Ministry of Mines on 26th March, 2007.

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

4. The Report was considered and adopted by the Committee at their sitting held on 26th April, 2007.

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

NEW DELHI;
26 April, 2007

6 Vaisakha, 1929 (Saka)

DR. SATYANARAYAN JATIYA,
Chairman,
Standing Committee on Coal and Steel.

CHAPTER I

REPORT

Introductory

The metal and mineral industries provide the basic raw material for various industries. India is a country with vast geographical diversities that provide a variety of mineral and metal resources. India has known deposits of over 2000 minerals, and currently produces about 90 minerals including metallic, non-metallic and fuel, and also some 20 minor minerals. The country's mineral sector at present operating over 3300 active mines producing coal, iron, ore, limestone, lignite, bauxite, copper, lead, zinc, etc. To encourage greater investment in exploration and mining, there is a need to make sustained efforts to increase the same and remove bottlenecks which hamper the productivity and efficiency of mineral sector.

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

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

- “1. (a) Legislation for regulation of mines and development of minerals within the territory of India, including mines and minerals underlying the ocean within the territorial waters or the continental shelf, or the Exclusive Economic Zone and other Maritime Zones of India as may be specified from time to time by or under any law made by Parliament;

- (b) Regulation of mines and development of minerals other than coal, lignite and sand for stowing and any minerals declared as prescribed substances for the purposes of the Atomic Energy Act, 1962 (33 of 1962) under the control of the Union as declared by law, including questions concerning regulation and development of minerals in various States and the matter connected therewith or incidental thereto;
2. All other metals and minerals not specifically allotted to any other Ministry/Department such as aluminium, zinc, copper, gold, diamond and nickel;
 3. Planning, development and control of, and assistance to, all industries dealt with by the Ministry;
 4. Geological Survey of India (GSI);
 5. Indian Bureau of Mines (IBM); and
 6. Metallurgical Grade Silicon.

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

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

- (i) Geological Survey of India (HQ Kolkata)
- (ii) Indian Bureau of Mines (HQ Nagpur)

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

- (i) National Aluminium Company Ltd. (NALCO), Bhubaneswar
- (ii) Hindustan Copper Ltd. (HCL), Kolkata
- (iii) Minerals Exploration Corporation Ltd. (MECL), Nagpur
- (iv) Bharat Gold Mines Ltd. (BGML), Kolar Gold Fields, Karnataka (closed since 1 March 2001).

1.7 There are two companies, which have been disinvested with transfer of management control to strategic partners. This Ministry holds minority share-holding in these two companies. Bharat Aluminium Company Ltd. (BALCO), Korba, Chhattisgarh Hindustan Zinc Ltd. (HZL), Udaipur, Rajasthan.

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

- Jawaharlal Nehru Aluminium Research, Development and Design Centre, Nagpur;
- National Institute of Rock Mechanics, Kolar; and
- National Institute of Mines' Health, Nagpur.

1.9 A statement showing the Budget Estimates, Revised Estimates for 2006-07 and Budget Estimates for 2007-08 are given at Annexure-1.

1.10 The Committee have examined in depth, the detailed Demands for Grants of the Ministry of Mines for the year 2007-08. The Committee approved the Demands presented by the Government, subject to their observations/recommendations which are contained in the succeeding chapters.

CHAPTER II

STATUS OF IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN THE SIXTEENTH REPORT OF THE STANDING COMMITTEE ON COAL & STEEL ON DEMANDS FOR GRANTS (2006-07) OF THE MINISTRY OF MINES

The Parliamentary Standing Committee on Coal & Steel presented their Sixteenth Report on Demands for Grants (2006-07) of the Ministry of Mines on 23.5.2006. The Committee presented their 21st Report on 'Action Taken by the Government on the recommendations contained in the Sixteenth Report of the Committee on Demands for Grants (2006-07) of the Ministry of Mines' on 19.12.2006. Out of 13 recommendations given by the Committee in their Sixteenth Report, 9 recommendations (Nos. 1,3,4,5,7, 8, 9, 12 and 13) were accepted by the Government. In respect of 2 Recommendations (Nos. 6 and 10), the Committee did not desire to pursue in view of the Government's replies. In respect of recommendation No. 2, the reply of the Government was not accepted by the Committee and in respect of recommendation No. 11, the final reply of the Government was still awaited.

2.2 The Committee hope that the Ministry of Mines will implement the recommendations in a time bound manner which the Committee commented upon in their Action Taken Report. The Committee desire that the Ministry of Mines should furnish final replies to the recommendation (No. 11) which was categorized as of interim nature. The Committee would like to be apprised of the action taken in this regard.

CHAPTER III

ANALYSIS OF DEMANDS FOR GRANTS (2007-08) OF THE MINISTRY OF MINES

The Ministry of Mines has presented the Demands for Grants for the Year 2007-08. The Demand includes provision for Plan and Non-Plan expenditure under Revenue and Capital Sections of the Ministry proper, attached/subordinate offices and Public Sector Undertakings under the administrative control of the Ministry of Mines. The Plan and Non-Plan provisions made in the Ministry of Mines for the year 2006-07 and 2007-08 are as under:

(Rs. in crores)

Major Head	Budget 2006-07			Revised 2006-07			Budget 2007-08		
	Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
Revenue	134.05	229.02	363.07	130.43	233.67	364.10	98.59	235.70	334.29
Capital	106.95	25.00	131.95	59.57	25.00	84.57	55.41	—	55.41
Total	241.00	254.02	495.02	190.00	258.67	448.67	154.00	235.70	389.70

3.2□The statement showing Central Plan outlay including budget support and IEBR, BE, RE and Actuals from 2002-03 onwards is at Annexure-II.

3.3 The Sector-wise details of demand projected by Ministry of Mines during 2007-08, the Sector-wise demand accepted by the Planning Commission on the Plan/schemes and total outlays approved by Ministry of Finance is at Annexure-III. Regarding reasons for variations, the Ministry of Mines stated as below:

“The BE 2002-03 for Plan was Rs. 227.50 crores and was reduced to Rs. 207.50 crores by Ministry of Finance at RE stage. The reduction in outlay of NALCO is due to saving in the projects.

The BE 2003-2004 for plan was Rs. 228.50 crores and was reduced to Rs. 190.00 crores by Ministry of Finance at RE stage. The reduction of Rs. 38.50 crores was made in the Plan provision for GSI on account of stoppage of BRGM aid and cut of Ministry of

Finance. However a sum of Rs. 93.84 crore was provided to HCL as equity through the last batch of supplementary Demands for Grants. The reduction in outlay of NALCO is due to approval of Government in October, 2004 for 2nd phase expansion.

The BE for the financial year 2004-05 for Plan was Rs. 239.00 crores and the RE for the plan is Rs. 215.00 crores. The reduction in outlay of NALCO is due to approval of Government in October, 2004 for Second Phase Expansion.

The BE 2005-06 for Plan was fixed at Rs. 220.88 crore. The RE 2005-06 for Plan was reduced to Rs. 170.88 crore as the Ministry of Finance had withdrawn Rs. 40 crore as equity to HCL at RE stage.

The BE 2006-07 for Plan was fixed at Rs. 241.00 crores. The RE 2006-07 for Plan was reduced to Rs. 190.00 crore as the Ministry of Finance had reduced Plan allocation at RE stage.”

3.4 In BE 2006-07 the approved Budget of this Ministry was Rs. 495.02 crores comprising Rs. 241.00 crores (Plan) and Rs. 254.02 crores (Non-Plan). Against this, the RE 2006-07 was Rs. 507.51 crore comprising of Rs. 190.00 crores (Plan) and Rs. 317.51 crores (Non-Plan). BE 2007-08 is being kept at Rs. 389.70 crores comprising Rs. 154.00 crores (Plan) and Rs. 235.70 crores (Non-Plan). The Plan and Non-Plan provisions made in the Ministry of Mines for the year 2006-07 and 2007-08 are as under:

	Plan	Non-Plan	Total
BE 2006-2007	241.00	254.02	495.02
RE 2006-2007	190.00	317.51	507.51
BE 2007-2008	154.00	235.70	389.70

Reasons for variations:

- (a) The BE for the financial year 2006-07 for Plan was Rs. 241.00 crores and RE for Plan was Rs. 190.00 crores. The Non-Plan Budget Estimates for 2006-07 was at Rs. 254.02 crore and the gross RE for 2006-07 was Rs. 317.51 crore which has been netted with a receipt of Rs. 58.84 crores provided in RE for carrying out accounting adjustment for waiver of interest and penal interest in respect of loan to MECL resulting in the ceiling of net RE at Rs. 258.67 crores.

- (b) The BE 2007-08 under Plan has been kept at Rs. 154.00 crores. The Non-Plan BE 2007-08 has been placed at Rs. 235.70 crores.

3.5 Replying to a query regarding reasons for reducing the budget for the year 2006-07 at RE Stage and again for the year 2007-08, the Ministry of Mines has stated as under:

“The BE for the financial year 2006-07 for Plan was Rs. 241.00 crores and the RE for the Plan is reduced to Rs. 190.00 crores as Ministry of Finance had reduced at RE stage. However, there is an increase in Non-plan in RE.

The reduction for the budget in 2007-08 is due to reduction in budget of GSI & IBM. As from the year 2007-08, Planning Commission has removed the provision of salary and establishment expenses from Plan schemes of Geological Survey of India and Indian Bureau of Mines and suggested that the same provision should be taken in Non-Plan. This Ministry had requested to Ministry of Finance to provide this amount, but as the ceiling of Non-plan had already been finalized therefore, this amount will be taken in 2007-08 under Non-Plan.”

MECL:

- (a) Ministry of Mines had approved an outlay of Rs. 17.00 crores at BE stage for MECL during 2006-07 for conducting promotional exploration. To facilitate full utilization of the fund a total of 12 exploration schemes for different minerals at a total estimated cost of Rs. 2630.85 lakhs were approved in the 14th & 15th SCPP held on 8.6.2006 & 17.11.2006 respectively.

Out of twelve schemes, exploration on nine schemes was taken up which includes commencement of survey work at Ghatkuri East block where drilling shall be taken up after receipt of forest clearance. The exploration for gold at Timran Mata, Rajasthan could not be taken up for want of forest clearance while at Intervening block (between Ramachandrapahar & Bayanbil) for copper Jharkhand could not be taken up on account of prevailing adverse law & order problem. In addition the exploration for iron ore at Ghatkuri (West) was dropped in the 15th SCPP. As a result of non commencement of approved schemes the outlay of Rs. 17 crores for promotional exploration was reduced to Rs. 14.00 crores at RE stage.

- (b) For the year 2007-08, a sum of Rs. 11 crores has been allocated for promotional exploration scheme resulting a decrease of Rs. 6.00 crores at BE stage. Efforts are being continued to obtain forest clearance for Timran Mata Gold, Rajasthan and Ghatkuri East, Jharkhand for iron ore. The forest clearance of Dholamala Copper and Maruda gold projects are under consideration and may be available during 2007-08. Further, Ministry of Mines has taken up the matter with Ministry of Environment & Forests (MOEF), New Delhi for expediting the necessary forest clearance for above projects. Negotiations are also being continued with the local people so that exploration for copper at Intervening block (between Ramachandrapahar & Bayanbil) could be commenced. In addition, schemes are being prepared for exploration of copper & gold at Dhani Basri, for copper at Baniwala Ki Dhani in Rajasthan and for copper at Dhobhani mine area and for gold at Parasi in Jharkhand State.

HCL:

Keeping in view the overall reduction in Plan allocation at RE stage, allocation of HCL was also reduced from Rs. 30 crore at BE stage to Rs. 28.50 crore at RE stage. However, this shortfall of Rs. 1.5 crore has been met through increased internal generation of resources. No Plan allocation has been sought for HCL for 2007-08. The Plan expenditure to the tune of Rs. 50 crores under Replacement & Renewal during 2007-08 will be met entirely through internal resources generated by HCL.

GSI:

Due to delay in the process of procurement of various equipments, capital expenditure to the desired level could not materialize and hence the R.E. was reduced for 2006-07. For the BE (2007-08) enhanced budget was sought.

IBM:

A sum of Rs. 5.00 crores had been provided for two new sub-schemes, namely Computerized On Line Register of Mining Tenements System and Management of Solid Waste from Mining in India. These projects were to be implemented with external aid from France through BRGM.

In regard to proposal for procurement of Research vessel and oceanography equipment under French assistance, the D/o Economic Affairs observed that although the revised policy on bilateral assistance announced by the Govt. allows acceptance of development cooperation assistance from all G-8 countries (which includes France), the policy

still negates acceptance tied aid. All French aid in the past has been tied. Hence, the Govt. decided not to accept tied aid or any external aid with binding conditions. Consequently, French assistance could not be accepted resulting in delay in implementation of the aforementioned projects as they needed recasting for meeting the entire expenditure from domestic budget. As a result of the above mentioned development, the implementation of the projects got delayed resulting in surrender of Rs. 5.00 crore kept for these two sub-schemes. This constitute the major decrease in Plan outlay from 20.38 crores in BE 2006-07 to Rs. 14.35 crores in RE 2006-07.”

Annual Plan 2007-08

3.6 The PSUs/Organisation-wise distribution of Approved Outlay for Annual Plan 2007-08 showing IR, EBR, GBS, NBS and Ext. Aid is given below:—

(Rs. in crores)

Sl.No.	PSUs/ Orgns.	Annual Plan 2007-08					Ext. Aid
		Outlay	IR	EBR	GBS	NBS	
1.	NALCO	1158.00	1158.00				
2.	HCL	50.00	50.00				
3.	MECL						
	-P	11.00			11.00	11.00	
	-C	8.00	8.00				
4.	GSI	123.00			123.00	123.00	
5.	IBM	17.00			17.00	17.00	
6.	S&T	7.29	3.62	0.67	3.00	3.00	
7.	Const.*						
	-GSI	5.00			5.00	5.00	
	-IBM	1.00			1.00	1.00	
Total:		1380.29	1219.62	0.67	160.00	160.00	

1. 10% of BS of only GSI & IBM is earmarked for expenditure in NER.
2. GBS in respect of loss making PSUs as well as those having no activities in North East Region and Foreign Aid component are exempted from earmarking of 10%.

*Included in the Demands for Grants of Ministry of Mines of Urban Development & Poverty Alleviation.

3.7 The Ministry of Mines proposed an annual outlay for the year 2007-08 of Rs. 2027.34 crores but the Planning Commission approved an outlay of Rs. 1380.29 crores only. When asked how the Ministry proposes to meet the reduced allocation of Rs. 645.05 crores and which are the schemes/projects likely to be affected with the reduced allocation, the Ministry has stated as under:—

“The annual outlay for 2007-08 has been approved by Planning Commission after consultation with representatives of Ministry of Mines and its subordinate offices and public sector undertakings. As far as plan allocation is concerned, the funds has been allocated in view of overall availability of the funds with the Government of India and as far as Ministry of Mines is concerned, sufficient funds have been allocated keeping in view of the on-going schemes.”

3.8 About the details of PSUs in which the allocation for the year 2007-08 has decreased/increased in comparison to the allocations for 2006-07 and the exact amount of decrease/increase thereof alongwith reasons, the Ministry has informed as under:—

“The allocation for PSUs for the year 2006-07 and 2007-08 is given below:—

(Rs. in crore)				
Sl.No.	Name of PSUs	2006-07 (BE)	2007-08 (BE)	Increase/decrease
1	2	3	4	5
1.	National Aluminium Co. Ltd.	622.14	1158	535.86(+)
2.	Hindustan Copper Ltd.			
(a)	Replacement & Renewal (Plan)	30.00 (through budget support)	50.00 (through I&EBR)	20(+)
(b)	Non-plan loan	25	—	
3.	Mineral Exploration Corporation Ltd			
(a)	Promotion Work	17	11	6(-)
(b)	Capital (through I&EBR)	8	8	Nil

NALCO

For NALCO, the allocation for 2007-08 has increased to Rs. 1158 Crores from Rs. 625.09 Crores in RE 2006-07. Thus, there has been an increase of Rs. 532.91 Crores in BE 2007-08. The project wise increase in allocation is given below:

	Particulars	Rs./Cr.
1.	2nd phase expansion	475.53
2.	Coal-Utkal E Block	24.83
3.	Green Field Smelter Project	1.00
4.	Debottlenecking	1.00
5.	Pottangi Mine	1.00
6.	Additions, Modifications & Replacements	29.55
	Total:	532.91

As would be observed from the above, the major increase is in respect of 2nd phase expansion and Coal—Utkal E Block, which are due to considerable progress made in project activities and the payments have been provided based on the commitments made in process for payment terms in respective Purchase Orders/Work Orders. The increased allocation under AMR is because of the gradual ageing of the plant and machinery, which are more than 20 years old.”

