

**32**

**STANDING COMMITTEE ON  
COAL AND STEEL  
(2007-2008)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF MINES**

**DEMANDS FOR GRANTS  
(2008-09)**

**THIRTY-SECOND REPORT**



मयमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 2008 / Chaitra, 1930 (Saka)*

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COAL AND STEEL  
(2007-2008)

(FOURTEENTH LOK SABHA)

MINISTRY OF MINES

DEMANDS FOR GRANTS  
(2008-09)

*Presented to Lok Sabha on 16.4.2008*

*Laid in Rajya Sabha on 16.4.2008*



LOK SABHA SECRETARIAT  
NEW DELHI

*April, 2008/Chaitra, 1930 (Saka)*

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## CONTENTS

|   | PAGE  |
|---|-------|
| COMPOSITION OF THE COMMITTEE .....  | (iii) |
| INTRODUCTION .....  | (v)   |
| CHAPTER I      Introductory .....   | 1     |
| CHAPTER II      Status of implementation of recommendations<br>contained in the 24th Report of the Standing<br>Committee on Coal and Steel on Demands for<br>Grants (2007-08) of the Ministry of Mines..... | 3     |
| CHAPTER III     Analysis of Demands for Grants (2008-09) .....  | 4     |
| CHAPTER IV     Investment in Public Sector Undertakings.....  | 17    |
| A. National Aluminium Company Limited<br>(NALCO).....   | 17    |
| B. Hindustan Copper Limited (HCL).....  | 26    |
| C. Rehabilitation and Resettlement.....   | 30    |
| Statement of observations/recommendations of the Standing<br>Committee on Coal and Steel contained in the Report .....  | 32    |

### ANNEXURES

|   |    |
|---|----|
| I. Statement showing the Budget Estimates, Revised<br>Estimates for 2007-08 and Budget Estimates for<br>2008-09 ..... | 37 |
| II. Minutes of the sitting of the Standing Committee on<br>Coal and Steel held on 25.3.2008 .....                     | 41 |
| III. Minutes of the sitting of the Standing Committee on<br>Coal and Steel held on 11.4.2008 .....                    | 43 |

COMPOSITION OF THE STANDING COMMITTEE  
ON COAL AND STEEL (2007-08)

Dr. Satyanarayan Jatiya—*Chairman*

MEMBERS

*Lok Sabha*

2. Shri Hansraj G. Ahir
3. Shri D.K. Audikesavulu
4. Shri Hiten Barman
5. Shri Bansagopal Choudhury
6. Shri Chandra Shekhar Dubey
7. Shri Chandrakant B. Khaire
8. Shri Faggan Singh Kulaste
9. Shri Vikrambhai Arjanbhai Maadam
- \$10. Dr. Rameshwar Oraon
11. Shri Dalpat Singh Paraste
12. Shri Brajesh Pathak
13. Smt. Ranjeet Ranjan
14. Shri Tarachand Sahu
15. Shri Raghuraj Singh Shakya
16. Smt. Karuna Shukla
17. Shri Prabhunath Singh
18. Shri Rewati Raman Singh
19. Shri Sugrib Singh
20. Shri M. Anjan Kumar Yadav
21. Shri Anirudh Prasad *alias* Sadhu Yadav

*Rajya Sabha*

22. Shri Ali Anwar
- @23. Shri Devdas Apte
- @24. Maulana Obaidullah Khan Azmi
25. Shri Swapan Sadhan Bose

- @26. Shri Ramadhar Kashyap  
#27. Shri Jai Narain Prasad Nishad  
28. Shri B.J. Panda  
29. Shri Jesudas Seelam  
@30. Shri Bashistha Narain Singh  
31. Shri Yashwant Sinha

SECRETARIAT

- |                      |   |                             |
|----------------------|---|-----------------------------|
| 1. Shri S.K. Sharma  | — | <i>Additional Secretary</i> |
| 2. Shri Ashok Sarin  | — | <i>Joint Secretary</i>      |
| 3. Shri A.S. Chera   | — | <i>Director</i>             |
| 4. Shri Raj Kumar    | — | <i>Deputy Secretary</i>     |
| 5. Smt. Madhu Tandon | — | <i>Committee Assistant</i>  |

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§ Assumed the charge of the office of the Minister of State in the Ministry of Tribal Affairs on 6.4.2008.

@ Retired *w.e.f.* 9th April, 2008.

# Disqualified *w.e.f.* 26th March, 2008 under Tenth Schedule of the Constitution of India.

## INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Thirty-Second Report (Fourteenth Lok Sabha) on Demands for Grants (2008-09) relating to the Ministry of Mines.

2. The Demands for Grants of the Ministry of Mines were laid on the Table of the House on 18th March, 2008. Under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Coal and Steel are required to consider the Demands for Grants of the Ministries/Departments under their provisions and present reports on the same to both the Houses of Parliament

3. The Committee took evidence of the representatives of the Ministry of Mines on 25th March, 2008.

4. The Committee wish to express their thanks to the officials of the Ministry of Mines for the cooperation extended by them in furnishing written replies and for placing their considered views and perceptions before the Committee.

5. The Report was considered and adopted by the Committee at their sitting held on 11th April, 2008.

6. 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;  
11 April, 2008  

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22 Chaitra, 1930 (Saka)

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

# REPORT

## CHAPTER I

### INTRODUCTORY

Minerals are valuable natural resources being finite and non-renewable. They constitute the vital raw materials for many basic industries and are a major resource for development. 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.

1.2 The Ministry of Mines is responsible for the survey and exploration of all minerals, other than Natural gases, Petroleum and Atomic minerals; for mining and metallurgy of Non-ferrous metals like Aluminium, Copper, Zinc, Lead, Gold, Nickel, etc. and for 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 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 other mineral declared as prescribed substances for the purpose 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 matters 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, Diamonds, Lead and Nickel.
3. Planning, development and control of, and assistance to, all industries dealt with by the Ministry.
4. Geological Survey of India.
5. Indian Bureau of Mines.
6. Metallurgical Grade Silicon.

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

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

1.4 The Ministry of Mines has following four Public Sector Undertakings(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).

1.5 The Ministry also holds minority share-holding in the two companies namely Bharat Aluminium Company Ltd.(BALCO), Korba, Chhattisgarh and Hindustan Zinc Ltd.(HZL), Udaipur, Rajasthan which have been disinvested with the transfer of management control to strategic partners.