HCL

As far as Hindustan Copper Limited (HCL) is concerned, a budgetary allocation of Rs. 30 crore made at BE stage for the year 2006-07 has been reduced to Rs. 28.50 crore at RE stage. This shortfall of Rs. 1.5 crore has been met through increased internal general of resources. No plan allocation has been sought for HCL for 2007-08.

3.9 About the corrective steps taken by the Ministry to ensure that the BE is expended during 2007-08, the Ministry of Mines furnished as below:—

“Since Now the FRBM act came into being the expenditure is being monitored every quarter of the year. It has also been ensured that every organization should spend 67% or more of the budget in the first three quarters and only 33% of the budget during the

last quarter of the year. Further Ministry of Finance has also prescribed that not more than 15% of budget estimates should not be expanded in the month of March. Before finalization of Budget provisions, detailed discussion are held by the Ministry with PSUs and other organizations keeping in view the approved financial expenditure and achievements with reference to targets are reported to Ministry of Finance. With a view to streamline the system in GSI and to expedite the implementation of the Plan schemes, a Committee was constituted under the chairmanship of Additional Secretary, Ministry of Mines with Joint Secretary & Financial Adviser, Chief Controller of Accounts (Mines) and Dy. Director General (Finance), GSI which took monthly reviews of the projects which hastened the utilization of Plan funds.

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

NALCO

As far as NALCO is concerned, the monitoring mechanism has been strengthened to ensure that the amount provided in Budget Estimate for 2007-08 is expended. The status of orders placed and commitments made are commensurate with the budget allocation of Rs. 1158 crores and it is expected that the allocation would be fully spent."

Geological Survey of India (GSI)

3.10 GSI is a National Organisation for Earth Sciences. Its activity areas encompasses scientific survey and research for locating minerals resources and geological studies. The budget allocation to GSI for the year 2006-07 and 2007-08 are as under:

(Rs. in crores)

Plan	BE 2006-07		RE 2006-07			BE 2007-08		
	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
76.44	197.71	274.15	85.82	197.02	282.84	59.10	204.14	263.24
72.51	—	72.51	28.00	—	28.00	51.60	—	51.60
148.95	—	346.66	113.82	197.02	310.84	110.70	204.14	314.84

3.11 While explaining the reasons for increase in Plan Outlay from Rs. 76.44 crores in BE 2006-07 to Rs.85.82 crores in RE 2006-07 and

reduction of Plan Outlay to Rs 59.10 crores in BE 2007-08, the Ministry of Mines informed as under:

“The allocation for GSI in B.E. under revenue head was about Rs. 10 crore less than sought and Rs. 76.44 crore were finally allocated in BE (2006-07). This reduction would have affected the operations during the year and hence necessary enhancement to Rs. 85.82 crore was sought at RE (2006-07) stage.

The reduction to Rs. 59.10 crore in revenue section is due to the fact that Rs. 35.50 crores proposed under Direction and Administration (D&A) in the plan outlay has been made nil under the plan allocation. This reduction would adversely affect the field activities and training programmes.”

3.12 Replying to a query regarding actual expenditure for the year 2006-07 under plan and non-plan and shortfall in utilization, the Ministry of Mines stated as under:

“The expenditure upto February, 2007 under Non-Plan and Plan heads is Rs. 184.49 crores (RE Rs. 197.02 crore) and Rs. 86.88 crores (RE Rs. 128.00 crores) respectively. The main reason for the shortfall has been the high maturity time in the procurement of the high cost items such as ocean going research vessel, geotechnical vessel and heliborne survey system.”

3.13 The Plan Outlay of Rs. 72.51 crore in BE 2006-07 has been reduced to Rs. 28.00 crore in RE 2006-07. On being enquired about the schemes/projects affected due to reductions in allocation, the Ministry of Mines stated as under:

“The RE was reduced as the procurement of high value items like heliborne survey system, final payment of helicopter, part payment for consultation fee for procurement of blue water ocean going vessel etc. took more than anticipated time. Certain aspects of the modernization scheme of GSI have been affected because of this.”

3.14 Rs. 51.60 crore has been kept in BE 2007-08 for motor vehicle, machinery and equipment. When asked about the funds earmarked for this purpose would be sufficient to meet expenditure on this account, the Ministry of Mines stated as under:

“Rs. 51.60 crore has been kept in BE 2007-08 for motor vehicles, machinery and equipment would be sufficient to meet the expenditure. Provision for consultancy charges of Shipping

Corporation and balance payment for the heliborne survey system including the platform is kept under this head and all these are expected to materialize.”

3.15 In reply to a query regarding the status of purchase of research vessel, the Ministry’s reply is as under:

“The proposal for blue water ocean going research vessel is under active consideration of the Government. The concerned ministries are being consulted on the proposal.”

3.16 The Geological Survey of India propose to buy Research Vessel for carrying out exploration in deep sea. On being asked the progress about the purchase of the vessel and whether any budgetary provision has been made during 2007-08 for this purpose, the Ministry of Mines informed as under:

“The Geological Survey of India has proposed to buy a Research Vessel for carrying out exploration in deep sea as a replacement vessel of R.V. Samudra Manthan.

- An EFC meeting held on 10.10.2006 under the chairmanship of Finance Secretary, M/o Finance has approved the proposal.
- A Draft Cabinet Note was prepared and forwarded to Planning Commission, M/o Finance, M/o Earth Sciences [D/o Ocean Development] and DST for their comments on 15.2.2007.
- Comments on the Draft Cabinet Note have been received from Planning Commission, M/o Finance and M/o Earth Sciences [DOD]. M/o Earth Sciences has supported the proposal. The comments/observations of Planning Commission and M/o Finance are being incorporated in the Cabinet Note.
- “In Principle” permission has been conveyed to GSI on 14.12.2006 regarding following:
 - * Engagement of Shipping Corporation of India (SCI) as an Indian Consultant and
 - * Permission to search for foreign consultant from internationally reputed institutes who are engaged in oceanographic studies for a long time.

- GSI is in the process of engaging SCI as the Indian Consultant. Efforts are also being made for identifying the foreign consultant.
- A provision of Rs. 8.00 crore has been kept in the budget of FY 2007-08 towards payment of consultancy charges for the new research vessel. The Planning Commission will be approached at the appropriate time for additional funds, depending upon the progress of the procurement process.”

3.17 When the Committee wanted to know the details of gadgets/ equipments and machinery used for exploration work and need to upgrade such equipments and machinery to bring them to international level, the Ministry furnished the details are as follows:

“GSI has been using conventional tools for exploration upto shallow depth. For sub-surface probing in identified mineral bearing areas shallow drilling by conventional drilling equipments is still continued.

In contract mineral exploration in developed countries has attained a state of supremacy by using advanced geophysical techniques, aero-geophysical surveys using multi-sensor equipments and sophisticated analytical equipments. The advantages of these techniques are generation of data up to a greater depth and lower limits of detection and thus the time in detecting exploitable targets is reduced.

The efforts of GSI at present are to remove the above stated technological gaps by introducing upgraded exploration techniques and equipments. In order to meet the new challenges in the coming decades and keep pace with the rapidly changing scenario, it was felt necessary to undertake a quantum upgradation of the data generation capabilities of GSI to meet the accepted international standards in all its sphere of activities through a modernization programme. This has been done by inducting state-of-the-art field and laboratory equipments”.

3.18 During the course of evidence, Secretary, Ministry of Mines informed the Committee that there are about 2000 Groups ‘C’ and ‘D’ employees surplus in Geological Survey of India. While replying to a query regarding (i) How such a huge number of employees have

become surplus and how their services are proposed to be utilized; and (ii) Whether any activity of GSI is being privatised/outsourced, the Ministry of Mines informed as under:

“(i) The Arvind Varma Committee constitute on the recommendation of the Expenditure Reforms Commission to suggest a new charter of functions of GSI and also to go into its staff requirement had recommended an overall reduction in staff strength from 16302 to 11420 to be achieved till 1.4.2007. It included reduction in Groups ‘C’ and ‘D’ from 13155 to 7600. GSI informed that it would have an excess of 2176 staff in some streams of Groups ‘C’ and ‘D’ staff as on 1.4.2007.

GSI requested for retention of the excess staff till their depletion in a normal way *i.e.* till their retirement on superannuation. The proposal was examined in detail in the Ministry of Mines in the light of the increased workload as per the revised charter of functions of GSI, increase in the field duties in project mode as well as other scientific work. An analysis was also carried out of the feasibility of outsourcing some of GSI’s jobs, as recommended by the Expert Committee, and it was found that it would not be an economically viable proposition.

After examining GSI’s proposal in all its dimensions, it was submitted to Hon’ble Minister of Mines for his kind approval. After Hon’ble Minister of Mines approval and IFD’s concurrence, the proposal has been referred to the Ministry of Finance for approval. Approval of the Ministry of Finance is awaited. The staff proposed to be retained would be utilized for carrying out various activities to be performed in the context of GSI’s revised charter of functions. They would also be redeployed after appropriate training is imparted to them, so that they could be adjusted against the streams where there are vacancies.

(ii) There is no proposal at present to outsource or privatise the activities of GSI.”

3.19 The Ministry of Mines has been endeavouring to encourage greater investment in exploration and mining in the country. When asked whether the Government through its FDI programme is undermining the importance and utility of Geological Survey of India, the Ministry of Mines stated as under:

“The Government is seeking to increase the exploration rate in the country with equal participation of GSI, MECL and private Sector.

This view has been upheld in the report of HLC which has recommended that while every effort should be taken to strengthen GSI. Since the scale of work involved is large, there is a need to involve private sector in exploration of minerals in the country.

The Geological Survey of India is mainly engaged in regional surveys involving exploration upto P-I, P-II and E-I, E-II stages. This is only the preliminary part of the exploration and GSI only carries out regional resource appraisal. The MNCs or Private parties (national and international) are mainly involved in potential mineralised domains (particularly for high value minerals like gold, diamond, PGE, base metals etc.) where preliminary geological information is available. GSI, however, carries out surveys for all mineral commodities. Hence, the FDI as such in no way undermines the importance of GSI.”

Indian Bureau of Mines (IBM)

(Rs. in crores)

Major head	BE-2006-07			RE 2006-07			BE 2007-08		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2853	20.38	16.13	36.51	14.35	16.41	30.76	14.00	17.11	31.11

3.20 When asked about the reasons for decrease in Plan Outlay from Rs. 20.38 crore in BE 2006-07 to Rs. 14.35 crore in RE 2006-07 and the scheme affected due to this reduction of funds, the Ministry of Mines stated as under:

“A sum of Rs. 5 crore had been provided for two new sub-schemes, namely Computerized on Line Register of Mining Tenements System and Management of Solid Waste from Mining in India. These projects were to be implemented with external aid from France through BRGM.

In regard to proposal for procurement of Research vessel and oceanography equipment under French assistance, the D/o Economic Affairs observed that although the revised policy on bilateral assistance announced by the Govt. allows acceptance of development cooperation assistance from all G-8 countries (which includes France), the policy still negates acceptance tied aid. All French aid in the past has been tied. Hence, the Govt. decided not to accept tied aid or any external aid with binding conditions.

Consequently, French assistance could not be accepted resulting in delay in implementation of the aforementioned projects as they needed recasting for meeting the entire expenditure from domestic budget. As a result of the above mentioned development, the implementation of the projects got delayed resulting in surrender of Rs. 5.00 crore kept for these two sub-schemes. This constitute the major decrease in Plan outlay from 20.38 crore in BE 2006-07 to Rs. 14.35 crore in RE 2006-07."

3.21 Indian Bureau of Mines has proposed the following new research proposals to be undertaken during the 11th Plan period:

- (i) Recovery of Ilmenite, Rutile, Zircon, Illimanite & Garnet from beach sand.
- (ii) Beneficiation of China clay of West Bengal.
- (iii) Assessment of acid mine drainage caused due to mining of poly-metallic ore deposits and its mitigation measures.

There is no provision for these projects in the Annual Plan for the year 2007-08. However, these will be taken up during the course of 11th Five Year Plan subject to approval and fund being made available.

New Proposals under Grant-in-aid

Beneficiation/processing of low grade gold ores

Development of eco friendly mining technology in environmentally fragile areas.

There is no provision for these projects in Annual Plan 2007-08. These projects will be taken up during the course of the 11th Five Year Plan subject to approval and fund being made available from the domestic budget and external aid."

3.22 Replying to a query as how many cases of approval of mining plans are pending with IBM and the time likely to be taken to approve them, the Ministry of Mines stated as under:

"As on 20.02.2007, 87 mining plans were under process in IBM and 60 mining plans were pending with entrepreneurs for modifications. The mining plans, which are under process in IBM, will be disposed off within 90 days from the date of their receipt."

3.23 The Committee note that for the year 2007-08, the Planning Commission has approved an amount of Rs. 1380.29 crores for the Ministry of Mines and its PSUs as against their proposed outlay of Rs. 2027.34 crores. Though there has been a reduction of Rs. 645.05 crore in the Annual Plan outlay, the Ministry is quite confident that sufficient funds have been allocated for the ongoing projects. The Committee are perplexed to find that though the outlays proposed by the Ministry and its PSUs are being approved with major reduction, it is intriguing that they are complacent with reduced allocation. The Committee strongly deprecate the inherent flaws in the budgetary planning in the Ministry whereby year after year the inflated outlays are proposed which are drastically downsized by the Planning Commission. The Committee have little doubt that these reductions would have adverse impact on ongoing as well as new projects. The Committee, therefore, desire the Ministry and its PSUs to prepare realistic estimates which stand the scrutiny of the Planning Commission/Ministry of Finance and thereby obviate a major post allocation exercise for managing the various projects/schemes with reduced allocations.

3.24 The Committee further note that the Plan Budget Estimates of the secretariat of the Ministry for the year 2007-08 has been kept at Rs. 389.70 crore as against Rs. 448.67 crore for the year 2006-07. The Ministry has explained that the primary reason for reduced estimates was transfer of salary and establishment expenses of GSI and IBM under Non-Plan on the direction of Planning Commission. The other reasons for reduced estimates were non-commencement of promotional exploration schemes of MECL due to non-availability of forest clearance, delay in the process of procurement of various equipments by GSI and non-implementation of two new schemes of IBM due to non-availability of external aid linked with these projects.

The Committee are unhappy to note that the modernisation of Geological Survey of India (GSI) has been going on for a long time but there is no significant progress as their main proposal for procurement of research vessel is not likely to fructify in 2007-08 also. Since the Detailed Project Report (DPR) and Expenditure Finance Committee (EFC) Memo regarding purchase of research vessel for GSI could not be submitted in time, the Planning Commission reduced the outlay during 2006-07, though a provision of Rs. 8 crore has been kept in the budget for the year 2007-08 towards the payment of consultation charges for the research vessel. The Committee in their 16th Report had desired the Ministry to take necessary measures

to ensure that vessel is procured in 10th Plan itself so that exploration efforts to unearth mineral wealth in deep sea and ocean bed do not suffer any more. The Committee reiterate that the procurement of research vessel as a replacement vessel, for ageing R.V. Samudra Manthan needs to be speeded-up for accelerating the exploration of mineral wealth to give desired boost to the economic development of the country. The Committee, therefore, desire the Ministry to complete all the formalities for the procurement of above vessel in a time-bound manner.

3.25 The Committee note that 2176 group C and D employees of GSI have been identified as surplus by the Expenditure Reforms Commission. During the course of examination of the Demands for Grants (2005-06), the Committee were informed that there was a shortage of manpower in GSI. The Committee in their 9th Report had, therefore, desired that shortage of staff in GSI should be met immediately to obviate the adverse affects on its functioning. The Ministry in its action taken reply had stated that the Government is conscious of the need to a full compliment of staff in GSI and is taking all steps to ensure that there is no shortage of staff at different levels. Now the Ministry has come out with a statement that there are 2176 surplus employees in GSI. The Committee are unable to understand as to how shortage of staff in GSI has turned into surplus of 2176 persons in two years. The Committee strongly disapprove the attitude of the Ministry which provided them with contradictory information. The Committee hardly need to emphasise that adequate manpower is imperative for accomplishing the ongoing and new projects by GSI and also for its modernisation programme. The Committee, therefore, recommend that as far as possible the surplus staff in GSI should be utilized in its various wings/units after imparting them appropriate training and upgrading their skills.

CHAPTER IV

TARGETS & ACHIEVEMENTS OF 10TH PLAN *VIS-A-VIS* TARGETS FOR 11TH FIVE YEAR PLAN

The projects sanctioned, allocation *vis-a-vis* utilization, projects completed in each year during the 10th Five Year Plan and reasons for projects yet to be completed and not taken up for implementation so far are given below:

A. Geological Survey of India (GSI)

The no. of items/projects under each scheme for each year during the 10th Plan taken up are given below:

Sl.No.	Activity	2002-03	2003-04	2004-05	2005-06	2006-07	Total
1.	Survey & Mapping	67	76	75	76	79	373
2.	Mineral Exploration	146	1141	415	109	97	581
3.	Specialised Investigation	92	89	87	94	104	466
4.	Other Exploration	1	2	2	1	1	7
5.	Research & Development	60	58	59	70	75	322
6.	Information Dissemination	38	34	47	42	43	204
	Total	404	373	385	392	399	1953*

*Excludes 40 cruises by R.V. Samudra Manthan, 35 cruises by R.V. Samudra Kaustubh and 34 cruises by R.V. Samudra Saudhikama

In view of the continual nature of departmental objectives, GSI cannot be compared with other Govt. project *e.g.* construction of a thermal power station/dam/road, etc. It will be appreciated that activity domains listed in the X Plan document of GSI, continues to form the basis for XI Plan activities; only the area of operation goes on changing from one Plan period to the next, often with redefined focus in response to policy changes made by the Govt. or to emergence of new concepts in earth science."

4.2 Targets and new projects for 11th Plan

(a) Targets

The thrust of exploration activity of GSI in the 11th Plan would be to search for concealed and deep seated deposits and also to continue geochemical and geophysical mapping to identify new target areas of mineral potential.”

(b) New Projects

The discussion on XI Plan is yet to be held. However, during the first year of the XI Plan (Annual Plan 2007-08) a total of 434 regular coded items and 21 cruises have been included involving 1344 geoscientists and 91 drilling rigs and two Auger machines. The break-up details on scheme-wise are as follows:

Sl.No.	Activity	Continued Items	New Items	Total
1.	Survey & Mapping	40	50	90
2.	Mineral Exploration	50	76	124+2*
3.	Specialised Investigation	26	78	104
4.	Research & Development & Other Exploration (Antarctica)	34	32	66
5.	Information Dissemination	10	38	48
	Total	160	274	434

*Includes mineral exploration by marine Wing in TW and excludes 7 cruises by R.V. Samudra Manthan and 7 cruises each by R.V. Samudra Kaustubh and R.V. Samudra Saudhikama.

4.3 The Committee are distressed to note that the performance of GSI during 10th Plan has not shown any significant improvement. Except in the year 2002-03 during which it has completed a total of 404 activity in survey & mapping, mineral exploration, specialized investigation, etc. and thereafter no perceptible improvement has been noticed. The Committee are pained to note that despite rapid advancement and modernisation of mineral exploration technology in the world, the GSI is still persisting with obsolete and inefficient technology. Needless to say that GSI being a premier organisation for earth sciences, the Committee desire that it should set example by accelerating its activities in the field of scientific survey and

research for locating mineral resources and geological studies during 11th Plan.

4.4 The Committee note that exploration of minerals presently being carried out mainly by Geological Survey of India (GSI) and Mineral Exploration Corporation Limited (MECL) is likely to gain momentum during 11th Plan period since the Ministry is expecting more investments from multinational and domestic private companies in mineral exploration and exploitation. The Committee desire that both the organisations should fix their plan and annual targets and implement them in a time-bound manner. The Committee should be informed of the action taken in the matter.

4.5 The Committee note that while GSI is carrying out surveys for all minerals with focus on regional surveys involving preliminary part of exploration, the private companies are actively involved in detailed exploration and mining of high value minerals like gold, diamond, base metals, etc. where preliminary geological information is available. The Committee feel that considering the investments required on the large scale work involved in exploration activities, the participation of private sector would accelerate the rate of exploration and benefit the growth of mining sector and economy of the country. The Committee, are, however, of the strong view that since the present day mineral prospecting is undertaken with special emphasis on deficient mineral and ore of high value minerals, GSI should redefine its approach in tune with the emerging markets and strengthen its presence in the exploration sector.

The Committee, therefore, recommend that GSI should accord high priority to precious minerals and ores and expanding its areas of activities from reconnaissance, prospecting and preliminary exploration to include detailed exploration as well. The Committee also desire the Ministry to intensify exploration efforts for additional resources in known areas, in potential region, unexplored, inaccessible territories and ocean beds with special thrust on north-east and other remote areas. The Committee also recommend that GSI should strive to attain global benchmark in all spheres in order to increase its contribution to the economic health of the country. the Committee also recommend the Ministry to allocate adequate funds to GSI to upgrade their capabilities through modernisation of equipments and acquiring of state-of-the-art technology and expertise through training in all related fields of mineral exploration.

Investment in PSUs

B. National Aluminium Company Ltd. (NALCO)

Incorporated in 1981, as public sector enterprise, under Ministry of Mines, Government of India, National Aluminium Company Limited (NALCO) the most sophisticated and eco-friendly is Asia's largest integrated alumina aluminium complex, comprising bauxite mining alumina refining, aluminium smelting and casting, power generation, rail and port facilities. NALCO has emerged to be a star performer in production and export of alumina and aluminium and more significantly, in propelling self-sustained growth.

5.2 NALCO enjoys the status of a star Export House and a Mini Ratna category-1 Company and it has continued to add value and is poised to grow further.

5.3 During the course of oral evidence, Secretary, Ministry of Mines has informed the Committee that NALCO has now been declared as a 'Nav Ratna' Company.

5.4 Apart from exporting metal to more than 30 countries worldwide, the company has opened stockyards in various parts of India to facilitate domestic marketing. With its consistent track record in capacity utilization, technology absorption, quality assurance, experts performance and posting or a bright example of India's industrial capability.

5.5 The projects sanctioned, allocation and utilization made project-wise in each year during 10th Five Year Plan is given at **Annexure-IV**. Out of the projects sanctioned, all the critical/ongoing schemes such as 1st Phase Expansion covering expansion of Mines & Refinery, Smelter & Power Plant and 8th Unit of CPP, Special Grade Alumina/Zeolite Plants and Rolled Product Unit were completed during 10th Five year Plan. The various critical/ongoing schemes were completed in the years mentioned against each below:

	Project	Completion Period
1.	Mines & Refinery	2001-02
2.	Smelter & Power Plant	2002-03
3.	8th Unit of CPP	2003-04
4.	Spl. Grade Alumina/Zeolite Plant	2003-04/2004-05
5.	Rolled Product Unit	2005-06

The equity participation in Qatar Project involving an outlay of Rs. 1573 Crores could not be taken up during 10th plan since the authorities in Qatar were not interested in pursuing with this project. The 2nd phase expansion involving an outlay of Rs. 3623 crores and Coal mine (1 block) involving an outlay of Rs. 210 crores during 10th Plan Period could not materialize to the fullest extent because the approval for both these projects, could materialize only in 2004.

5.6 When asked whether the Government has any proposal to mechanize and modernize the exploration and production of minerals, the Ministry of Mines informed as under:

“Present Bauxite Mines of NALCO at Panchpatmali in Karaput district of Orissa, is fully mechanized right from activities of drilling, blasting, excavation and transportation of bauxite. The latest addition towards modernization being explored/done are Site Mixed Slurry (SMS) bulk explosive system, truck dispatch System (TDS), Semi mobile crushing Plan (under 2nd Phase expansion Programme), auto washing of dumpers, higher capacity dumpers and software for quality control.”

5.7 When the Committee wanted to know about the fund allocation for 11th Plan to each PSUs as compared to 10th Plan and the major heads for which funds have been envisaged, the Ministry of Mines stated as follows:

“The Planning Commission has not yet started the exercise for formulation of XIth Five Year Plan. However, the outlay proposed by this Ministry for PSUs in XIth Plan is as under:—

(Rs. in crores)

Sl.No.	Name of PSUs	Amount proposed
1.	NALCO	9453.66
2.	HCL	223.00
3.	MECL	134.00

5.8 Targets, Allocation and New Projects for 11th Plan

Targets:

As far as NALCO is concerned, as per the Government approval, the 2nd phase expansion is scheduled to be completed in 50 months

by December, 2008. The project is almost on schedule and is expected to be completed on time which would increase the production of bauxite, alumina, aluminium and power by almost 1/3rd of the existing capacity.

Allocation:

Plan outlay for 10th plan was Rs. 7056 crores which was further revised to Rs. 2864.25 crores in the mid-term review. NALCO has projected a demand of Rs. 9454 crores in 11th Plan. The project-wise allocation for 10th and required outlay for 11th plan is given at Annexure-V.

New Projects:

NALCO has not yet firmed up the new projects to be taken up during the 11th Plan. However, the Company has identified the following projects to be taken up during the 11th Plan:

1. Debottlenecking of alumina plant at an outlay of Rs. 400 crores;
2. Pottangi Bauxite Mine at an outlay of Rs. 400 crores; and
3. Setting up of a Smelter Plant in Middle East with equity participation of Rs. 4000 Crores. The project cost of proposed Middle East Smelter Project is estimated at Rs. 16,000 crores with debt equity ratio of 1:1 where in Nalco's 50% share in equity is estimated at Rs. 4000 crores.

Schedule of completion of each project is as under:

Particulars	Schedule
Debottlenecking of Alumina Plant	2010-11
Pottangi Mines	2009-10
Smelter Plant in Middle East	: Dependent upon financial viability and concurrence of respective authorities in Middle East to participate in the project.

Monitoring mechanism is being strengthened both at Corporate and Administrative Ministry level to ensure that necessary timely steps are taken in implementing the viable projects.

5.9 The outlays for the years 2006-07 and 2007-08 for NALCO is as under:

(Rs. in crores)

Head of Div.	BE 2006-07			RE 2006-0			BE 2007-08		
	BS	IEBR	Total	BS	IEBR	Total	BS	IEBR	Total
12853	—	622.14	622.14	—	625.09	625.09	—	1158.00	1158.0

While explaining the reasons of the allocation for the year 2007-08 has been increased from Rs. 625.09 crore RE 2006-07 to Rs. 1158 crore, the Ministry of Mines submitted as under:

“Total financial expenditure of Rs. 540.37 crore has been made by Feb., '07 for 2nd phase expansion. Considering the delivery schedule and construction progress at site, it is expected that the capital expenditure in 2007-08 will be substantially higher than 2006-07, and hence, higher allocation of Rs. 1158 crore compared to Rs. 625.09 crore has been kept.”

5.10 When asked about the actual expenditure for the year 2006-07 and cumulative expenditure so far, the Ministry of Mines stated as under:

“The actual expenditure up to Feb., '07 for 2nd phase expansion is Rs. 540.37 crore in 2006-07 and cumulative is Rs. 603.15 crore up to Feb., '07.”

Captive Coal Mines (Utkal E-Coal Block)

5.11 NALCO has been allotted Utkal E-Coal Block on 27.8.2004 to meet its requirements. The capital cost for this project has been estimated at about Rs. 308.00 crore. A sum of Rs. 30.00 crore is kept in BE 2007-08 towards detailed exploration, land acquisition, forest and environment clearance etc.

While replying to a query regarding the status of land acquisition, forest and environment clearance for the Utkal E-Coal Block project, the Ministry of Mines replies as under:

“NALCO has been allotted “Utkal-E” Coal Block for its 9th and 10th Units of CPP *vide* Letter ref. No. 47011/7 (60)/93-CPAM/CA dated 27.8.2004 of Department of Coal, Ministry of Coal & Mines,

Govt. of India. Progress status on environment and land acquisition are as follows:

Environment:

Flora/Fauna and Socio-economic Study: Final reports of these three studies have been received from M/s. SS Environics.

Biological monitoring and Green belt design: Final reports of these two studies have been received from M/s. OUTAT.

EIA/EMP Report: M/s. CMPDI, Bhubaneswar has submitted the EIA/EMP report and the Executive Summary for submission of application for Public hearing on 29th May', 06. The EIA/EMP report has been modified by CMPDI based on comments by NALCO.

NOC from Orissa State Pollution Control Board: The application for obtaining NOC from OSPCB has been submitted on 23.09.06. Answers to the queries raised by OSPCB have been replied.

Public Hearing: The application for Public Hearing submitted to Orissa State Pollution Control Board (OSPCB) on 23.09.06. OSPCB has issued the notice in Newspapers to hold the Public Hearing on 15.03.07. The hearing has since been postponed for want of TOR from MoEF.

Terms of Reference for Environmental clearance: NALCO has submitted the application on 03.11.2006. The presentation was made to MoEF on 12.02.07. The TOR is awaited.

Land acquisition:

The proposal for land acquisition for Utkal—E Coal Block has been recommended by M/s. IPICOL *vide* their letter dated 31.10.2005 to M/s. IDCO for going ahead with the land acquisition activities. NALCO has deposited Rs. 1.66 crores to M/s. IDCO towards their Administrative Charges and the Establishment Charges of the land acquisition officer. M/s. IDCO have submitted the necessary documents for acquisition of Govt. lands to district authorities on 21st March, 2006.

Department of Steel & Mines, Govt. of Orissa has given the necessary permission to go ahead for acquisition of private land. Accordingly, M/s. IDCO have submitted the necessary documents for acquisition of private land to district authorities on 18th November, 2006".

5.12 As against the proposed outlay of Rs. 1401 crore and Rs. 60 crore for new schemes to be implemented by NALCO *viz.* Alumina 4th stream and coal mine (one block), Rs. 1000 crore and Rs. 30 crore have been approved during 2007-08. When asked whether NALCO would be able to complete these schemes with the reduced allocations during the year 2007-08, the Ministry of Mines stated at under:

“2nd phase expansion project/Utkal-E Coal Block are scheduled to be completed by end of 2008. The outlay proposed by NALCO has been reduced by the Planning Commission for 2007-08. However, if based on progress of the work and the payment terms of purchase/work orders, the capital expenditure exceeds the outlay approved for BE 2007-08, the same will be made from internal resources and taken care of in RE 2007-08. The completion of the projects will not be affected adversely by the reduction in the outlay for 2007-08.”

5.13 Responding to a further query of the Committee about the requirement of coal of NALCO after its expansion programme and whether the allotment of Utkal E-Coal Block would meet its requirement, the Ministry of Mines stated as follows:

“The approximate coal requirement after expansion programme will be 7.5 million ones per year. Utkal—E Coal Block has been sanctioned to meet the coal requirement of Units# 9 and 10 which are part of 2nd Phase Expansion of Captive Power Plant. The coal produced from Utkal-E Coal Block will be able to meet the requirements of Units# 9 and 10. Rest of the coal required will be met through long term coal linkage, already in place with MCL.”

Expansion and Diversification

5.14 Expansion: After successfully completing 1st phase of expansion of all units from its internal resources, the 2nd phase of expansion of NALCO was approved by the Government on 26.10.2004. NALCO will meet the expenses of expansion of Rs. 4091.51 crore mainly through internal resources and partly from market borrowing, if required. The proposed expansion will augment the capacity of Bauxite Mines to 63 lakh tonnes from 48 lakh tonnes, Alumina Refinery to 21 lakh tonnes from 15.75 lakh tonnes, Smelter to 4.6 lakh tonnes from 3.45 lakh tonnes and Power generation to 1200 MW from 960 MW. M/s. Engineers India Ltd. (EIL) has been appointed EPCM consultant for Mines, Alumina Refinery and Aluminium Smelter on 28.3.2005. M/s. MECON has been appointed EPCM consultant for

Captive Power Plant and Steam Generation Plant. M/s MN Dustur & Co. has been assigned the job for Cost and Time Monitoring for 2nd phase expansion. Site grading and other civil/structural works are under progress. Enquiries for several packages have been issued for each segment and are under process. Order has also been placed for 35 packages for Refinery, 51 packages for Smelter and 12 packages for CPP. Total financial commitment up to 31.12.2006 is R.s 2513.69 crore.