1.6 There are three Research Institutions, which are autonomous bodies under the Ministry, namely (i) Jawaharlal Nehru Aluminium Research, Development and Design Centre (JNARDDC), Nagpur; (ii) National Institute of Rock Mechanics (NIRM), KGF, Karnataka; and (iii) National Institute of Miners' Health, (NIMH), Nagpur

1.7 The detailed Demands for Grants of the Ministry of Mines were presented to Lok Sabha on 18.3.2008. The Committee in the present Report have examined various issues related to implementation of various schemes/plans/programmes under the preview of the Ministry of Mines. In the context of Demands for Grants 2008-09, the detailed analysis alongwith observations/recommendations of the Committee on various issues have been given in the succeeding chapters of the Report.

## CHAPTER II

### STATUS OF IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN THE TWENTY-FOURTH REPORT OF THE STANDING COMMITTEE ON COAL & STEEL ON DEMANDS FOR GRANTS (2007-08) OF THE MINISTRY OF MINES

The Parliamentary Standing Committee on Coal & Steel had presented their Twenty-fourth Report on Demands for Grants (2007-08) of the Ministry of Mines on 27th April, 2007. The Committee have presented their 29th Report on 'Action Taken by the Government of the Recommendations contained in the Twenty-fourth Report of the Committee on Demands for Grants (2007-08) of the Ministry of Mines' on 7th December, 2007. Out of 16 Recommendations given by the Committee in their Twenty-fourth Report, 14 recommendations (Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14) were accepted by the Government. In respect of Recommendation No.16, the reply of the Government was not accepted by the Committee and in respect of Recommendation No.15, the final reply of the Government was interim in nature.

**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 reply to the Recommendation No.15 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 (2008-09) OF THE MINISTRY OF MINES

The detailed Demands for Grants of the Ministry of Mines for the Year 2008-09 were presented to the Lok Sabha on 18.3.2008. 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. A statement showing the Budget Estimates, Revised Estimates for 2007-08 and Budget Estimates for 2008-09 are given at Annexure-I. The Plan and Non-Plan provisions made in the Ministry of Mines for the year 2007-08 and 2008-09 are as under:—

(Rs. in crore)

| Major Head   | BE 2007-08    |               |               | RE 2007-08    |                |                | BE 2008-09    |               |               |
|--------------|---------------|---------------|---------------|---------------|----------------|----------------|---------------|---------------|---------------|
|              | Plan          | Non plan      | Total         | Plan          | Non Plan       | Total          | Plan          | Non Plan      | Total         |
| Revenue      | 98.59         | 235.70        | 334.29        | 135.58        | 798.53         | 934.11         | 142.20        | 245.00        | 387.20        |
| Capital      | 55.41         | —             | 55.41         | 55.42         | —              | 55.42          | 51.80         | —             | 51.80         |
| <b>Total</b> | <b>154.00</b> | <b>235.70</b> | <b>389.70</b> | <b>191.00</b> | <b>*798.53</b> | <b>*989.53</b> | <b>194.00</b> | <b>245.00</b> | <b>439.00</b> |

\*Including provision of Rs.562.94 crore for cash outgo accounting adjustment.

3.2 The Annual Plan and Non-Plan under Capital and Revenue Sections for the year 2007-08 at BE stage was Rs. 389.70 crore which has been revised to Rs. 989.53 crore at RE stage and for the year 2008-09, the BE has been decreased to Rs. 439.00 crore.

The reasons for variations between BE and RE during 2007-08 and BE 2008-09 furnished by the Ministry are as follows:—

“The variation between BE and RE 2007-08 under Non-Plan in Revenue Section is due to the reason that a provision of Rs. 562.94 crore was obtained through Supplementary for carrying out necessary accounting adjustment *viz.* write down of non-cumulative redeemable Preference Share (Rs. 183.70 crore) and write down of Equity on restructuring of Capital through reduction of Face value of Equity Rs. 10/- to Rs. 5/- amounting to Rs. 382.21 crore against

adjustment of losses as part of the Restructuring of Hindustan Copper Ltd. This would be matched by receipt and would not entail any Cash Outgo. There is no decrease but only normative increase in the provision in BE 2008-09 under Non-Plan.

The variation between BE and RE 2007-08 under Plan in Revenue Section is due to the reason that in BE 2007-08, under Plan no provision was provided for Establishment and administrative expense for Geological Survey of India and Indian Bureau of Mines. Therefore, a provision of Rs. 37.00 crore was obtained in the Supplementary for these expenses thereby increasing the RE 2007-08 provision.”

3.3 The Committee have also been informed that the tentative final spending during 2007-08 has been pegged at RE 2007-08 level *i.e.* Rs. 191.00 crore under Plan and Rs. 798.53 crore under Non-Plan. No significant variation is anticipated.

#### Annual Plan 2008-2009

3.4 The PSUs/Organisation-wise distribution of Approved Outlay for Annual Plans 2007-08 and 2008-2009 is given below:—

#### STATEMENT SHOWING THE AMOUNT EARMARKED DURING THE TWO PREVIOUS ANNUAL PLANS AND THE AMOUNT SPENT

(Rs. in crore)

| Sl. No. | Name of Public Sector Undertakings/Organisation | Annual Plan 2007-08 |         |             | Annual Plan 2008-09 |
|---------|---|---------------------|---------|-------------|---------------------|
|         |   | BE                  | RE      | Anticipated | BE                  |
| 1.      | National Aluminium Co. Ltd.                     | 1158.00             | 1358.00 | 1358.00     | 1888.00             |
| 2.      | Hindustan Copper Ltd.                           | 50.00               | 78.01   | 78.01       | 60.00               |
| 3.      | Mineral Exploration Corpn. Ltd.                 |                     |         |             |                     |
|         | -Promotional                                    | 11.00               | 11.00   | 11.00       | 12.00               |
|         | -Capital  | 8.00                | 8.00    | 8.00        | 8.00                |
| 4.      | Geological Survey of India                      | 123.00              | 157.00  | 157.00      | 160.00              |
| 5.      | Indian Bureau of Mines                          | 17.00               | 20.00   | 20.00       | 19.00               |
| 6.      | Science & Technology (Assumed)                  | 7.29                | 7.28    | 7.28        | 7.00                |
| 7.      | Construction*                                   | 6.00                | 5.00    | 5.00        | 6.00                |
|         | Total   | 1380.29             | 1644.29 | 1644.29     | 2160.00             |

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

On being enquired about the reasons for huge variation between BE and RE during the year 2007-08 and for hike in BE for the year 2008-09, the Ministry has stated the major variation is due to the higher provision allocated to NALCO and GSI; the details of which are given below:—

“NALCO

BE for 2007-08 was fixed at Rs. 1158 crore and revised upwards to Rs. 1358 crore in RE stage, based on revised assessment of progress of deliveries and construction and amounts required under 2nd phase expansion project. The increase in BE 2008-09 over RE 2007-08 is largely due to requirement of funds for payment of final bills for construction and deliveries under 2nd phase expansion project which is scheduled to be completed in the year 2008-09. Some increase is on account of progress in Utkal-E Coal project and of replacement requirements.

GSI

During the FY 2007-08, GSI was initially allocated a Plan Budget (BE) outlay of Rs. 123.00 crore, without the Direction & Administration (D&A) component. Furthermore, no matching grant was provided under Non-plan Budget.

The GSI faced difficulties in the implementation of its planned programme due to this curtailment of the funds to the tune of Rs. 35.05 crore under D&A head in the plan budget of 2007-08. The D&A component under plan head includes the establishment expenditures such as Salary, Wages normally utilised by the field units, DTE related to the movement of officials for pursuing the field activities, Office Expenses (Voted) [OE (V)] for payment of electricity/telephone charge both for field and Headquarters; RRT (Rent, Rates, Taxes) for rentals of camp and headquarters etc. Non-availability of these D&A funds which are essential for taking up the field programmes had an adverse effect on performance in several Field Season Programmes (FSP) after a few months.

In order to tide over the immediate difficulties faced by GSI on account of the curtailment of D&A funds, forced savings and re-appropriation had to be done from several revenue heads to Plan D&A heads for avoiding stoppage of the planned programmes of GSI. A supplementary grant to the tune of Rs. 12.00 crore was granted under the head Salary (Plan) in the first supplementary in September, 2007. Subsequently, an additional grant of

Rs. 22.00 crore was provided at the second supplementary (RE) stage, as a result of which the Plan Outlay for FY 2007-08 was finally pegged at Rs. 157.00 crore in January 2008.

In the FY 2008-09, GSI has been allocated Rs. 160.00 crore under Plan Budget (BE), against the outlay of Rs. 285.35 crore proposed by GSI. This is approximately at par with the RE of 2007-08 (Rs. 157.00 crore). Only a token provision could be made for the new vessel in the approved BE for 2008-09 and additional funds will be requested from the Planning Commission at later stage.”

3.5 The details of amount proposed by the Ministry of Mines and amount actually provided by the Planning Commission for the schemes in Annual Plan separately for the last two years and for the financial year 2008-09 are given below:—

| Sl. No. | Name of PSUs/<br>Organisation   | 2006-07  |          | 2007-08  |          | 2008-09  |          |
|---------|---------------------------------|----------|----------|----------|----------|----------|----------|
|         |                                 | Proposed | Approved | Proposed | Approved | Proposed | Approved |
| 1.      | National Aluminium Co. Ltd.     | 622.14   | 622.14   | 1633.02  | 1158.00  | 1888.00  | 1888.00  |
| 2.      | Hindustan Copper Ltd.           | 42.50    | 30.00    | 50.00    | 50.00    | 43.00    | 60.00    |
| 3.      | Mineral Exploration Corpn. Ltd. |          |          |          |          |          |          |
|         | -Promotional                    | 23.50    | 17.00    | 18.00    | 11.00    | 15.00    | 12.00    |
|         | -Capital                        | 8.00     | 8.00     | 8.00     | 8.00     | 8.00     | 8.00     |
| 4.      | Geological Survey of India      | 307.10   | 165.50   | 187.00   | 123.00   | 283.35   | 160.00   |
| 5.      | Indian Bureau of Mines          | 34.21    | 24.00    | 23.70    | 17.00    | 35.66    | 19.00    |
| 6.      | Science & Technology            | 7.90     | 8.05     | 20.07    | 7.29     | 9.63     | 7.00     |
| 7.      | Construction                    |          |          |          |          |          |          |
|         | -GSI                            | 10.29    | 8.25     | 86.00    | 5.00     | 45.00    | 5.00     |
|         | -IBM                            | 0.74     | 0.75     | 1.55     | 1.00     | 1.00     | 1.00     |
|         | Total                           | 1056.38  | 883.69   | 2027.34  | 1380.29  | 2328.64  | 2160.00  |

#### Allocation for 11th Five Year Plan

3.6 The Ministry of Mines had proposed the Outlay of Rs. 8901.36 crore for Eleventh Five Year Plan (2007–2012). This comprises Rs. 7219.97 crore of Internal Resources (IR), Rs. 2.95 crore of Extra Budgetary Resources (EBR) and Rs. 1678.44 crore of Gross Budgetary Support (GBS) with same Net Budgetary Support (NBS).

The Organisation-wise proposed Eleventh Plan Outlay is as under:—

| Sl.No. | Name of PSUs/<br>Orgns. | XIth Plan (2007-2012) |         |      |         |         |
|--------|-------------------------|-----------------------|---------|------|---------|---------|
|        |                         | Outlay                | IR      | EBR  | GBS     | NBS     |
| 1.     | NALCO                   | 6926.00               | 6926.00 | -    | -       | -       |
| 2.     | HCL                     | 223.00                | 223.00  | -    | -       | -       |
| 3.     | MECL:                   |                       |         |      |         |         |
|        | Promotional             | 83.00                 | -       | -    | 83.00   | 83.00   |
|        | Capital                 | 44.00                 | 44.00   | -    | -       | -       |
| 4.     | GSI                     | 1310.97               | -       | -    | 1310.97 | 1310.97 |
| 5.     | IBM                     | 107.18                | -       | -    | 107.18  | 107.18  |
| 6.     | S&T                     | 58.91                 | 26.97   | 2.95 | 28.99   | 28.99   |
| 7.     | Construction            | 148.30                | -       | -    | 148.30  | 148.30  |
|        | TOTAL                   | 8901.36               | 7219.97 | 2.95 | 1678.44 | 1678.44 |

3.7 The current Five Year Plan 2007-12 is still under finalisation. However, Planning Commission has intimated a ceiling of Rs. 1043.00 crore of Gross Budgetary Support to spread over five years ending 2011-12 against the proposed RS.1678.44 crore. This Ministry has requested Planning Commission to reconsider and increase the ceiling to Rs. 1678.44 crore for a smooth running of carrying over the schemes/ projects of GSI and IBM mainly.

When asked whether reduction of budgetary support during the 11th Plan will have any affect on the implementation of schemes/ programmes, the Ministry in a post-evidence reply has stated as under:—

“In the 10th Plan net budgetary support was Rs. 1021.00 crores and Outlay for 2006-07 was Rs. 250 crores. Thus, in real terms the tentative allocation of GBS for 11th Plan is even less than that of 10th Plan. The proposed outlay was the barest minimum for the smooth running of the activities of the Ministry.