5.15 Responding to a query regarding the progress of implementation and percentage of work compared under second phase expansion programme, the Ministry of Mines stated as below:

“Overall Physical Progress of Project:

Sl.No.	Project Segment	February' 2007		Cumulative up to February' 2007	
		Schedule	Actual	Schedule	Actual
1.	Mines & Alumina	5.7	2.3	25	21.4
2.	Smelter	3.8	1.5	26.9	23.7
3.	CPP	5.52	5.18	42.3	39.4

- Civil/Structural works are under progress at site.
- Enquiries for several packages have been issued for each segment and are under process.
- Orders have already been placed for 48 packages for Refinery, 61 packages for Smelter and 13 packages for CPP.
- Total financial commitments made upto 28.02.07 is Rs. 2727.18 crore.”

Greenfield Overseas Smelter Project

5.16 As a part of NALCO's endeavour for diversification and value addition, it has proposed to set up a Greenfield smelter project in the Middle-East Region.

When asked whether NALCO has identified any Greenfield smelter projects in middle-east region, the Ministry of Mines stated as follows:

“M/s EIL was assigned to prepare pre-feasibility report on setting up Smelter and Power Plant in Middle East countries. EIL considered three countries UAE, Qatar and Oman for this purpose

on the basis of investment climate, gas availability and socio-political factors, etc. EIL submitted its report and indicated the project to be feasible. However, out of the countries considered by EIL in the pre-feasibility report, UAE and Qatar have not shown any interest in NALCO's project. UAE indicated about non-availability of gas in the region in view of commitments already made for new Plants coming up. Oman has shown some interest but has not agreed to commit for making the gas available on long term basis."

5.17 Apart from setting up of Greenfield project while replying to a query regarding the strategy of NALCO to diversify its products, the Ministry of Mines informed the Committee as under:

"Ministry of Mines while approving 2nd phase expansion of NALCO *vide* letter dated 26.10.2006 had also asked NALCO to explore scope of value addition for export of Aluminium rather than Alumina. Accordingly, NALCO has been exploring possibilities of setting up Aluminium Plants both in India and abroad. Also, NALCO is exploring possibility for downstream development for which M/s A.F. Furguson has been assigned to prepare pre-feasibility report. However, at present NALCO has no concrete scheme is hand to diversify its business."

5.18 While replying to a further query regarding when M/s. A.F. Furguson has been assigned the task to prepare pre-feasibility report on diversification of NALCO's business, the Ministry of Mines stated as under:

"M/s A.F. Furguson & Co were appointed on 29.03.2006 to conduct study on development of Ancillary & Downstream Industries for Alumina and Aluminium including secondary products in state of Orissa. The draft report was received in Nov'06 and management's comments thereon have been forwarded in February' 07. The final report is awaited."

5.19 When enquired as to why NALCO has no scheme even in the beginning of 11th plan period for diversification of its business and value addition despite the Ministry's direction in 2004 itself, the Ministry of Mines stated as under:

"NALCO has no concrete plan to diversify its business at present. However, consequent upon Ministry's direction in October' 2004 to explore scope of value addition for export of Aluminium rather than Alumina, NALCO has been exploring possibilities to set up

Green Field Smelter and Power Plant in India and/or abroad. There are many potential sites in India which have been under consideration, like Gandhmardan & Ib Valley (Orissa) and Jarrela deposit (Andhra Pradesh). In addition, possibilities of putting up Smelter abroad like in Middle East, Indonesia, Algeria etc are being explored."

5.20 NALCO is proposed to set up smelter/power plants in Indonesia. About the above project, such as when it will be setting up and amount proposed to be allocated for this project, the Ministry of Mines submitted in a written reply as under:

"To explore the possibility to set up Smelter and Power Plant in Indonesia is in preliminary stage. As such, no time frame and amount proposed to be spent can be spelt out at present."

Pottangi Mines

5.21 Government of Orissa in principle has agreed for grant of mining lease of Pottangi Bauxite Deposit to Nalco. But only Rs. 1.00 crore has been kept in BE 2007-08.

While replying to a query regarding the status of grant of mining lease, the Ministry of Mines stated as under:

"Government of Orissa had agreed in principle to grant Mining Lease over Pottangi Bauxite deposit in favour of NALCO subject to fulfilment of certain conditions like spending 5% of annual profits for peripheral development, induction of a state Government nominee in NALCO board, clearing all State Government dues, forgoing claim on Kodingamali bauxite mine etc. The views of Government have been communicated to the State Government. The matter has been under continuous follow up, the last being a meeting held by NALCO with Chief Secretary of the State Government in February 2007 when the Government agreed to issue necessary clearance. However the final clearance of Government of Orissa is still awaited."

5.22 On being enquired about as how NALCO is going to expand its domestic market network, the Ministry of Mines stated as follows:

"Increasing sale point by opening of stockyard at different regions

- Expanding customer base and retaining customer loyalty by entering into Memorandum of Understanding (MoU)

with customers with assured regular supply of material and financial benefits at the year end based on performance.

- By improving customer co-ordination through regular interaction.
- Introducing Channel financing through reputed banks, acceptance of cheque through Fast cash arrangements of SBI.
- By achieving higher customer satisfaction index and taking immediate corrective action based on customer feedbacks.”

5.23 While explaining the reasons regarding the production of target of alumina hydrate has been fixed at 1575000 (MT) for the years 2006-07 and 2007-08 when NALCO is able to produce more than the target during 2005-06, the Ministry replied as under:

“The rated capacity of Alumina Refinery Plant is 15,75,000 MT that is why the target is kept to be 15,75,000 MT, i.e. at 100% capacity level. In case of favourable conditions and higher availability of Hydrate Circuit as was in 2005-06, production of Alumina Hydrate can be achieved more than the target.”

5.24 Regarding the reasons for fixation of lesser production target of aluminium for the year 2007-08 as compared to 2006-07, the Ministry of Mines informed as under:

“Cast metal production capacity of Smelter Plant is 3,45,000 MT. During 2005-06, the production was more than target due to more average number of Pots in operation i.e. 717 against the target of 715. Good quantity of scrap re-melting was also done in the year. Such favourable factors can necessarily not be repeated every year.”

5.25 The National Aluminium Company Ltd. (NALCO) is Asia’s largest integrated alumina-aluminium complex, encompassing bauxite mining, alumina refining, aluminium smelting and casting, power generation, rail and port facilities. NALCO has emerged to be a star performer and now a ‘Nav-Ratna’ company engaged in production and export of alumina and aluminium and more significantly, in propelling self-sustained growth. The NALCO has planned to invest Rs. 1158 crores during 2007-08 for accomplishing various projects and some of the schemes included in second phase expansion. The Committee hope that it would justify the Government’s faith in the company by achieving set targets in a time-bound manner.

The Committee have been informed that first phase expansion of National Aluminium Company Ltd. (NALCO), covering Mines and Refinery, Smelter and Power Plant and 8th Unit of CPP, Special Grade Alumina/Zeolite Plants and Rolled Product Unit, was completed during 10th Five Year Plan. It was further stated that the equity participation in Qatar Project involving an outlay of Rs. 1573 crores could not be taken up during 10th Plan since the authorities in Qatar were not interested in pursuing with this project. Further, the Utkal coal mine project involving an outlay of Rs. 210 crores during 10th Plan period became partially operational because the approval for the same could materialize only in 2004. Thus a number of projects slated for completion during 10th Plan could not come up and 10th Plan outlay was reduced from Rs. 7056 crores to Rs. 2864.25 crores and it has utilized only Rs. 1840.27 crores.

The Committee are concerned to note that NALCO has yet not firmed up the new projects and programmes to be taken up during the 11th Plan, though the company has identified a few schemes for debottlenecking of Alumina Plant, Pottangi Bauxite Mine and setting up of Smelter Plant in Middle Cost. The Committee believe that such a lackadaisical attitude on the part of NALCO does not augur well at a time when its second phase expansion programme is in full swing. The Committee, therefore, desire that NALCO should clearly come out with viable schemes for implementation within a time-frame during 11th Plan in order to sharpen its competitive edge in the international market. The Committee desire that NALCO should make all out efforts to fully utilize the 11th Plan outlay of Rs. 9454 crores which it has projected.

5.26 The Committee note that NALCO is facing problem of various clearances in operation of bauxite mines like Pottangi and Kodingamali and coal mine at Utkal-E, If these clearances are delayed NALCO may not be able to utilize the allocations made for these projects. All these cases are pending for various clearances/agreements with the Government of Orissa. The Committee desire that the Ministry of Mines must settle these issues with the Government of Orissa at the earliest on mutually agreed terms, otherwise the Committee feel the second phase expansion would be adversely affected as the work on these projects is painfully slow.

5.27 The Committee have been informed that NALCO has proposed to set up a green field smelter project in middle-east region. The Committee view setting up of green field smelter plant abroad a step in the right direction for diversification and value addition by NALCO. The Committee desire NALCO to take serious and

effective measures for a setting up smelter project in Middle-East, learning from their failure to set up a similar project in Qatar. Keeping in view the massive acquisition and merger by private aluminium company world over, the Committee also desire NALCO to seriously consider the proposals for acquisition/merger of viable aluminium companies in India and abroad to consolidate its position in the World market.

C. Mineral Exploration Corporation Ltd. (MECL)

MECL is the premier exploration agency in the country and carries out its exploration activities under promotional programme funded by Government of India and contractual programme on behalf of other agencies including public sector, private sector and State Governments on agreed terms and conditions.

6.1 In addition to mineral exploration activities, MECL has taken up diversification programme (s) in the field of slim hole drilling for CBM, coal sampling and analysis as referral agency and supply of ballast stone to railways.

6.2 The project sanctioned, allocation *vis-a-vis* utilization, projects completed in each year during 10th Five Year Plan and reasons for projects yet to be completed and not taken up for implementation so far are given below:—

(a) A total of 26 mineral exploration projects were completed during the Xth plan period, under promotional programmes on behalf of Ministry of Mines. The year-wise details are given below:

(Rs. in lakhs)

Sl.No.	Name of the Project	Mineral	Sanctioned Cost	Value of actual work done
1	2	3	4	5
2002-03				
1.	Upper Pachekhani	Copper	268.54	268.54
2.	Singhana Extn. Block II	Copper	185.81	183.53
3.	Dona East (Ph-I)	Gold	105.54	109.36
4.	Dona East (Ph-II)	Gold	395.96	391.11
5.	Shitalpani	Copper	139.49	137.61

1	2	3	4	5
	2003-04			
6.	Malanjkhand (West)	Copper	103.90	95.75
7.	Devtalai (Ph-I)	Copper+Gold	130.08	110.80
8.	Chinmulgund (Ph-II)	Gold	210.16	206.83
9.	Beku	Raremetal (Cs, Li, Rb)	152.26	119.98
10.	Bhagal (Ph-I)	Copper	160.08	159.54
	2004-05			
11.	Girar	Gold	55.84	43.87
12.	Kalaktang (Ph-II)	Ferrisilicon Quartzite	197.46	178.03
13.	Ratanpur	Tungsten	57.35	56.14
14.	Thanewasna	Copper	152.67	151.89
15.	Gobbalihalli-Balehalli	Chromite	143.84	145.06
	2005-06			
16.	Kalabar	Zinc	64.82	60.62
17.	Bhagal (Ph-II)	Cooper	152.23	152.10
18.	Jiajuri	Glass Sand	193.97	195.86
19.	Serangdag (West)	Bauxite	236.88	223.69
	2006-07			
20.	Dhadikidih (OCP)	Cooper	199.01	202.70
21.	Byanbil	Copper	208.45	207.94
22.	Nandup	Copper	185.66	185.85
23.	Dona Temple	gold	157.51	156.73
24.	Kolari-Bhaonri	Zinc	127.02	123.94
25.	Ramachandrapahar	Copper	218.28	215.73
26.	Bajta Central	Lead-Zinc	70.56	69.93

(b) Presently the following 10 projects are in progress out of which the physical work/field work has been completed in six projects namely Saipum, Latio-ka-Khera, Garhi Dongri, Dariba Akola, Devtalai Phase-II & Central sub Block and analytical studies/preparation of geological reports is in progress. The work at remaining 4 schemes would continue to 2007-08:—

(Rs. in lakhs)

Sl.No.	Name of the Project	Mineral	Sanctioned Cost	Value of actual work done
1.	Saipum	Limestone	95.36	90.41
2.	Latio-ka-Khera	Lead-Zinc	174.7	162.81
3.	Garhi-Dongri	Gold	117.39	93.34
4.	Dariba-Akola	Copper	188.75	168.96
5.	Devtalai (Ph-II)	Copper	222.04	204.81
6.	Central Sub Block	DLead-Zinc	175.58	168.97
7.	Bhaskapa-Piparia	Cooper	68.37	54.34
8.	Sanganer	Copper	208.27	135.9
9.	Bhukia East	Gold	284.76	61.57
10.	Lupungpat	Bauxite	108.03	18.64

The exploration on the following schemes could not be taken up for the reasons mentioned against each of them:—

(Rs. in lakhs)

Sl.No.	Name of the Project	Mineral	Sanctioned Cost	Present Status
1.	Ghatkuri East*	Iron ore	328.46	Drilling to commence on receipt of forest clearance
2.	Timaran Mata	Gold	262.24	Forest clearance awaited
3.	Maruda	Gold	177.09	Forest clearance awaited
4.	Dholamala	Copper	130.94	Forest clearance awaited
5.	Intervening Block (Between Ramachandrapahar & Byanbil)	Copper	215.72	To commence on improvement of law & order situation

Topography, Survey & mapping work has been taken up.

6.3 The following projects of MECL sanctioned during 10th Plan will spill over to 11th Plan:—

(Rs. in lakh)

Sl.No.	Name of the Project	Mineral	Sanctioned Cost	Value of actual work done
1.	Bhanskhapa-Piparia	Copper	68.37	54.34
2.	Sanganer	Copper	208.27	135.9
3.	Bhukia East	Gold	284.76	61.57
4.	Lupungpat	Bauxite	108.03	18.64

When the Committee wanted to know that when the above mentioned schemes were sanctioned; the reasons for delay in completion of the schemes; whether these schemes could be completed in 2007-08; and the funds are earmarked for the same in 2007-08, the Ministry of Mines stated as under:—

- “(a) The exploration of lead & zinc at Bhanskhapa-Piparia, distt. Betul, MP was approved in the 15th SCPP held on 17.11.06. As per the time schedule approved, the exploration is planned to be carried out in 11 months and the exploration is progressing as per schedule. It would be completed during 2007-08 and a sum of Rs. 15 lakhs is likely to be spent during the year.
- (b) The exploration of copper at Sanganer, distt. Bhilwara, Rajasthan was approved in the 15th Standing Committee Promotional Projects (SCPP) held on 17.11.06. As per the time schedule approved, the exploration is planned to be carried out in 12 months and the exploration is progressing as per schedule. It would be completed during 2007-08 and a sum of Rs. 75.00 lakhs is likely to be spent during the year.
- (c) The exploration of gold at Bhukia (East), distt. Banswara, Rajasthan was approved in the 15th SCPP held on 17.11.06. As per the time schedule approved, the exploration is planned to be carried out in 16 months and is progressing as per schedule. It would be completed during 2007-08 and a sum of Rs. 225.00 lakhs is likely to be spent during the year.

- (d) The exploration of bauxite at Lupungpat, distt. Gumla, Jharkhand was approved in the 14th SCPP held on 8.6.06. As per the time schedule approved, the exploration is planned to be carried out in 9 months. In view of the adverse law & order situation, efforts were on and after lot of persuasion and negotiation with local people, MECL could mobilise its resources to commence the operation during December' 06 only. However, due to resistance from the local people and adverse law and order situation the resources mobilised were withdrawn. Once again MECL remobilised the resources and commenced of the operation during January' 07. However, after carrying out 35m of drilling only the operation has been suspended once again, due to intermittent stoppage of work by local people. MECL is pursuing with the local people and on improvement of the situation it would again commence the operations. In view of the above circumstances the implementation of the scheme has been delayed."

6.4 When asked whether the Government has any proposal to mechanize and modernize the exploration and production of minerals, the Ministry of Mines informed as under:—

"In order to improve upon the performance and to meet the challenges and competition from other agencies operating in country for mineral exploration activities, MECL proposes to take up modernization and technological up gradation in phased manner. Recently, MECL has procured a few new machines/instruments viz. Kores Acker Hydrostatic drill of 2000 m capacity, Total Station, GPS, Auto level, Mud Pump, etc.