The major GBS support has been proposed for Geological Survey of India Rs. 1310.97 crores. Details are given below:

| Modernisation and Replacement   |                |
|---|----------------|
| (A) Low cost equipment  |                |
| State-of-art equipment for field laboratory & drilling rigs   | 200.16         |
| (B) High cost equipment   |                |
| Research Vessel (Blue Water)  | 440.00         |
| Geotechnical Vessel   | 52.00          |
| Coastal Launch  | 40.00          |
| New aircraft with TDEM  | 55.00          |
| Part payment towards heliborne survey system and consultancy charges for blue water research vessel | 40.50          |
| <b>TOTAL(B)</b>   | <b>627.50</b>  |
| (C) Other schemes   | 482.97         |
| <b>GRAND TOTAL (A) +(B)+(C)</b>   | <b>1310.97</b> |

After the approval of Cabinet for acquisition of a blue Water Research Vessel local consultant Shipping Corporation of India has been appointed & further progress is being made. Further one more Geotechnical vessel has been sanctioned after getting in principle approval of Planning Commission. Heliborne System is at the final stage of procurement process & opening of LC. The modernization of laboratories and procurement of drilling rigs is in full swing. Action for procurement of new aircraft with TDEM & Coastal Launch is also being taken.

Apart from GSI there are four schemes of IBM ( Rs. 107.18 crore), promotional works for MECL (Rs. 83.00 crore), Grants-in-aid to autonomous bodies (Rs. 28.99 crores) and construction activities of IBM & GSI (Rs. 148.30 crore). Thus amount proposed Rs. 1678.44 crores is the barest minimum.

Needless to say that in the light of economic liberalisation of the country the exploration and exploitation of the mineral resources



have come to center stage and are receiving international attention. A major step in this direction has been taken by Govt. as New Mineral Policy has been approved & laid in the Parliament. Under direction of the Cabinet, a High Power Committee has been constituted to revamp the GSI to meet emerging challenges which is scheduled to submit report by July,2008. The implementation of recommendation thereof as well funds would be required. The Cabinet is closely monitoring thrust areas of this Ministry. Thus we need higher budgetary support to come upto the expectation of the Government. The Ministry has taken up the matter with the Planning Commission."

**3.8 The Committee find that as against the Budgetary Support(BS) of Rs. 1678.44 crore proposed by the Ministry of Mines for 11th Five Year Plan, the Planning Commission has approved only Rs. 1043.00 crore involving major reduction of funds of the Geological Survey of India(GSI) and the Indian Bureau of Mines(IBM). As a result GSI and IBM have suffered in the form of less allocation of funds in 2007-08 and 2008-09 also. The Committee are constrained to observe that there is hardly any justification for reduction of BS to the aforesaid organizations even at the time of implementation of new National Mineral Policy and necessity to carry out exploration and exploitation of the mineral resources. The Committee can only hope that allocation of sufficient BS would enable to achieve the envisaged objectives of the National Mineral Policy. The Committee, therefore, recommend that the Ministry should again approach the Planning Commission to restore the proposed BS to enable GSI and IBM to carry over their schemes/projects smoothly.**

**3.9 The Committee are constrained to note that on the one hand there has been reduction of funds in 11th Plan by the Planning Commission, on the other hand the Ministry has failed to prepare realistic estimates at BE stage in 2007-08 which has been increased from Rs. 1380.29 crore to Rs. 1644.29 crore at RE stage. The Committee are not convinced with the reasons given by the Ministry for increase of funds at RE stage as it has been done based on revised assessment of progress of second phase expansion of National Aluminium Company Ltd.(NALCO). The Ministry has not anticipated the expenditure to be incurred properly and prepared the estimates accordingly. The Committee have time and again emphasized the need for preparation of realistic estimates as far as possible.**

**The Committee would like the Ministry to utilize the increased funds in BE 2008-09.**

### **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 allocations to GSI for the years 2007-08 and 2008-09 are as under:—

(Rs. in crore)

| Major head | BE-2007-08 |          |        | RE 2007-08 |          |        | BE 2008-09 |          |        |
|------------|------------|----------|--------|------------|----------|--------|------------|----------|--------|
|            | Plan       | Non-Plan | Total  | Plan       | Non-Plan | Total  | Plan       | Non-Plan | Total  |
| Revenue    | 70.10      | 204.14   | 274.24 | 104.10     | 203.71   | 307.81 | 110.00     | 211.58   | 321.58 |
| Capital    | 52.90      | -        | 52.90  | 52.90      | -        | 52.90  | 50.00      | -        | 50.00  |
| Total      | 123.00     | 204.14   | 327.14 | 157.00     | 203.71   | 360.71 | 160.00     | 211.58   | 371.58 |

When enquired about the actual expenditure for the last three years under Plan and Non-Plan, the Ministry has informed the Committee that:—

### **Non-Plan Expenditure**

“Non-Plan expenditure includes the fixed establishment costs on Salary, Wages, OE (C), Medical, OTA, RRT, etc. and does not, therefore, directly cater to the implementation of Plan programmes and the various schemes.

The BE, RE and actuals for the last three years are given below:—

(Rs. in crore)

| 2005-06 |        |        | 2006-07 |        |        | 2007-08 |        |                 |
|---------|--------|--------|---------|--------|--------|---------|--------|-----------------|
| BE      | RE     | Actual | BE      | RE     | Actual | BE      | RE     | Actual (Jan'08) |
| 192.93  | 191.25 | 182.80 | 197.71  | 197.02 | 187.27 | 204.14  | 203.71 | 184.64          |

## Plan Expenditure

Regarding the Plan expenditure (Actuals) during the last three years, the information furnished by the Ministry is given below:—

(Rs. in crore)

| Scheme                | 2005-06       |               |               | 2006-07       |               |               | 2007-08       |               |                    |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------------|
|                       | BE            | RE            | Actual        | BE            | RE            | Actual        | BE            | RE            | Actual<br>(Jan'08) |
| Survey & Mappnig      | 41.00         | 36.05         | 33.36         | 38.00         | 37.70         | 30.95         | 31.18         | 38.87         | 25.23              |
| Min. Exploration      | 23.00         | 18.96         | 18.78         | 21.00         | 20.83         | 19.52         | 13.05         | 23.28         | 13.70              |
| Spl. Investigation    | 6.00          | 5.08          | 5.03          | 5.00          | 5.00          | 4.49          | 0.31          | 6.14          | 2.53               |
| R&D & Antarctica      | 9.35          | 7.31          | 7.33          | 8.00          | 8.00          | 7.43          | 4.96          | 7.22          | 2.96               |
| Infor. Dissemination  | 22.00         | 22.93         | 20.53         | 21.00         | 19.54         | 14.30         | 13.84         | 19.39         | 5.61               |
| HRD                   | 3.15          | 2.36          | 2.30          | 3.00          | 2.57          | 3.14          | 1.00          | 3.44          | 1.59               |
| Modernisation & Repl. | 42.00         | 42.82         | 40.95         | 69.50         | 34.36         | 30.36         | 58.66         | 58.66         | 18.88              |
| <b>TOTAL</b>          | <b>146.50</b> | <b>135.50</b> | <b>128.28</b> | <b>165.50</b> | <b>128.00</b> | <b>110.19</b> | <b>123.00</b> | <b>157.00</b> | <b>70.50</b>       |

It may be seen that Plan Expenditure during the FY 2005-06 has been approximately at the level proposed in RE (~95%) and slightly lower with respect to BE (87.5%). The pattern is similar in the case of individual schemes.