It has planned to acquire following machines/instruments to upgrade and modernize its Laboratory, Geophysical Unit, Remote Sensing, Survey, Drilling, Mining and Geological Wing.

The old plant & equipment are proposed to be replaced gradually while state-of-art equipment/machineries are proposed to be procured as per the requirement of the industry. During the 10th plan period a total of Rs. 19.00 crore has been spent (including Rs. 8.00 crores during 2006-07)."

6.5 Targets, allocation and new projects for 11th Plan

(a) Target

Ministry of Mines through its PSU, MECL proposes to continue its core activities involving detailed exploration, drilling and developmental

mining during the XIth Plan Period. The mineral exploration activities shall be carried out in consonance with the national priority wherein exploration for coal and lignite, base metals, gold, PGM group of metals and strategic minerals shall be taken up. The perspective area for investigation are given below:

• **Copper**

- (a) Jharkhand: Turamdih cluster of deposit, Dhobani Area, Chapri Open pit block, Kanyaluka sector, Baharagora Sector,
- (b) Rajasthan: Dhani Basari, Baniwala ka Dhani, Sanganer Siwana area, Pratapgarh Jaipur area, Dhariba-Akola Bhinder Belt,
- (c) Madhya Pradesh: Dhelwara block and Bhuyar block in Betul Chhindwada Belt.

• **Lead & Zinc**

- (a) Rajasthan: Pur-Banera-Bhinder Belt, Sawar-Bajta Belt & Pindwara-Watera-Desi Ambaji Belt.
- (b) Madhya Pradesh: Bhanskhapa-Pipariya, Maurya, Bhawara-Tekra in Betul Chhindwara Belt.

• **Gold**

- (a) Andhra Pradesh: Ghanapur Schist belt, Vellore Schist belt, Peddavaru Schist belt, Jonnagiri Schist belt & Gani-Kalva area.
- (b) Karnataka: Belaghatta area, Chitradurga Schist Belt, Jal-Gudur Benchamatti area, Hungund-Hagari Schist belt, Kalledevar-Hosahomatti Area, Shimoga Schist Belt, Chalgeri, Airani, Ranebennur, Shilmoga Schist belt, Extension of Hutti North Block and Ramaldinni block, Buddine block in Hutti-Muski Schist belt, Bangargatti block, Shimoga Schist belt & Ajjanhalli area, Ajjanhalli gold Field.
- (c) Rajasthan: Bhukia Gold Prospect and Dhanibasri Au-Cu.
- (d) Jharkhand: Parsier, Singhbhum fold belt.
- (e) Kerala: Maruda block, Vannathura block & Sembrakkod block.

• **Bauxite**

- (a) Jharkhand: Lohardaga and Gumla districts
- (b) Orissa: Kadliya bauxite, Sundergarj distt.
- (c) Gujarat: Jamnagar and Banaskhapa

- **Iron Ore**

- (a) Orissa: Gorumahisani-Badampahar belt deposits, Deposits in Tomka-Daitari sector, Malangtoli group of deposits, Ghadhamadhan
- (b) Jharkhand: Ghatkuri area, Chiria, Gua
- (c) Chhattisgarh: Bailadila deposits, Rowghat and Dali-Rajhara
- (d) Maharashtra: Surajgarh Magnetite deposit
- (e) Tamil Nadu: BMQ of the Tiratamalli hills, Kanjimalai, Godumalai, Nainamalai, Southern Granulite Belt
- (f) Rajasthan: Pu-Banera Belt of Mangalwar Complex
- (g) Andhra Pradesh: Supra Crustal Belt
- (h) Assam: Granulite belt of Archean Gneiss complex of Lower Assam

- **Tungsten**

- (a) Maharashtra: Sokoli fold belt
- (b) Rajasthan: Syenite carbonetite province, Sirohi area

It plans to expand its diversification programmes in the field of (i) coal sampling as referee agency, (ii) slim hole drilling for CBM investigation.

Further it plans to take up the new areas for diversification such as (i) large diameter drilling for mine support services, (ii) services for production well drilling of CBM, (iii) geo-technical & geo-hydrological investigations, (iv) lump-sum turn key projects. In addition for long term sustenance, it proposes to take up production mining of bauxite at Serengdag Dist. Surguja, Chhattisgarh. For the purpose it has initiated action for granting of Mining Lease of the area.

Allocation

11th Plan is yet to be finalized.

New Projects

Based on the details of geological report provided by GSI for the regional exploration carried out by them, MECL proposes to prepare 4 new schemes namely for exploration of Copper & gold at Dhani Basri, for copper at Baniwala Ki Dhani in Rajasthan and for copper at

Dhobhani mine area and for gold at Parasi in Jharkhand State. The said schemes would be put up to SCPP for approval. The exploration of approved schemes would be carried out utilizing promotional fund allocated for 2007-08. The monitoring/review of exploration programmes is taken by the Technical Sub-Committee of the SCPP and also by SCPP periodically. MECL is in constant touch with GSI officials for providing the geological report of the potential mineral prospect requiring detailed exploration. based on the data made available it will be formulating more exploration schemes for taking up the detailed mineral exploration programmes during XI plan.

6.6 The Outlays for the year 2006-07 and 2007-08 for MECL is as under:

(Rs. in crores)

BE-2006-07			RE 2006-07			BE 2007-08		
BS	IEBR	Total	BS	IEBR	Total	BS	IEBR	Total
17.00	8.00	25.00	14.00	8.00	22.00	11.00	8.00	19.00

In response to a query from the Committee about the reasons for decreasing the budget at RE stage during the year 2006-07 and further reduction at BE stage during the year 2007-08, the Ministry has informed as follows:

“The status of utilization of fund for promotional exploration during 2006-07 was reviewed by Ministry of Mines in November, '06. Considering the actual utilization upto November '06 and anticipated by March, '07 the allocation were reduced to Rs. 14.00 crores.

The reduction in allocation is attributed to delay in commencement/ non commencement of the approved promotional projects namely Timran Mata gold in Rajasthan, Ghatkuri (East) for iron ore in Jharkhand for want of forest clearance and non commencement of exploration for copper in Intervening block (between Ramachandrapahar & Byanbil) due to law & order situation. The operation at Lupungpat bauxite is affected due to intermittent stoppage of work by local people. For the year 2007-08 against the demand projection of Rs. 18 crores, an outlay of Rs. 11.00 crores has been provided for promotional exploration. In case MECL approaches the Ministry of Mines for additional funds, attempts for enhanced outlay at RE stage will be made.”

6.7 In response to a query of the Committee whether the funds earmarked for replacement/procurement of new plants and machinery are sufficient to meet its requirements, the Ministry of Mines stated as below:

“The outlay of Rs. 8.00 crores IEBR is expected to be utilized fully by MECL during 2006-07. During 2007-08 the proposed outlay of Rs. 8.00 crores would be utilized for replacement of old plant & equipment and induction of new state-of-art equipments.”

6.8 When asked whether MECL has proposed to take up new projects during 2007-08, the Ministry of Mines stated as follows:

“MECL is vigorously pursuing to obtain forest clearance and also negotiating with the local people for taking up mineral exploration programmes on the approved schemes such as Timaran Mata Gold, Gharkuri (East) iron ore, Maruda gold, Dholomala Copper and Intervening block (between Ramachandrapahar and Byanbil). It plans to take up new exploration programmes also for which it would be submitting the proposals for approval of the SCPP shortly. The average cost of each scheme would be in the range Rs. 1.50 to 2.00 crores.”

6.9 During the study tour of the Committee on Coal and Steel to Nagpur on 6th November, 2006, the Committee enquired regarding status of Ghatkuri East and Ghatkuri West Iron Ore Projects. The Ministry replied that MECL is pursuing with concerned forest authorities for early clearance.

When the Committee wanted to know about the present status of the above projects, the Ministry of Mines stated as under:

“MECL is vigorously pursuing at different levels for obtaining the forest clearance to commence the exploration for iron ore at Ghatkuri East block. On recommendation of the Regional Chief Conservator of Forest, Jamshedpur, the proposal for forest clearance has been forwarded by the Principal Chief Conservator Cum Executive Director, Ranchi on 20.3.2007, to Principal Chief Conservator of Forest (Central), Bhubaneswar for their recommendation and onward transmission to Government of India for the approval.

The exploration of Ghatkuri (W) was dropped in the 15th SCPP.”

6.10 The exploration for iron ore at Ghatkuri (West) by MECL was dropped in the 15h SCPP meeting. In response to a query of the

Committee regarding the reasons which ultimately led to dropping of the project, the Ministry of Mines informed as under:

“The Exploration of Ghatkuri (West) and Ghatkuri (East) was approved in the 14th SCPP held on 8.6.06. During the 15th SCPP while reviewing the status of approved projects it was decided that the exploration of Ghatkuri (East) may be taken up while for Ghatkuri (West), the same was dropped due to low priority for iron ore. It is understood that some private agencies have evinced interest in exploration of Ghatkuri (West).”

6.11 On being enquired about the status of exploration of copper and gold at Dhani Basari for copper at Baniwala Ki Dhani in Rajasthan and for copper at Dobhani mine area and for gold at Parasi by MECL in Jharkhand State, the Committee have been informed as under:

“The schemes of exploration (i) copper and gold for Dhani Basari dist. Dausa, Rajasthan, (ii) copper at Dhobhani mine area, distt. Singhbhum (East) and (iii) gold at Parasi distt. Ranchi in Jharkhand State have been prepared and would be put up to Technical Sub-Committee of SCPP in the meeting Scheduled to be held on 18.4.2007. Based on its recommendation, these schemes would be put up for approval in the 16th SCPP proposed to be held in May, 2007. The report of regional exploration for copper carried out by GSI at Baniwala Ki Dhani, dist. Sikar, Rajasthan is under finalisation at GSI and as soon as it is received, MECL would examine the data for formulating scheme for detailed exploration.”

6.12 Regarding action taken by the Ministry to attract investment from domestic private companies and abroad in the field of gold and diamond exploration, the Ministry of Mines informed as under:

“MECL has been continuing promotional exploration on behalf of Ministry of Mines, Government of India for over three decades. The Ministry of Mines has issued guidelines on the pricing policy for data/report and modalities for its dissemination. Categorization of exploration reports has also been done in Category-A, B, C, D depending upon the potentiality of the prospect. The reports are available at a nominal cost ranging from 5% to 15% of the total exploration cost for the interested agencies.”

6.13 The Committee note that the Mineral Exploration Corporation (MECL) had taken up 36 mineral exploration programmes during the 10th Plan period under the promotional scheme on behalf of the Ministry of Mines. Out of these 36 projects, 26 projects has since been completed and the remaining 10 projects are in progress and will spill over to 11th Plan. Keeping in view the increased private

participation in the mineral exploration activities, the Committee are of the strong view that MECL being the sole Government agency in the field of detailed exploration has to strive hard to remain competitive. The Committee, therefore, feel that the performance of MECL during the 10th Plan particularly its failure to complete as many as one third of the mineral exploration projects taken up by it, does not commensurate with its brand image. The Committee, therefore, desire that MECL should make all out efforts to achieve the targets during 11th Plan for mineral exploration to improve its image as a performer. The Committee are unhappy to note that MECL could not spend its budget during the year 2006-07 and the same was reduced from Rs. 25 crores to Rs. 22 crores at RE stage. The Committee desire that all out efforts be made to utilize the budgetary outlays during the year 2007-08. The Committee also desire that the projects that spilled over to 11th Plan should be completed during 2007-08 itself.

6.14 The Committee note that MECL could not commence promotional exploration in respect of five projects *viz.* Ghatkuri East, Timaran Mata, Maruda, Dholamala and Intervening Block (between Ramachandrapahar & Byanbil) for want of forest clearance and law and order situation in the area. As a result of this, the outlay of Rs. 17 crores during the year 2006-07 for promotional exploration, reduced to Rs. 14 crores at RE stage was subsequently pegged at Rs. 11 crore at BE stage during the year 2007-08. The Committee feel that unless forest clearance is obtained for executing the above schemes even the reduced fund earmarked for this purpose during 2007-08 would not be utilized. The Committee are of the view that this has not only retarded the financial performance of the company but became a stumbling block in the mineral exploration activities of the company. The Committee, therefore, recommend the Ministry to take up the matter with the Ministry of Environment and Forests at the highest level for expediting the forest clearances for the above projects so as to ensure their timely completion.

6.15 The Committee are unhappy to note that MECL spent only Rs. 19 crores on modernisation and desire that it should draw up a time-bound programme to take up modernisation and technological upgradation for which sufficient funds should be made available. The Committee should be informed of the action taken in the matter.

D. Hindustan Copper Ltd. (HCL)

Hindustan Copper Limited (HCL), a Government of India Enterprise and the nation's only producer of primary copper from indigenous resources was incorporated as a Public Sector Unit on 9th November 1967. The major activities of HCL are exploration,

mining, beneficiation, smelting, refining and casting of finished copper metal into saleable products. HCL produces primary copper in the form of cathode/wire rod. Apart from copper, HCL also produces various by-products like Anode Slime and Sulphuric acid. The present smelting and refining capacity of HCL is supported by mining/beneficiation activity and import of concentrate to cover the shortfall.

7.2 The main operating units of the Company are as under:—

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

7.3 Responding to a query regarding HCL targets/achievements, percentage of achievement against MoUs signed in each year of 10th Five year Plan, the Ministry of Mines stated as under:

“Targets/achievements and percentage of achievement against MoUs signed for each year of the 10th five year plan are given below:

Physical

(figures are in tonnes)

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07 (Projected)
1	2	3	4	5	6
MIC					
Target	33500	30000	31000	31000	29500
Actual	30824	28306	28925	22984	30000

1	2	3	4	5	6
(%) Achievement Cathode	92%	94%	93%	74%	102%
Target	45000	40000	28500	40000	42000
Actual	36575	30598	24186	36087	39000
(%) Achievement	81%	76%	85%	90%	93%

Financial	(Rs. in crore)				
Turnover					
Target	623.16	535.61	410.60	774.77	1077.2
Actual	505.68	499.28	559.11	1053.76	1701
(%) Achievement	81%	93%	136%	136%	167%
Net Profit/(loss)					
Target	(92.02)	(129.51)	(67.67)	6.99	118.35
Actual	(147.70)	(56.16)	52.06	100.22	330.0
(%) Achievement	62%	230%	N/A*	1434%	279%

*Due to negative to positive change

7.4 When asked about the major bottlenecks in the mining industry identified during 10th Five Year Plan period, the Ministry of Mines informed the Committee as below:—

“During 10th Five Year Plan, major bottlenecks in respect of Hindustan Copper Limited were availability of limited financial resources for exploration and exploitation of copper mineral and unviability of mining operation in view of low LME. Due to financial crunch, development of the mines had been stopped. With improved financial performance more thrust has been given on mine development activity. Company has also appointed mining consultant to identify areas of improvement, and optimisation of production through upgradation of existing operations of mines. Reopening of closed mines is also being considered”.

7.5 When asked whether the Government has any proposal to mechanize and modernize the exploration and production of minerals, the Ministry of Mines informed as under:

“As per the direction of the Ministry to develop as a mining company, HCL has appointed a Mining Consultant to identify areas

of improvement, and optimisation of production through up-gradation of existing operations of mines. Based on the recommendations of the Consultant, a plan of implementation will be drawn for modernization/mechanization of mines. In addition to this, HCL are in the process of forming strategic alliances with globally recognized exploration and exploitation companies. This will also help to gain up-to-date technological and managerial know-how in exploration and production of copper”.

7.6 Targets, allocation and new projects for 11th Plan

(a) Target

As HCL has started making profit & Govt. of India is actively considering a restructuring proposal for the company, HCL has been advised to formulate a long term growth plan to transform itself into a self-sustainable and vibrant organization. For this, a comprehensive time bound road map for steering the Company towards vibrant growth and value creation in a domain where it has a competitive edge (mining) has been prepared by HCL. This measure, incidentally, will also enhance copper mineral exploitation in the country and thereby increase availability of indigenous copper metal.

(b) Allocation

No budgetary allocation has been either asked for, or allocated during 11th five year plan for HCL. HCL has identified mining as a major value added activity and more thrust will be given on mining during 11th five year plan. HCL has made a year wise plan to allocate fund through its internal generation. Company will invest Rs. 183 crore on renewal & replacement of various equipments of mines & plants in first four years of the 11th plan. In addition to this fund, additional fund of Rs. 271 crore have been earmarked for mine development activities during first four years of 11th five year plan.