During FY 2006-07, plan expenditure was 86% against RE and 66.6% against BE. The main shortfall was under the schemes Survey & Mapping, Information Dissemination and Modernisation & Replacement. The minor variations in all the schemes were due to the shortage of manpower and/or re-deployment to the higher priority programmes, as per directives of the Govt. Lower expenditure under the Modernisation & Replacement Scheme was due to non-materialisation of high cost items like Replacement Vessel, Geotechnical Vessel, and Heliborne Survey Systems etc. (cost of which are several crore) for which some provision had been made. The trend of the expenditure under this scheme is dependent to a large extent on purchase of sophisticated foreign equipment, which in turn is linked with complex administrative processing and following intricate purchase procedures as per existing Govt. rules and regulations. In spite of these constraints, the purchase formalities related to most of the major high cost items are at an advanced stage and are expected to materialise in the near future.

## **Modernization of GSI**

3.11 The modernization of GSI was the main thrust area of Xth Five Year Plan. However, it has come to the notice of the Committee that Research Vessel and Heliborne Survey could not be purchased during 10th Five year Plan. When enquired about the current status of procurement of Research Vessel and Heliborne Survey System, the Ministry of Mines submitted as under:—

### **“Procurement of Marine Vessel (Ocean-going replacement vessel for R.V. Samudra Manthan):**

GSI is in the process of procuring a replacement vessel for the old RV Samudra Manthan, with improved ship manoeuvrability and dynamic positioning system, equipped with state-of-the-art equipments *viz.* multi-channel seismic system, multi-beam bathymetry, gravimeter, magnetometer, piston-core and vibrocore, dredging capability, heat-flow measurement system etc. The progress of procurement so far is given below in sequential manner

Union Cabinet has approved the acquisition of a new research vessel by GSI at an estimated cost of Rs. 448 crore as a replacement for its aging research vessel R.V. Samudra Manthan on 1.10.2007. The new research vessel would be tailor made with state-of-the-art equipment for carrying out seabed surveys and exploration of non-living resources. The generated data will be useful for creating and updating national database in the field of earthscience, oceanography and off-shore mineral resources.

The revalidated cost towards consultancy charges by SCI for acquisition of the new research vessel is Rs. 8.0 crore and the same has been approved by MOM.

The Expression of Interest (EOI) for engagement of foreign consultant was uploaded on the GSI Web site. The date of receipt of tenders has been extended to 8th April, 2008.

The draft agreement with SCI for acting as an Indian Consultant has been finalised and sent to Ministry of Mines for approval.

After the identification of Foreign Consultant, funds will be required towards its consultancy charges.

### **Procurement of Helicopter and Heliborne Survey System:**

GSI is also under process of acquiring a Helicopter and Heliborne Survey System comprising four onboard geophysical sensors for

low-altitude detailed geophysical survey in order to detect shallow-level concealed geological bodies of relevance.

Administrative approval of MOM for Rs. 49.47 crore had been received for the Heliborne Survey System and an amount of Rs. 18.50 crore had already been paid to M/S Hindustan Aeronautics Ltd. (HAL) as an advance payment for the helicopter "Dhruv". Financial sanction for Rs. 17.20 crore for acquisition of aero geophysical survey instruments (geophysical sensors) was accorded by the Ministry.

Regarding the supply of all the four geophysical sensors, a MoU was signed on 30.08.2007 between GSI and M/S Picco EnviroTech, Canada. Purchase Order was placed on the same date to M/S Picco EnviroTech at a cost of 35,02,240/- US Dollars.

GSI sought financial sanction of Rs. 1,40,604/- from competent authority towards transit insurance of geophysical sensors on 16.10.007 and revalidation of sanction of Rs. 15.48 crore for procurement of sensors on 17.10.2007.

M/s Pico Envirotech issued letters to GSI on 3.11.007, expressing firm's inability to continue with the project primarily on account of rapid decline in the value of US dollars against Canadian Dollar since the time of their original bid, which has rendered the project financially unviable for the firm. The firm has subsequently issued letter to GSI on 18.11.2007 in which the firm has offered several alternative options for reviving the project such as payment in Canadian dollars; removing some of the deliverables or re-tendering. These letters were forwarded to MOM for information and advice.

The matter is being taken up with the firm in consultation with the Ministry of Mines for resolving the problematic issues and completing the purchase at an early date."

3.12 The Committee have been informed that the thrust area of GSI during 11th Five Year Plan is as under:—

"GSI has already initiated activities under the 11th Plan. The principal thrust of GSI in mineral exploration would remain on noble metals, precious stones, base metal, ferrous and non-ferrous [bauxite], fertilizer, strategic, refractory and high-tech minerals along with coal and lignite. In addition to mineral prognostication, the organization would continue with systematic updating of the

database in the mineral resource sector to provide reliable and relevant information on mineral and other natural resources to the public and private sector entrepreneurs to sustain investment in mineral sector. In pursuance thereof vessels, helicopter with sensors are being procured and state of art laboratories & training institutes is being set up. The High Power Committee under the direction of the Cabinet to revamp GSI to meet emerging challenges is scheduled to submit its report in July, 2008. On its suggestion thrust area of GSI would be relooked."

3.13 When enquired about the induction of state-of-art equipments in GSI during the 11th Plan to further strengthen equipment arsenal, the Ministry stated as follows:—

"GSI is fully equipped with the required equipment such as Ground Geophysical Survey Instruments, Drill Machines and accessories, Field location-cum-data collection system, etc. These are backed up by sophisticated laboratory instruments for providing support to the mineral investigation programmes.

In addition, GSI is equipped with a full-fledged Airborne Mineral Survey & Exploration wing with a fixed wing aircraft and on-board geophysical sensors. Several state-of-the-art equipments are proposed to be added in the XI Plan to further strengthen its equipment arsenal and upgrade these to international levels which includes heliborne aerogeophysical survey systems etc."

3.14 During the course of evidence, the Secretary, Ministry of Mines has informed the Committee that the number of posts in GSI has been reduced to 11,000 from 22,000.

**3.15 The Committee have been given to understand that modernization of Geological Survey of India (GSI), which was the main thrust area of 10th Five Year Plan, has suffered as they have failed to procure Research Vessel and Heliborne Survey System so far due to complex administrative processing and intricate purchase procedures. The Committee are concerned to observe that while efforts are being made to revamp GSI to meet the emerging challenges arising in the light of economic liberalization and increased private participation in the exploration and exploitation of mineral resources, GSI has utterly failed to overcome the constraints in purchase of Research Vessel and Heliborne Survey System even at the beginning of the second year of 11th Plan. The Committee, therefore, urge upon the Ministry to facilitate GSI for procurement**

of Research Vessel and Heliborne Survey System without any further delay. The Committee also desire the Ministry to take appropriate steps to fill up the requisite number of posts which are essentially required in different categories so that schemes/programmes of GSI are not hampered for lack of sufficient manpower.

## CHAPTER IV

### INVESTMENT IN PUBLIC SECTOR UNDERTAKINGS

#### A. National Aluminium Company Ltd. (NALCO)

The National Aluminium Company Limited (NALCO), an integrated multi-locational Aluminium complex, was incorporated on 7th January, 1981 to implement the bauxite, Alumina and Aluminium Project in the backward tribal areas in Orissa, in the Public Sector. The outlay is being met from Internal and Extra Budgetary Support (IEBR). The details of BE/RE 2007-08 and BE 2008-09 are given below:—

(Rs. in crore)

| Head of Div. | BE-2007-08 |         |         | RE 2007-08 |         |         | BE 2008-09 |         |         |
|--------------|------------|---------|---------|------------|---------|---------|------------|---------|---------|
|              | BS         | IEBR    | Total   | BS         | IEBR    | Total   | BS         | IEBR    | Total   |
| 12853        | —          | 1158.00 | 1158.00 | —          | 1358.00 | 1358.00 | —          | 1888.00 | 1888.00 |

4.2 The total plan outlay for NALCO for the year 2007-08 was Rs. 1158.00 crore which has been revised to Rs. 1358.00 crore. A provision of Rs. 1888.00 crore has been made for the year 2007-08.

The reasons for increased allocation in RE 2007-08 and BE 2008-09 are furnished below:

“The increase of allocation by Rs. 200 crore is on account of higher provision of plan outlay for IInd phase expansion. This is due to substantial improvement in order finalisation and good progress in physical front and expected huge payment to the foreign vendors for imported materials.

There is an increase in BE 2008-09 mostly on account of comparatively higher provision of plan outlay for IInd phase expansion project considering the progress of the activities which is likely to be completed during the year 2008-09.”

4.3 When enquired about the thrust area of NALCO during 11th Five Year Plan, the Ministry has stated as under:—

“Apart from to complete the second phase of expansion within the scheduled time of start production to obtain lease for and open new mines of bauxite in Andhra Pradesh and Pottangi and Gandhmardhan deposit in Orissa. It is also scouting to have smelter in either Indonesia or African countries.”



4.4 About details of on-going schemes/projects of NALCO, the Ministry has informed that Presently, two projects of NALCO are ongoing viz. 2nd phase expansion project and Utkal-E Coal Block.

### IIInd Phase Expansion

The Second phase expansion of NALCO to increase the capacity of the plant was approved by the Government of India on 26.10.2004 at an approved outlay of Rs. 4091 crore (revised to Rs. 5003 crore) with a project completion period of 50 months. The current status of the project is as under:—

- Order has already been placed for 133 packages out of 155 packages of Mines & Refinery, 124 packages out of 139 packages for Smelter and 27 packages out of 28 packages for CPP.
- Enquiries for balance packages have been issued for each segment and are under process.
- As of February'08, overall physical progress of 68% in Mines & Alumina, 64% at Smelter and 77% at CPP has been made.
- Financial Commitment of Rs. 3680.46 Crore has been made.
- Capital Expenditure of Rs. 1747.26 Crore has been done.

4.5 To a query regarding increase in the cost of project from Rs. 4091 crore to Rs. 5003 crore, the Ministry has stated as under:—

“Breakup for cost over-run of 2nd phase expansion project

- Original approved cost: Rs. 4091.51 Crores (In March, 2004 term)
- Revised Cost Estimate (RCE): Rs. 5002.71 Crores (In March,2007 term)
- Total Cost overrun Rs. 911.20 Crores (22.27%)

(Rs. in crore)

| Sl.No. | Heads                       | For items Committed | For yet to be committed items | Total  |
|--------|-----------------------------|---------------------|-------------------------------|--------|
| 1      | 2                           | 3                   | 4                             | 5      |
| (i)    | Exchange rate variation     | 38.08               | 26.56                         | 64.64  |
| (ii)   | Changes in statutory levies | 55.01               | 41.93                         | 96.94  |
| (iii)  | Price Escalation            | 397.61              | 367.42                        | 765.03 |
| □      | Sub Total (i to iii)        | 490.70              | 435.91                        | 926.61 |

| 1    | 2            | 3       | 4      | 5       |
|------|--------------|---------|--------|---------|
| (iv) | Scope change | 134.31  | 53.42  | 187.73  |
| (v)  | Others       | -106.92 | —      | -106.92 |
| (vi) | Grand total  | 518.09  | 489.33 | 1007.42 |

- Cost overrun net of contingency adjustment is Rs. 911.20 Crore (Rs. 1007.42 Crore – 96.22 Crore)
- The cost overrun is 22.27 % over the approved project cost of Rs. 4091.51 Crore.
- The cost overrun is 21.32 % over the completion cost of Rs. 4274 Crore.
- The proposal for Revised Cost Estimate has been received from NALCO and is under examination.”

4.6 When asked whether NALCO is facing any constraints in implementing the expansion programme, the Ministry in their written reply has stated as under:—

“In general, there is no constraint. However, saturated global market conditions (both for Indian and foreign supplier) led to poor response to tenders and request for extension to submit quotations by suppliers leading to frequent extensions of bid due date. Further, performance of some of the contractors/suppliers has not been satisfactory.

Delay Analysis has been carried out as detailed below:—

- (a) The gap in overall schedule and actual percentage progress is mainly contributed due to backlog in manufacturing/delivery and construction.
- (b) The expected completion of the project has been analyzed considering the contractual completion dates for the long delivery items of M&R, Smelter and CPP.

**Recovery plan has been chalked out by implementing the following activities:**

- Formation of NALCO/EIL/MECON task force.
- Vigorous followup action for expediting delivery of equipment/Materials.