(c) New Projects

Since HCL is the only vertically integrated company, the Ministry has advised the company to give a thrust to mine development. HCL has accordingly identified mining as a major value added activity and more thrust will be given on mining during 11th five year plan. Company has appointed a global mining Consultant for feasibility study

of identifying new projects. On the basis of preliminary findings, company made plans to open new mines at Banwas (Khetri, Rajasthan), underground mines at Malanjkhand (Malanjkhand, Madhya Pradesh) & Chapri Sideshwar (Jharkhand). Final estimates on cost, implementation schedule & allocation of fund for each project will be finalized thereafter.

7.7 The outlays for the year 2006-07 and 2007-08 for HCL is as under:

(Rs. in crores)

Head of Div.	BE-2006-07			RE 2006-07			BE 2007-08		
	BS	IEBR	Total	BS	IEBR	Total	BS	IEBR	Total
12853	30.00	—	30.00	28.50	—	28.50	—	50.00	50.00

An outlay of Rs. 50 crores have been approved for HCL for Replacement and Renewals (R&R) for the year 2007-08 which is to be met by internal resources. No budgetary outlay was approved for the year 2005-06. However, Rs. 28.50 crores were sanctioned for R&R programme. When asked (i) Whether the outlay of Rs. 50 crore would be sufficient to implement R&R schemes; and (ii) Whether HCL would be able to generate this amount from internal resources, the Committee have been informed as follows:

- “(i) Year-wise plan has been prepared for replacement and renewal of various equipments for next five years. As per initial estimates, Rs. 50.0 crore has been earmarked for plan outlay during the year 2007-08 through internal resources.
- (ii) Yes, company would be able to meet capital outlay of Rs. 50 crore during the year 2007-08 through internal resources.”

7.8 No outlay has been proposed for HCL for the critical ongoing schemes and new schemes *i.e.* Banwas Mine and Alternate ore pass system at Khetri Mine. When asked whether the above scheme would be taken up during 2007-08, and from where the availability of funds would be made to complete these schemes, Ministry of Mines in written reply stated as under:

“Opening of Banwas mine and commissioning of Alternate Ore pass System at Khetri Mine would be taken up during 2007-08. HCL is exploring the possibility of entering into strategic alliances with globally recognized mining Companies for opening of Banwas mine, which will bring all the required investment to commission

Banwas Mine. Funds for commissioning of Alternate Ore pass System at Khetri Mine has already been considered in the capital outlay of Rs. 50 crore during the year 2007-08 which will be met through internal resources.”

7.9 Responding to a query of the Committee about the sufficiency of funds earmarked for replacement/renewal of critical equipments, the Ministry of Mines submitted as under:

“Yes, in FY 2006-07, Rs. 30 crore has been spent on replacement/renewal of various equipment. The shortfall in budgetary support of Rs. 1.50 crore (between BE 2006-07 & RE 2006-07) has been met out of increased internal generation of funds. Year-wise plan has been prepared for replacement/renewal of various equipment for next five years. The funds earmarked through internal resources of Rs. 50.00 crore for Financial Year 2007-08 is sufficient.”

Restructuring Proposal of HCL

7.10 The Company has formulated a Restructuring Proposal based on the Corporate Plan. The proposal is under active consideration of the Board for Reconstruction of Public Sector Enterprises (BRPSE) and Government of India. Mining has been identified as key thrust area in the proposal and company has proposed to explore/exploit and develop new mining deposit and optimisation of production of the existing mines. The Company has also proposed for restoration of retirement age to 60 years to retain the available talent in the company as well as to attract new talent. Company has sought non-cash support of Rs. 637 crore to strengthen and clean the Balance Sheet.

7.11 On being enquired about when the financial restructuring proposal of HCL will be finally approved by Government of India, the Ministry of Mines stated as follows:

“The draft cabinet note for CCEA for financial restructuring of HCL duly approved has been sent to the concerned Ministries/ Departments for eliciting their comments which will be incorporated in the final Cabinet note to be submitted to CCEA.”

7.12 HCL has planned for proper and timely replacement/renewal of critical equipments in Smelter, Refinery, Milling House and various material handling equipments in Mines is pre-condition for achieving better capacity utilization. When asked about the installed capacity/

percent of capacity utilization during the last five years by HCL, the Ministry of Mines stated as under:

“Installed capacity of cathode and capacity utilization is given below:

(Figures are in tonnes)

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07 (Projected)
1	2	3	4	5	6
Cathode					
Installed Capacity	47500	47500	47500	47500	47500
Production	36575	30598	24186	36087	39000
Capacity Utilization (%) Continuous Cast rod (CCR)	77%	64%	51%	76%	82%
Installed Capacity	60000	60000	60000	60000	60000
Production	330346	28003,	27423	34749	42000
Capacity Utilization (%)	51%	47%	46%	58%	70%

7.13 While replying to a further query regarding HCL has not been able to achieve the full capacity utilization since 2002-03, the actuals for the year 2006-07 and target for 2007-08 and the measures proposed for achieving full capacity utilization, the Ministry of Mines informed the Committee as under:

“HCL was passing through a critical phase during 1996-97 to 2003-04 due to unprecedented fall in LME price of Copper and during that period the company incurred a loss of Rs. 992.70 crore. Due to huge accumulation of losses the Company was left with no fund for investment in mine development activities and replacement and renewal of plants and equipment. Over a period of time this adversely affected the production and the company was not in a position to generate adequate Metal-in-Concentrate (MIC) to meet the requirement of smelters and refineries. The TC/RC of imported copper was also very low and it was found to be uneconomical to import concentrate from abroad. The company also did not have fund to meet the liability in respect of import of concentrate. As a part of strategy for survival, Company closed down some of its mines which were found to be totally unviable at the prevailing LME. In addition to this the on-going process of disinvestments

led to an atmosphere of total uncertainty and all promotional activities were virtually deferred. The overall situation led to a total mismatch in the availability of concentrate *vis-a-vis* requirement of smelters and company was not in a position to utilise the capacity.”

Physical Performance:

7.14 The production of ore, metal in concentrates, refined copper (cathode) and wire-rod during the year 2004-05, 2005-06 and 2006-07 (upto December, 2006) are given below:

Products	2004-05 Actual	2005-06 Actual	Target for 2006-07	2005-06 Actual (upto Dec. 2005)	2006-07 Actual (upto Dec. 06)
Ore Production ('000 T)	2923	2637	3100	1955	2414
Metal in concentrates (T)	28926	22984	29500	17326	21328
Refined Copper (Cathode) (T)	24186	36087	42000	27559	27415
Wirerod (Taloja) (T)	27423*	34749*	52000	24099	28734*

*Including tolling of cathode into wire rod on behalf of other parties.

Financial performance of the Company since 2004-05 is given below:

Financial Performance:

Details	2004-05 Actual	2005-06 Actual	Target for 2006-07	2005-06 Actual (upto Dec. 2005)	2006-07 Actual (upto Dec. 06)
Income	631.24	1107.60	1089.18	656.92	1451.22
Operating cost	480.43	910.47	876.42	505.23	1107.43
Interest and transaction cost	42.99	38.54	29.45	28.00	23.66
Depreciation and Amortisation	55.75	58.37	64.96	45.47	54.99
Net Profit/(Loss) before income tax	52.06	100.22	118.35	78.22	265.14

Sales Performance

7.15 The Company has achieved total sales of 28,596 tonne of refined copper, amounting to Rs. 1298.27 crore during the year 2006-07 (upto December, 06). The anticipated sales for 2006-07 would be 42,000 tonne.

7.16 The Committee note that Hindustan Copper Ltd. (HCL), a Government of India enterprise is engaged in exploration and exploitation of copper deposits, including smelting and refining. The Committee further note that HCL, which was running losses till 2003-04, has started posting profits since 2004-05 which reached Rs. 265.14 crore approximately (till December, 2006) during the year 2006-07. The financial support of Rs. 40 crore was altogether withdrawn in the year 2005-06. The Committee are happy to note that HCL has not only shown improvement in its performance but also generated enough financial resources to meet the expenditure on its project/schemes.

The Committee feel that since HCL has turnaround and started making profits, a comprehensive road map for all-round growth of the company becomes imperative. The Committee, therefore, recommend the Ministry to prepare a 'Vision Document' for a sustainable growth of HCL for the next 20 years.

7.17 The Committee note that a provision of Rs. 50 crores has been made for the year 2007-08 for HCL for carrying out replacement/renewal of various equipments for the next five years to be generated through internal resources of the company. The Committee further note that a financial restructuring proposal of the company has been pending with the Ministry for a long time which has not only affected the overall performance of the company but has deprived it from becoming a self sustaining company. The Committee in their 16th Report had recommended that the financial restructuring proposal of the company based on the detailed Corporate Plan should be approved without any further loss of time. The Committee are unhappy to note that the proposal is still kept pending which required immediate action. Such delays in fact lead to avoidable deterioration in the performance of HCL. The Committee take a serious view of the matter and desire that the financial restructuring of the company be done in a time-bound manner. The Committee should be kept informed of the action taken in the matter.

CHAPTER V

NATIONAL MINERAL POLICY

National Mineral Policy was enunciated in 1993 and several initiatives were taken for making the mining statute at par with best international practices in the mining sector. In keeping with this approach Hoda committee was constituted to review the National Mineral Policy and suggest amendments in the Mines and Minerals (Development & Regulation) Act, 1957 to give a fillip to private investment in the mining sector. Hoda Committee has identified statutory and procedural issues, infrastructural inadequacies, restrictive conditions imposed by the state governments in grant of mineral concessions as the major bottlenecks in attracting investment and technology in mineral exploration and extraction in India.

A National Mineral Policy, 2007, addressing all these issues is under consideration of GOM.

8.2 A proposal to review the National Mineral Policy is under active consideration of the Government of India and the Hoda Committee is presently seized of the matter.

On being enquired about the status of the draft National Mineral Policy, the Ministry of Mines submitted as under:

“National Mineral Policy, 2007 (NMP, 2007) is under consideration of the Group of Ministers (GOM).”

8.3 As regards the recommendations of the Ministry on revision of National Mineral Policy, the Committee have been informed as under:

“Several changes have taken place in both the domestic and the global economic scenario surrounding the mining and minerals sector since the National Mineral Policy was enunciated in 1993. The need for optimal exploitation of natural resources, availability of raw materials and primary metals at market determined prices on a global scale and promotion of processing capacities based on comparative advantage have become the new parameters around which policies are being designed. It has therefore, become necessary to review the thirteen year old National Mineral Policy, 1993, and the essentially conservation based regulatory regime

comprising the Mines and Minerals (Development & Regulation) Act, 1957, the Mineral Concession Rules, 1960, and the Mineral Conservation and Development rules, 1988, and revise the same wherever necessary so as to develop the mining sector up to its potential.”

8.4 A meeting of the Mineral Advisory Council was held in New Delhi on 6.11.2006. As regards the outcome/recommendations of the Council, the Ministry of Mines submitted the Committee as below:

“Meeting of the Mineral Advisory Council was held on 6.11.2006 at New Delhi. In the meeting, recommendations of the High Level Committee set up by the Planning Commission were mainly discussed beside other issues. In the meeting, there was consensus that a new National Policy could be framed as far as possible with majority consensus and every effort will be made to take all the stake holders along by strictly following the basic tenet of national interest above everything else.”

8.5 When asked whether any proposal to give preferential allotment of iron ore mines to steel PSUs finds place in the recommendation of the Hoda Committee, the views of the Ministry in this regard, the Ministry of Mines stated as follows:

“The Hoda Committee has recommended that the State Government may grant the lease to a value adder who is willing to set up the downstream industry within the territorial limits of the State. In case of the more than one applicant offering to set up such an industry within the State, the State Government may grant the mining lease to the applicant, which it adjudges to be the most deserving. However the Committee has also recommended that in case there is no value adder, the State Government should grant mineral concession to the available applicant instead for waiting for a value adder to come in the interest of mineral development. The State Government may also waive the tender/auction procedures for ore bodies occurring within the State that have been prospected by government agencies.”

Recommendations of Hoda Committee on reservation are quoted below:

“1.76 The Committee agrees that it is necessary to provide a level playing field to the private sector but this has to be accomplished without disturbing the primacy of promotional work done by national agencies. At the same time, it is also necessary to allow

the PSUs to pursue their core competence albeit in a competitive atmosphere. The following recommendations are, therefore, made:

- (i) The emphasis on both public and private sector investment in exploration, especially regional exploration ore reconnaissance, needs to continue. However, looking at the need for private investment in these activities it is necessary that PSUs of the Central and state governments be treated at par with private sector companies in the grant of mineral concessions. The reservation provisions for PSUs for exploration and mining should be modified so as to limit the scope of such reservations to specified purposes such as to meet the requirement of SMEs (small and medium enterprises) for raw material. Besides, promotional work at public expense need not be undertaken if the private sector is willing to spend and invest on the same work.
- (ii) Where detailed exploration/prospecting is undertaken by state or Central Organisations like GSI, MECL, or state-level Directorates as promotional work (i.e. at public expense) and mining based on such prospecting is to be undertaken by a third party, then such areas/blocks should be farmed out for mining on a tender/auction basis. This would not only ensure that transparency is maintained, but also the revenue generated from such auctions would help augment the resources of the states. This would also help small miners (SME sector) who do not have sufficient resources to take up prospecting singly by themselves but can do so collectively or even outsource the work."

These issues have been taken up in the National Mineral Policy, 2007, which is under consideration of the GOM."

8.6 The Ministry of Mines has been granting mining lease to various steel companies including steel PSUs. When asked whether any preference is given to steel PSUs while approving the mining lease, the Ministry of Mines submitted as under:

"As per the provisions of Mines and Minerals (Development and Regulation) Act, 1957, an Indian national or a company as defined in sub-section (1) of Section 3 of the Companies Act, 1956 can be granted a mineral concession. No preference is given to any PSU for grant of mineral concession unless the area is reserved for exploitation by PSUs."

8.7 The Committee note that the present National Mineral Policy was enunciated in 1993 after which a lot of changes in the mining sector have taken place. Recognizing the need to further improve

the investment climate for mining sector in the country, the Planning Commission set up a high level Committee under the chairmanship of Shri Anwarul Hoda to review the National Mineral Policy and recommend possible amendments to the Mines and Minerals (Development & Regulation) Act (MMDR). The Hoda Committee has recommended, *inter-alia*, that the State Government may grant the mining lease to a value added who is willing to set up the downstream industry within the territorial limits of the State and in case of more than one applicant the State Government may grant the mining lease to the most deserving applicant. The Hoda Committee has also recommended that the PSUs be treated at par with private sector companies in the grant of mineral concessions and the reservation provisions for PSUs for exploration and mining should be modified so as to limit the scope of such reservations to specified purposes such as to meet the requirement of small and medium enterprises for raw material. The Ministry has informed the Committee that these issues have been taken up in the National Mineral Policy 2007 which is under consideration of the Group of Ministers. The Committee desire that the new policy should be finalised at the earliest in consultation with State Governments so that it can lead to optimal exploitation of the resources.

8.8 The Committee find that no preference is being given to any PSU for the grant of mineral concession unless the area is reserved for exploitation by PSUs. The Committee in their 17th Report had desired that National Mineral Policy and MMDR Act should be suitably amended in order to give due preference to the Steel PSUs in grant/renewal of mining lease. The Committee observe that Hoda Committee has not come up with a categorical recommendation for reservation to PSUs in the grant/renewal of mining leases and they are apprehensive to find that empowering the State Government in deciding the deserving applicant, in case of more than one applicant, the genuine concern of the companies particularly PSUs may not get attention of the State Government.

The Committee feel that since the PSUs are vehicle of economic growth and discharging social responsibilities in greater way they deserve priority in the grant of mineral concessions. The Committee, therefore, reiterate their earlier recommendation that National Mineral Policy and MMDR Act should be suitably amended to give priority to the PSUs in grant/renewal of mining lease.

NEW DELHI;
26 April, 2007
6 Vaisakha, 1929 (Saka)

DR. SATYANARAYAN JATIYA,
Chairman,
Standing Committee on Coal and Steel.

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

Sl.No.	Reference Para No. of the Report	Observations/Recommendations
1	2	3
1.	3.23	<p>The Committee note that for the year 2007-08, the Planning Commission has approved an amount of Rs. 1380.29 crores for the Ministry of Mines and its PSUs as against their proposed outlay of Rs. 2027.34 crores. Though there has been a reduction of Rs. 645.05 crore in the Annual Plan outlay, the Ministry is quite confident that sufficient funds have been allocated for the ongoing projects. The Committee are perplexed to find that though the outlays proposed by the Ministry and its PSUs are being approved with major reduction, it is intriguing that they are complacent with reduced allocation. The Committee strongly deprecate the inherent flaws in the budgetary planning in the Ministry whereby year after year the inflated outlays are proposed which are drastically downsized by the Planning Commission. The Committee have little doubt that these reductions would have adverse impact on ongoing as well as new projects. The Committee, therefore, desire the Ministry and its PSUs to prepare realistic estimates which stand the scrutiny of the Planning Commission/Ministry of Finance and thereby obviate a major post allocation exercise for managing the various projects/schemes with reduced allocations.</p>

1	2	3
2.	3.24	<p>The Committee further note that the Plan Budget Estimates of the secretariat of the Ministry for the year 2007-08 has been kept at Rs. 389.70 crore as against Rs. 448.67 crore for the year 2006-07. The Ministry has explained that the primary reason for reduced estimates was transfer of salary and establishment expenses of GSI and IBM under Non-Plan on the direction of Planning Commission. The other reasons for reduced estimates were non-commencement of promotional exploration schemes of MECL due to non-availability of forest clearance, delay in the process of procurement of various equipments by GSI and non-implementation of two new schemes of IBM due to non-availability of external aid linked with these projects.</p> <p>The Committee are unhappy to note that the modernisation of Geological Survey of India (GSI) has been going on for a long time but there is no significant progress as their main proposal for procurement of research vessel is not likely to fructify in 2007-08 also. Since the Detailed Project Report (DPR) and Expenditure Finance Committee (EFC) Memo regarding purchase of research vessel for GSI could not be submitted in time, the Planning Commission reduced the outlay during 2006-07, though a provision of Rs. 8 crore has been kept in the budget for the year 2007-08 towards the payment of consultation charges for the research vessel. The Committee in their 16th Report had desired the Ministry to take necessary measures to ensure that vessel is procured in 10th Plan itself so that exploration efforts to unearth mineral wealth in deep sea and ocean bed do not suffer any more. The</p>

Committee reiterate that the procurement of research vessel as a replacement vessel, for ageing R.V. Samudra Manthan needs to be speeded-up for accelerating the exploration of mineral wealth to give desired boost to the economic development of the country. The Committee, therefore, desire the Ministry to complete all the formalities for the procurement of above vessel in a time-bound manner.

3.

3.25

The Committee note that 2176 group C and D employees of GSI have been identified as surplus by the Expenditure Reforms Commission. During the course of examination of the Demands for Grants (2005-06), the Committee were informed that there was a shortage of manpower in GSI. The Committee in their 9th Report had, therefore, desired that shortage of staff in GSI should be met immediately to obviate the adverse affects on its functioning. The Ministry in its action taken reply had stated that the Government is conscious of the need to a full compliment of staff in GSI and is taking all steps to ensure that there is no shortage of staff at different levels. Now the Ministry has come out with a statement that there are 2176 surplus employees in GSI. The Committee are unable to understand as to how shortage of staff in GSI has turned into surplus of 2176 persons in two years. The Committee strongly disapprove the attitude of the Ministry which provided them with contradictory information. The Committee hardly need to emphasise that adequate manpower is imperative for accomplishing the ongoing and new projects by GSI and also for its modernisation programme. The Committee,

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		therefore, recommend that as far as possible the surplus staff in GSI should be utilized in its various wings/units after imparting them appropriate training and upgrading their skills.
4.	4.3	The Committee are distressed to note that the performance of GSI during 10th Plan has not shown any significant improvement. Except in the year 2002-03 during which it has completed a total of 404 activity in survey & mapping, mineral exploration, specialized investigation, etc. and thereafter no perceptible improvement has been noticed. The Committee are pained to note that despite rapid advancement and modernisation of mineral exploration technology in the world, the GSI is still persisting with obsolete and inefficient technology. Needless to say that GSI being a premier organisation for earth sciences, the Committee desire that it should set example by accelerating its activities in the field of scientific survey and research for locating mineral resources and geological studies during 11th Plan.
5.	4.4	The Committee note that exploration of minerals presently being carried out mainly by Geological Survey of India (GSI) and Mineral Exploration Corporation Limited (MECL) is likely to gain momentum during 11th Plan period since the Ministry is expecting more investments from multinational and domestic private companies in mineral exploration and exploitation. The Committee desire that both the organisations should fix their plan and annual targets and implement them in a time-bound manner. The Committee should be informed of the action taken in the matter.

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6.	4.5	<p>The Committee note that while GSI is carrying out surveys for all minerals with focus on regional surveys involving preliminary part of exploration, the private companies are actively involved in detailed exploration and mining of high value minerals like gold, diamond, base metals, etc. where preliminary geological information is available. The Committee feel that considering the investments required on the large scale work involved in exploration activities, the participation of private sector would accelerate the rate of exploration and benefit the growth of mining sector and economy of the country. The Committee, are, however, of the strong view that since the present day mineral prospecting is undertaken with special emphasis on deficient mineral and ore of high value minerals, GSI should redefine its approach in tune with the emerging markets and strengthen its presence in the exploration sector.</p> <p>The Committee, therefore, recommend that GSI should accord high priority to precious minerals and ores and expanding its areas of activities from reconnaissance, prospecting and preliminary exploration to include detailed exploration as well. The Committee also desire the Ministry to intensify exploration efforts for additional resources in known areas, in potential region, unexplored, inaccessible territories and ocean beds with special thrust on north-east and other remote areas. The Committee also recommend that GSI should strive to attain global benchmark in all spheres in order to increase its contribution to the economic health of the country. the Committee also recommend the Ministry to</p>

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		<p>allocate adequate funds to GSI to upgrade their capabilities through modernisation of equipments and acquiring of state-of-the-art technology and expertise through training in all related fields of mineral exploration.</p>
7.	5.25	<p>The National Aluminium Company Ltd. (NALCO) is Asia's largest integrated alumina-aluminium complex, encompassing bauxite mining, alumina refining, aluminium smelting and casting, power generation, rail and port facilities. NALCO has emerged to be a star performer and now a 'Nav-Ratna' company engaged in production and export of alumina and aluminium and more significantly, in propelling self-sustained growth. The NALCO has planned to invest Rs. 1158 crores during 2007-08 for accomplishing various projects and some of the schemes included in second phase expansion. The Committee hope that it would justify the Government's faith in the company by achieving set targets in a time-bound manner.</p> <p>The Committee have been informed that first phase expansion of National Aluminium Company Ltd. (NALCO), covering Mines and Refinery, Smelter and Power Plant and 8th Unit of CPP, Special Grade Alumina/Zeolite Plants and Rolled Product Unit, was completed during 10th Five Year Plan. It was further stated that the equity participation in Qatar Project involving an outlay of Rs. 1573 crores could not be taken up during 10th Plan since the authorities in Qatar were not interested in pursuing with this project. Further, the Utkal coal mine project involving an outlay</p>

of Rs. 210 crores during 10th Plan period became partially operational because the approval for the same could materialize only in 2004. Thus a number of projects slated for completion during 10th Plan could not come up and 10th Plan outlay was reduced from Rs. 7056 crores to Rs. 2864.25 crores and it has utilized only Rs. 1840.27 crores.

The Committee are concerned to note that NALCO has yet not firmed up the new projects and programmes to be taken up during the 11th Plan, though the company has identified a few schemes for debottlenecking of Alumina Plant, Pottangi Bauxite Mine and setting up of Smelter Plant in lackadaisical attitude on the part of NALCO does not augur well at a time when its second phase expansion programme is in full swing. The Committee, therefore, desire that NALCO should clearly come out with viable schemes for implementation within a time-frame during 11th Plan in order to sharpen its competitive edge in the international market. The Committee desire that NALCO should make all out efforts to fully utilize the 11th Plan outlay of Rs. 9454 crores which it has projected.

The Committee note that NALCO is facing problem of various clearances in operation of bauxite mines like Pottangi and Kodingamali and coal mine at Utkal-E, If these clearances are delayed NALCO may not be able to utilize the allocations made for these projects. All these cases are pending for various clearances/agreements with the Government of Orissa. The Committee desire that the Ministry of

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		Mines must settle these issues with the Government of Orissa at the earliest on mutually agreed terms, otherwise the Committee feel the second phase expansion would be adversely affected as the work on these projects is painfully slow.
9.	5.27	The Committee have been informed that NALCO has proposed to set up a green field smelter project in middle-east region. The Committee view setting up of green field smelter plant abroad a step in the right direction for diversification and value addition by NALCO. The Committee desire NALCO to take serious and effective measures for setting up smelter project in Middle-East, learning from their failure to set up a similar project in Qatar. Keeping in view the massive acquisition and merger by private aluminium company world over, the Committee also desire NALCO to seriously consider the proposals for acquisition/merger of viable aluminium companies in India and abroad to consolidate its position in the World market.
10.	6.13	The Committee note that the Mineral Exploration Corporation (MECL) had taken up 36 mineral exploration programmes during the 10th Plan period under the promotional scheme on behalf of the Ministry of Mines. Out of these 36 projects, 26 projects has since been completed and the remaining 10 projects are in progress and will spill over to 11th Plan. Keeping in view, the increased private participation in the mineral exploration activities, the Committee are of the strong view that MECL being the sole Government agency in the field of detailed exploration has to strive hard to remain competitive. The

Committee, therefore, feel that the performance of MECL during the 10th Plan particularly its failure to complete as many as one third of the mineral exploration projects taken up by it, does not commensurate with its brand image. The Committee, therefore, desire that MECL should make all out efforts to achieve the targets during 11th Plan for mineral exploration to improve its image as a performer. The Committee are unhappy to note that MECL could not spend its budget during the year 2006-07 and the same was reduced from Rs. 25 crores to Rs. 22 crores at RE stage. The Committee desire that all out efforts be made to utilize the budgetary outlays during the year 2007-08. The Committee also desire that the projects that spilled over to 11th Plan should be completed during 2007-08 itself.

11.

6.14

The Committee note that MECL could not commence promotional exploration in respect of five projects *viz.* Ghatkuri East, Timaran Mata, Maruda, Dholamala and Intervening Block (between Ramachandrapahar & Byanbil) for want to forest clearance and law and order situation in the area. As a result of this, the outlay of Rs. 17 crores during the year 2006-07 for promotional exploration, reduced to Rs. 14 crores at RE stage was subsequently pegged at Rs. 11 crore at BE stage during the year 2007-08. The Committee feel that unless forest clearance is obtained for executing the above schemes even the reduced fund earmarked for this purpose during 2007-08 would not be utilized. The Committee are of the view that this has not only retarded the financial performance of the company but became a stumbling

1	2	3
		<p>block in the mineral exploration activities of the company. The Committee, therefore, recommend the Ministry to take up the matter with the Ministry of Environment and Forests at the highest level for expediting the forest clearances for the above projects so as to ensure their timely completion.</p>
12.	6.15	<p>The Committee are unhappy to note that MECL spent only Rs. 19 crores on modernisation and desire that it should draw up a time-bound programme to take up modernisation and technological upgradation for which sufficient funds should be made available. The Committee should be informed of the action taken in the matter.</p>
13.	7.16	<p>The Committee note that Hindustan Copper Ltd. (HCL), a Government of India enterprise is engaged in exploration and exploitation of copper deposits, including smelting and refining. The Committee further note that HCL, which was running losses till 2003-04, has started posting profits since 2004-05 which reached Rs. 265.14 crore approximately (till December, 2006) during the year 2006-07. The financial support of Rs. 40 crore was altogether withdrawn in the year 2005-06. The Committee are happy to note that HCL has not only shown improvement in its performance but also generated enough financial resources to meet the expenditure on its project/schemes.</p> <p>The Committee feel that since HCL has turnaround and started making profits, a comprehensive road map for all-round growth of the company becomes</p>

1	2	3
		imperative. The Committee, therefore, recommend the Ministry to prepare a 'Vision Document' for a sustainable growth of HCL for the next 20 years.
14.	7.17	The Committee note that a provision of Rs. 50 crores has been made for the year 2007-08 for HCL for carrying out replacement/renewal of various equipments for the next five years to be generated through internal resources of the company. The Committee further note that a financial restructuring proposal of the company has been pending with the Ministry for a long time which has not only affected the overall performance of the company but has deprived it from becoming a self sustaining company. The Committee in their 16th Report had recommended that the financial restructuring proposal of the company based on the detailed Corporate Plan should be approved without any further loss of time. The Committee are unhappy to note that the proposal is still kept pending which required immediate action. Such delays in fact lead to avoidable deterioration in the performance of HCL. The Committee take a serious view of the matter and desire that the financial restructuring of the company be done in a time-bound manner. The Committee should be kept informed of the action taken in the matter.
15.	8.7	The Committee note that the present National Mineral Policy was enunciated in 1993 after which a lot of changes in the mining sector have taken place. Recognizing the need to further improve the investment climate for mining sector in the country, the Planning Commission set up a high

level Committee under the chairmanship of Shri Anwarul Hoda to review the National Mineral Policy and recommend possible amendments to the Mines and Minerals (Development & Regulation) Act (MMDR). The Hoda Committee has recommended, *inter-alia*, that the State Government may grant the mining lease to a value added who is willing to set up the downstream industry within the territorial limits of the State and in case of more than one applicant the State Government may grant the mining lease to the most deserving applicant. The Hoda Committee has also recommended that the PSUs be treated at par with private sector companies in the grant of mineral concessions and the reservation provisions for PSUs for exploration and mining should be modified so as to limit the scope of such reservations to specified purposes such as to meet the requirement of small and medium enterprises for raw material. The Ministry has informed the Committee that these issues have been taken up in the National Mineral Policy 2007 which is under consideration of the Group of Ministers. The Committee desire that the new policy should be finalised at the earliest in consultation with State Governments so that it can lead to optimal exploitation of the resources.

16. 8.8 The Committee find that no preference is being given to any PSU for the grant of mineral concession unless the area is reserved for exploitation by PSUs. The Committee in their 17th Report had desired that National Mineral Policy and MMDR Act should be suitably amended in order to give due preference to the Steel PSUs in
-

grant/renewal of mining lease. The Committee observe that Hoda Committee has not come up with a categorical recommendation for reservation to PSUs in the grant/renewal of mining leases and they are apprehensive to find that empowering the State Government in deciding the deserving applicant, in case of more than one applicant, the genuine concern of the companies particularly PSUs may not get attention of the State Government.

The Committee feel that since the PSUs are vehicle of economic growth and discharging social responsibilities in greater way they deserve priority in the grant of mineral concessions. The Committee, therefore, reiterate their earlier recommendation that National Mineral Policy and MMDR Act should be suitably amended to give priority to the PSUs in grant/renewal of mining lease.