- 2-shift work at construction site.
- Air lifting of critical components.
- Visits to manufacturer's workshop for expediting critical items.
- Frequent site visit by consultant's specialist.
- Close monitoring/chase up of items in transit.
- Review & follow up of critical packages to ensure timely completion.

The contractual completion dates and anticipated completion date of long delivery items are within the project completion date of 25th Dec., 2008."

#### **Utkal E-Coal Block Project**

4.7 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. 215.00 crore. A sum of Rs. 30 crore has been kept in BE 2008-09 towards detailed exploration, land acquisition, forest and environment clearance, etc. An amount of Rs. 7.40 crore has been incurred towards expenditure for land acquisition etc. The position regarding mining lease, environmental and forest clearance, land acquisition is given below:—

#### **Mining Lease**

NALCO's application for mining lease was considered and recommended by Department of Steel & Mines, Govt. of Orissa on 12.06.06 to Ministry of Coal, Govt. of India.

In the meantime the mine plan has been approved by Ministry of Coal *vide* letter-dated 31.07.2006. As there is some change in the mining lease area in the approved mining plan, Department of Steel & Mines, Govt. of Orissa will have to reconfirm their recommendation based on the approved mine plan to Ministry of Coal.

The revised/modified map along with the revised land schedule has been submitted by NALCO to DDM, Talcher through Collector, Angul on 14th Dec,'07. However, Collector, Angul asked for some more clarification on the approved mining plan, before recommending to Directorate of Mines. The same has been complied and now under scrutiny in Collector's Office.

### **Environmental Clearance**

As per MOEF notification dated 14.09.2006 a new project has to apply for getting a Terms of Reference (TOR) for preparation of EIA/EMP Reports for the Project. NALCO has submitted the application for finalization of TOR on 03.11.2006 and has made a presentation on the project to the designated Committee of MOEF on 12.02.07. The TOR has been issued by MOEF on 13th April 2007. The TOR points have been complied and modified EIA/EMP report has been submitted to OSPCB on 29.02.2008. The public hearing by district administration, Angul is expected by end of April'08.

### **Land Acquisition**

The proposal for land acquisition for Utkal-E-coal block was recommended by M/s IPICOL on 31.10.2005 to M/s IDCO for going ahead with the land acquisition activities.

Deptt. of Steel and Mines, Govt. of Orissa has given the necessary permission to go ahead for acquisition of private land. Accordingly, M/s IDCO have submitted necessary documents for acquisition of private land to district authorities on 18th Nov.'06. NALCO initially had deposited Rs. 1.66 crores to M/s IDCO towards their Administrative Charges and the Establishment Charges of the Land Acquisition Office, Angul during January, '06. Since the Establishment Charges of Rs. 59 Lakhs out of Rs. 1.66 crores was not released to District Administration, by IDCO, District Administration, Angul did not start the process of private land acquisition work. After NALCO's repeated reminders the same was released during December,'07 and now District Administration has started the activities required for private land acquisition. Also, there has been an additional demand of Rs 2.00 crores by M/s IDCO, towards administrative charges and establishment charges for balance land acquisition and due to revision of land price as per Govt. notification. The same has been released.

Based on the orders of the Collector, Angul, NALCO has deposited Rs. 1.36 crores on 31.03.2007 towards acquisition of about 125.95 acres of non-forest Government land out of total 475 acres. Activities for acquisition of balance Government land are underway. In the meantime, due to revision of cost of land, IDCO has raised additional demand of Rs 1.40 crores, which has also been released to IDCO.

### **Forest Clearance**

NALCO has submitted the proposal for diversion of 234.745 hectares of forest land to the Chief Conservator of Forest (Nodal Officer) in the

Office of Principal Chief Conservator of Forest (PCCF), Orissa on 29.01.2007. The proposal has been forwarded to the Divisional Forest Officer (DFO), Angul *vide* letter-dated 15.02.2007. DFO, Angul has raised some queries *vide* letter dated 1.8.2007. The same is being complied with.

4.8 Enquired about the alternate arrangements being made to meet the requirement of coal till production starts in Utkal E-coal block, the Ministry has informed the Committee as follows:—

“NALCO is taking steps to have increased coal linkage from MCL till commissioning of Utkal E-coal block is complete. As regards mining lease for additional bauxite requirements, NALCO has already applied to Government of Orissa for allotment of Pottangi deposit. Ministry of Mines has also reserved Pottangi deposit in favour of NALCO.”

#### Physical and Financial Performance

4.9 The details of physical targets and achievements of NALCO during the last three years are tabulated below:—

| Parameters                   | Unit | 2005-06   |           | 2006-07   |           | 2007-08   | 2007-08<br>(upto Feb.'08) |           |
|------------------------------|------|-----------|-----------|-----------|-----------|-----------|---------------------------|-----------|
|                              |      | Target    | Actual    | Target    | Actual    | Target    | Target                    | Actual    |
| PRODUCTION                   |      |           |           |           |           |           |                           |           |
| BAUXITE                      | MT*  | 4,800,000 | 4,854,253 | 4,800,000 | 4,623,278 | 4,800,000 | 4,330,000                 | 4,024,832 |
| ALUMINA                      | MT   | 1,575,000 | 1,590,000 | 1,575,000 | 1,475,200 | 1,575,000 | 1,439,000                 | 1,432,400 |
| ALUMINIUM                    | MT   | 345,000   | 358,954   | 345,000   | 358,734   | 348,500   | 318,950                   | 327,326   |
| POWER                        | MU#  | 5,601     | 5,679     | 5,714     | 5,678     | 5,731     | 5,246                     | 5,132     |
| SALES                        |      |           |           |           |           |           |                           |           |
| ALUMINA/<br>HYDRATE SALE     | MT   | 900,000   | 884,932   | 885,000   | 795,566   | 855,000   | 763,750                   | 751,131   |
| ALUMINIUM<br>EXPORT          | MT   | 128,000   | 95,747    | 100,000   | 93,122    | 100,000   | 90,600                    | 93,043    |
| ALUMINIUM -<br>DOMESTIC SALE | MT   | 217,000   | 258,096   | 245,000   | 263,495   | 248,000   | 227,950                   | 226,052   |
| METAL SALE -<br>TOTAL        | MT   | 345,000   | 353,843   | 345,000   | 356,617   | 348,000   | 318,550                   | 319,095   |

\* MT - Metric Tonnes # MU - Million Units

The units are operating near rated capacity. In year 2005-06, bauxite mines, alumina refinery and aluminium smelter exceeded 100% capacity and all the units including captive power plant exceeded the respective targets.

In 2006-07, aluminium smelter achieved 104% rated capacity. However, target in alumina refinery could not be achieved due to problem in bauxite handling area due to seasonal heavy downpour. Since, bauxite transportation is based on meeting the alumina refinery requirement, the achievement was low. In captive power plant, the net power target could not be achieved due to less supply of coal by MCL of Coal India.

In the year 2007-08, the annual targets of alumina refinery and aluminium smelter are likely to be achieved. However, there may be shortfall in net power generation due to less supply of coal by MCL of Coal India Ltd. in earlier months. There may be shortfall in bauxite transportation from mines due to problem in conveyor belt.

4.10 When asked about the difference between physical and financial targets fixed during the last three years together with reasons for variations, the Ministry has stated as follows:-

“Since the units of NALCO are operating near 100% capacity, there is no difference between physical targets for different years. The details of financial targets verses achievements thereof is tabulated below. The financial targets are based on anticipated metal/alumina realization and exchange rate of rupee vs. USD.

| FINANCIAL<br>PARAMETERS | UNIT     | 2005-06 |          | 2006-07 |         | 2007-08 | 2007-08       |         |
|-------------------------|----------|---------|----------|---------|---------|---------|---------------|---------|
|                         |          | TARGET  | ACTUAL   | TARGET  | ACTUAL  | ANNUAL  | (Upto Feb'08) |         |
|                         |          | TARGET  | ACTUAL   | TARGET  | ACTUAL  | TARGET  | TARGET        | ACTUAL  |
| Gross Sales Turnover    | Rs. Crs. | 4340.03 | 5287.36  | 4936.75 | 6516.78 | 5687.74 | 5188.7        | 4807.67 |
| Export Earning          | Rs. Crs. | 1985.04 | 2269.396 | 2204.45 | 2585.4  | 2151.17 | 1939.32       | 1823.52 |
| Net Profit before tax   | Rs. Crs. | 1910.55 | 2429.64  | 1907.08 | 3624.66 | 2632.47 | 2384.15       | 2210.15 |
| Net profit after tax    | Rs. Crs. | 1244.03 | 1562.2   | 1253.97 | 2380.7  | 1737.39 | 1573.45       | 1451.67 |

The financial targets during years 2005-06 & 2006-07 have been exceeded in all parameters. However, during the year 2007-08, there may be shortfall from target due to lower sales realization in alumina & aluminium and considerable appreciation of rupee verses USD.”

### **Pottangi Mines**

4.11 The Government of Orissa in principle has agreed for grant of mining lease of Pottangi Bauxite Deposit to NALCO. An *ad-hoc* sum of Rs. 4.00 crore has been kept in 2008-09

On being asked about the status of grant of mining lease, the Ministry has submitted that:-

“As regards Pottangi bauxite deposit, Ministry of Mines *vide* Gazette Notification dated 27th April 2007 have reserved the same in favour of NALCO. However, NALCO’s application for mining lease is pending with Govt. of Orissa.”

### **Diversification**

4.12 As a part of NALCO’s endeavour for diversification and value addition, it has proposed to set up Greenfield Smelter project in India and overseas. An *ad-hoc* sum of Rs. 3.00 crore has been kept in 2008-09 for preparation of Project Feasibility Report(PFR) and other associated work.

When asked about the current status of the project and identification of sites for the project, the Ministry has informed the Committee that:-

“Global tender for “Feasibility study of an Aluminium Smelter & Captive Power Plant” in Indonesia has been floated after signing of MoU between NALCO & Govt. of South Sumatra. Two sites have been identified in South Sumatra province of Indonesia.”

4.13 When asked whether NALCO has identified any other areas for diversification and value addition, the Ministry has informed the Committee:-

“(1) Diversification:

- (a) Prototype aluminium wagon manufacture in JV with BEML. MoU will be signed on 20-03-08.
- (b) Nickel Plant of 10,000 MTA in collaboration with NMDC, Hyderabad & IIMT, Bhubaneswar is under study. EIL has been appointed as consultant on 14/03/08 for preparation of TEFr.
- (c) Galium plant of 7 MTA capacity based on technology of NIPPON Light Metal, Japan is under way. Work Order has been placed on EIL for preparation of TEFr which will be submitted before 31/03/08.”

4.14 NALCO proposes to invest around Rs. 20,000 crore to set up an alumina refinery in Andhra Pradesh and an integrated aluminium complex in Orissa.

When asked about the current status of these two projects, the Ministry has informed as under:-

“ (1) Global Tender for appointment of a consultant for “Preparation of Pre-feasibility Reports on setting up a Greenfield alumina project in Andhra Pradesh” has been floated on 16-03-08. Mining lease application for bauxite deposits in Gudem & KR Konda blocks of AP has been submitted. Detailed exploration in these blocks for firming up bauxite reserves is being taken up through MECL. Forest clearance application required for above exploratory drilling has also been submitted.

(2) Pre-feasibility reports for aluminium complex in Orissa has been submitted by consultant. Various options suggested by consultant for multi-locational units are being studied and final report is expected soon.”

#### **Shortage of Coal**

4.15 In the recent past, shortage supply of coal by Mahanadi Coalfields Ltd.(MCL) has compelled NALCO to shut down two of its seven 120 MW units at the captive power plant and to import power from Gridco to keep its sensitive smelter plant running.

About the corrective steps have been taken by NALCO to meet the requirement of coal for their captive power plant, the Ministry has stated as follows:-

“The following steps were taken by NALCO to meet the requirement of coal for the Captive Power Plant:-

- (a) Imported coal of 1,45,786 MT received to avoid the coal crisis.
- (b) Received 27 coal rakes(90,090 MT) from BCCL during August – September, 2007 as per Government sanction.
- (c) Arrangement was made to bring coal by tippers & trucks from Hingula Mines to Bharatpur Ground Bunker during the crisis time i.e from 2nd August to 10th October, 07.
- (d) Due to continuous follow up by NALCO for getting linkage coal quantity, the coal supply from MCL has been considerably improved.

NALCO has also purchased coal through E- Auction. Till date 20 coal rakes have been allotted through E-Auction.”



4.16 The Committee find that the total plan outlay for National Aluminium Company Ltd.(NALCO) for the year 2008-09 has been increased to Rs. 1888.00 crore from Rs. 1158.00 crore in BE 2007-08 on account of progress made in second phase expansion programme. According to the Ministry, apart from completion of second phase expansion of NALCO by December 2008, obtaining lease for Pottangi bauxite deposit in Orissa and setting up of smelter project in India and overseas are major thrust areas of NALCO for 11th Five Year Plan. The Committee are concerned to note that the second phase expansion has witnessed 22.27 percent escalation in cost to