BUDGET AT A GLANCE

(Rs. in crores)

1	2	BE 2006-2007			RE 2006-2007			BE 2007-2008		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
		3	4	5	6	7	8	9	10	11
1.	Direction & Administration (Secretariat, Ministry of Mines)		8.86	8.86		9.01	9.01		9.66	9.66
2.	Non-Ferrous Metals									
(i)	National Aluminium Co. Limited									
	(a) Investment in equity									
	(b) Loan									
	Sub Total									
	Total: Aluminium									

1	2	3	4	5	6	7	8	9	10	11
(ii)	Hindustan Zinc Limited									
	(a) Investment in equity							—	—	—
	(b) Loan									
	Total: Zinc & Lead									
(iii)	Hindustan Copper Limited									
	(a) Investment in equity	30.00	—	30.00	28.50	—	28.50	—	—	—
	(b) Loan		25.00	25.00		25.00	25.00			
	(c) Non-Plan Loan									
	Total: Copper									
	Total: Non-Ferrous Metals	30.00	25.00	55.00	28.50	25.00	53.50	—	—	—
3.	Other Mining and Metallurgical Industries									
	Mineral Exploration Corpn. Ltd.									
	(a) Investment in equity				0.01		0.01	—	—	—
	(b) Loan									
	(c) Non-Plan Loan									
	Total: Other Mining & Metallurgical Industries				0.01		0.01	—	—	—

1	2	3	4	5	6	7	8	9	10	11
4.	Survey, Exploration, Regulation & Development of Mines									
	(i) Geological Survey of India									
	(a) Revenue	76.44	197.71	274.15	85.82	197.02	282.84	59.10	204.14	263.24
	(b) Capital	72.51		72.51	28.00		28.00	51.60		51.60
	Total (a) + B	148.95	197.71	346.66	113.82	197.02	310.84	110.70	204.14	314.84
	(ii) Indian Bureau of Mines									
	(a) Revenue	20.38	16.13	36.41	14.35	16.41	30.76	14.00	17.11	31.11
	(b) Capital	1.22	—	1.22	0.95	—	0.95	1.30	—	1.30
	Total (a) + (b)	21.60	16.13	37.73	15.30	16.41	31.71	15.30	17.11	31.11
	(iii) Grants to MECL	17.00		17.00	14.00		14.00	11.00		11.00
	(iv) Grants to BGML		3.41	3.41	—	8.06	8.06	—	1.46	1.46
	(v) Grants to HCL									
	(vi) Science & Technology	4.50	2.30	6.80	2.49	2.56	5.05	3.00	2.70	5.70

1	2	3	4	5	6	7	8	9	10	11
	(vii) International Cooperation		0.28	0.28		0.28	0.28	—	0.28	0.28
	(viii) National Mineral Awards		0.33	0.33		0.33	0.33	—	0.35	0.35
	(ix) Waiver of interest to MECL		—	—	—	58.84	—	—	—	—
	Total: Survey, Exploration, Regulation & Development of Mines	192.05	220.16	412.21	145.61	283.50	429.11	140.00	226.04	366.04
5.	Lump sum provision to North-Eastern Region & Sikkim									
	(i) Geological Survey of India	16.55			14.18		14.18	12.30		12.30
	(ii) Indian Bureau of Mines	2.40			1.70		1.70	1.70		1.70
	Total: Lump sum provision to North Eastern Region & Sikkim	18.95			15.88		15.88	14.00		14.00
	Grand Total:	241.00	254.02	495.02	190.00	317.51	507.51	154.00	235.70	389.70

MINISTRY OF MINES

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

(Rs. in Crores)

Sl.No.	Name of PSUs/ Org.	Annual Plan 2002-2003			Annual Plan 2003-2004			Annual Plan 2004-2005			Annual Plan 2005-2006			Annual Plan 2006-2007			Annual Plan 2002-2007			2007- 2008
		BE	RE	Actual	BE	RE	Actual	BE	RE	Actual	BE	RE	Actual	BE	RE	Anticipa.	BE	RE	Anticipa.	
1.	NALCO	900.00	700.00	608.69	650.00	325.00	229.85	310.00	172.00	152.26	450.71	220.09	224.38	622.14	625.09	625.09	2932.85	2042.18	1840.27	1158.00
2.	HCL	25.00	85.00	85.00	20.00	20.00	113.84	40.00	40.00	40.00	40.00	0.00	0.00	30.00	28.50	28.50	155.00	173.50	267.34	50.00
3.	MECL																			
	-P	8.00	8.00	7.91	9.00	9.00	7.61	10.00	10.00	9.24	11.00	11.00	9.69	17.00	14.00	14.00	55.00	52.00	48.45	11.00
	-C	3.00	3.00	3.00	0.00	0.00	0.00	2.00	2.00	2.00	5.00	6.00	6.00	8.00	8.00	8.00	18.00	19.00	19.00	8.00
4.	GSI	168.50	90.00	81.19	176.00	137.50	101.12	162.00	137.37	116.76	146.50	135.50	128.28	165.50	128.00	128.00	818.50	628.37	555.35	123.00
5.	IBM	18.00	17.50	15.78	19.00	19.00	16.17	20.00	20.63	17.81	18.50	19.50	19.12	24.00	17.00	17.00	99.50	93.63	85.88	17.00
6.	S&T	8.50	6.60	6.60	8.05	8.05	7.61	8.55	8.55	6.73	7.43	7.43	5.96	8.05	6.04	6.04	40.58	36.67	32.94	7.29
7.	Const.	7.00	7.00	4.38	6.00	6.00	5.38	6.00	5.50	3.10	6.00	6.00	6.00	9.00	5.33	5.33	34.00	29.83	24.19	6.00
	Total:	1138.00	917.10	812.55	888.05	524.55	481.58	558.55	396.05	347.90	685.14	405.52	399.43	883.69	831.96	831.96	4153.43	3075.18	2873.42	1380.29

MINISTRY OF MINES

(Rs. in Crores)

Sl.No.	Name of Public Sector Undertakings Name of Schemes/Projects	2007-2008 Proposed	2007-2008 Approved
1	2	3	4
I.	National Aluminium Co. Ltd.		
A.1	Schemes Completed During 2001-02		
1.	Special Grade Alumina		
2.	Zeolite	0.00	0.00
3.	Equity Participation in I.A.P.L. (Rolled Product Unit)	0.00	0.00
	Total (A.1)	0.00	0.00
A.2	Critical on Going Schemes		
1.	Mines & Refinery	0.00	0.00
2.	Smelter & Power Plant	0.00	0.00
3.	VIII Unit of C.P.P.	0.00	0.00
	Total (A.2)	0.00	0.00

1	2	3	4
B.	Schemed at Maximising Benefits	165.02	125.00
C.	New Schemes		
1.	Alumina 4th Stream	1401.00	1000.00
2.	Aluminium 4th Pot line		
3.	CPP (2x120MW)		
4.	Equity Participation of Qatar Project	5.00	1.00
5.	Coal Mine (one block)	60.00	30.00
6.	Debottlenecking of Alumina	1.00	1.00
7.	Pottangi Mines	1.00	1.00
	Total (C):	1468.00	1033.00
	Total (NALCO):	1633.02	1158.00
II.	Hindustan Copper Ltd.		
A.1	Schemes Completed During 2000-01		
A.2	Critical on Going Schemes		

1	2	3	4
B.	Schemes Aimed at Maximising Benefits		
1.	Replacement & Renewals	50.00	50.00
2.	Research & Development		
	Total (B)		
C.	New Schemes		
1.	Banwas Mine		
	Alternate ore pass system at Khetri Mine		
	Total (HCL):	50.00	50.00
III.	Mineral Exploration Corporation Ltd.		
	Promotional	18.00	11.00
	Capital	8.00	8.00
	Total (MECL):	26.00	19.00
IV.	Geological Survey of India		
1.	Survey & Mapping	47.87	31.18
2.	Mineral Exploration	27.73	13.05

1	2	3	4
3.	Specialised Investigation	7.52	0.31
4.	Research & Development	9.09	4.96
5.	Information & Dissemination	20.04	13.84
6.	Human Resource Development	3.85	1.00
7.	Modernisation & Replacement	70.90	58.66
Total (GSI):		187.00	123.00

V. Indian Bureau of Mines

Central Sector Schemes

Ongoing Schemes

1.	Scheme No. 1: Inspection of Mines for Scientific and Systematic Mining, Mineral conservation and mine environment	4.63	6.00
2.	Scheme No. 2: Mineral Beneficiation studies utilisation of low grade and subgrade ores and analysis of environmental samples	5.47	5.04
3.	Scheme No. 3: Technical Upgradation and modernisation	6.53	2.97

1	2	3	4
4.	Scheme No. 4: Collection processing, dissemination of data on mines and minerals through various publication	4.35	1.29
	Capital		
5.	Motor Vehicles	0.12	
6.	Machinery & Equipments	0.80	
7.	Capital Expenditure (Works Outlay)	0.10	
8.	Capital Outlay (NER)	1.70	1.21
	Lump-sum provision for NER (Rev.)		0.49
9(i)	BRGM-Schemes-TMIS-Project. III		
9(ii)	BRGM-Schemes-Physico Chemical-Project. IV		
9(iii)	Token Provision for New Schemes		
	Grand Total (IBM):	23.70	17.00
VI.	Science & Technology Programmes	20.07	7.29
VII.	Construction	87.55	6.00
	Grand Total: Ministry of Mines	2027.34	1380.29

ANNEXURE IV

PROJECTWISE, YEARWISE PROJECT SANCTION, ALLOCATION AND
UTILISATION DURING 10TH FIVE YEAR PLAN

(Rupees in Crore)

Sl.No.	Name of the Scheme/ Project/ Programme	Total 10th Plan Outlay	MID TERM Review 10th Plan	2002-03 Actual Exp.	2003-04 Actual Exp.	2004-05 Actual Exp.	2005-06 Actual Exp.	2006-07 RE	Total of Sl No. 5 to 9
1	2	3	4	5	6	7	8	9	10
A.	Critical/Ongoing Schemes								
1.	Mines & Refinery	126.02	88.50	49.85	14.47	4.35	0.37		69.04
2.	Smelter & Power Plant	697.06	584.79	391.65	101.87	56.84	19.12		569.48
3.	VIII Unit of CPP	384.40	242.75	99.38	91.56	30.29	9.34		230.57
4.	Special Grade Alumina/Zeolite	6.22	13.21	2.92	4.03	2.68	1.49		11.12

1	2	3	4	5	6	7	8	9	10
5.	Rolled Products Unit	34.00	65.00	34.35	3.74	2.87	1.95		42.91
	Sub Total of (A):	1,247.70	994.25	578.15	215.67	97.03	32.27	—	923.12
B.	Schemes aimed at maximizing Benefits (AMRs)	402.30	195.00	30.54	14.18	51.84	59.78	95.45	251.79
C.	New Schemes								
1.	II-Phase Expansion	3,623.00	1,650.00			3.39	129.87	524.47	657.73
2.	Equity Participation in Qatar Project	1,573.00	10.00			—		—	—
3.	Coal Mines (One Block)	210.00	15.00			—	2.46	5.17	7.63
	Sub Total (C)	5,406.00	1,675.00	—	—	3.39	132.33	529.64	665.36
	Total: (A+B+C)	7,056.00	2,864.25	608.69	229.85	152.26	224.38	625.09	1,840.27

SCHEME WISE, CAPITAL OUTLAY UNDER 10TH PLAN

Rs. in crores

Sl.No.	Name of the Scheme/ Project/Programme	Total 10th Plan Outlay	Revised Plan Outlay in Mid-term Review
1	2	3	4
A.	Critical/Ongoing Schemes		
1.	Mines & Refinery	126.02	88.50
2.	Smelter & Power Plant	697.06	584.79
3.	VIII Unit of CPP	384.40	242.75
4.	Special Grade Alumina/Zeolite	6.22	13.21
5.	Rolled Products Unit	34.00	65.00
	Sub total of (A):	1,247.70	994.25
B.	Schemes aimed at maximizing Benefits (AMRs)	402.30	195.00
C.	New Schemes		
1.	II-Phase Expansion	3,623.00	1650.00

1	2	3	4
2.	Equity Participation in Qatar Project	1,573.00	10.00
3.	Coal Mines (One Block)	210.00	15.00
	Sub Total (C)	5,406.00	1675.00
	Total: (A+B+C)	7,056.00	2864.25

SCHEMEWISE, CAPITAL OUTLAY PROPOSED BY NALCO UNDER 11TH PLAN

Sl.No.	Description	Total (Rs. in crores)
1.	II-nd Phase Expansion	4,345.00
2.	Utkal Coal	297.66
3.	AMR	705.02
4.	Debottlenecking of Alumina Plant	400.00
5.	Middle East	3,450.00
6.	Pottangi Mine	255.98
	Total	9,453.66

ANNEXURE VI

MINUTES OF THE SITTING OF THE STANDING COMMITTEE
ON COAL & STEEL (2006-07) HELD ON 26.3.2007 IN
COMMITTEE ROOM 'C', PARLIAMENT HOUSE ANNEXE,
NEW DELHI

The Committee met from 1230 hours to 1345 hours.

PRESENT

Dr. Satyanarayan Jatiya—*Chairman*

MEMBERS

Lok Sabha

2. Shri Hansraj G. Ahir
3. Shri Hiten Barman
4. Shri Chandra Shekhar Dubey
5. Shri Faggan Singh Kulaste
6. Shri Raghuraj Singh Shakya

Rajya Sabha

7. Shri Surendra Lath
8. Shri Ajay Maroo
9. Shri Jesudas Seelam
10. Shri Bashistha Narain Singh

SECRETARIAT

1. Shri P.K. Bhandari — *Joint Secretary*
2. Shri A.K. Singh — *Director*
3. Shri Shiv Singh — *Deputy Secretary*

WITNESSES

1. Shri J.P. Singh, Secretary — Ministry of Mines
2. Dr. Pradeep Kumar, Spl. Secretary — -do-
3. Shri V.K. Thakral, JS — -do-
4. Smt. Ajita Bajpai Pande, JS — -do-

5. Shri Sanjiv Mittal, JS & FA	—	Ministry of Mines
6. Shri Vinod Kumar, Director	—	-do-
7. Shri A.K. Mehta, Director	—	-do-
8. Shri A.K. Singh, Director	—	-do-
9. Shri Deepak Srivastava, Director	—	-do-
10. Shri G. Srinivas, Director	—	-do-
11. Shri Naval Kishore, Director	—	-do-
12. Shri Bhupal Nanda, Dy. Secretary (Fin)	—	-do-
13. Shri A.K. Malhotra, Dy. Secretary	—	-do-
14. Shri P.M. Tejale, DG	—	Geological Survey of India
15. Shri Gautam Dhar, DDG	—	-do-
16. Shri Balram Chattopadhyaya, DIC (PPM)	—	-do-
17. Shri A. Mukhopadhyay, DDG	—	-do-
18. Shri C.P. Ambesh, CG	—	Indian Bureau of Mines
19. Shri R.K. Sinha, COM (Coord)	—	-do-
20. Shri C.R. Pradhan, CMD	—	National Aluminium Company Ltd.
21. Shri B.L. Bagra, Dir (Fin)	—	-do-
22. Shri S.C. Gupta, CMD	—	H i n d u s t a n Copper Ltd.
23. Shri M. Samajpati, Dir (Fin)	—	-do-
24. Dr. A.K. Lomas, CMD	—	M i n e r a l E x p l o r a t i o n Corporation Ltd.
25. Shri C.P. Gupta, Dir (Fin)	—	-do-
26. Dr. S.K. Halidar, Dir (Tech)	—	-do-
27. Shri Deep Prakash, Sr. Manager (BD&P)	—	-do-

2. At the outset, the Chairman, Standing Committee on Coal & Steel welcomed the Members and Officers of the Ministry of Mines to the sitting of the Committee and apprised them of the provision of Director 58 of the Directions by the Speaker.

3. Thereafter, the Secretary, Ministry of Mines briefed the Committee on the Demands for Grants for the year 2007-08 of the Ministry of Mines. The following important points were discussed by the Committee:—

- (i) Analysis of Demands for Grants (2007-08);
- (ii) Achievements *vis-a-vis* utilization of funds during 10th Five Year Plan and the action plan to strengthen the performance of PSUs during 11th Five Year Plan;
- (iii) Investment in Public Sector Undertakings;
- (iv) Status of Hoda Committee Report;
- (v) Export duty of Rs. 300/-per tonne on Iron Ore;
- (vi) Availability of Iron Ore to PSUs.
- (vii) Surplus staff in Group C&D in GSI; and
- (viii) Modernisation of GSI and
- (ix) Royalty rates of Minerals.

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

The Committee then adjourned.

ANNEXURE VII

MINUTES OF THE NINTH SITTING OF THE STANDING
COMMITTEE ON COAL AND STEEL (2006-07) HELD ON
26 APRIL, 2007 IN COMMITTEE ROOM NO. '139',
PARLIAMENT HOUSE ANNEXE, NEW DELHI.

The Committee met from 1500 hrs. to 1530 hrs. to consider and adopt the Reports on Demands for Grants (2007-08) pertaining to the Ministries of Coal, Mines and Steel.

PRESENT

Dr. Satyanarayan Jatiya—*Chairman*

MEMBERS

2. Shri Hansraj G. Ahir
3. Shri Bansa Gopal Choudhury
4. Shri Chandrakant B. Khaire
5. Dr. Rameshwar Oraon
6. Shri Dalpat Singh Paraste
7. Smt. Ranjeet Ranjan
8. Shri Tarachand Sahu
9. Shri Sugrib Singh
10. Shri Ali Anwar
11. Shri Ramadhar Kashyap
12. Shri Ajay Maroo
13. Shri Jai Narain Prasad Nishad

SECRETARIAT

1. Shri P.K. Bhandari — *Joint Secretary*
2. Shri A.K. Singh — *Director*
3. Shri Shiv Singh — *Deputy Secretary*

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

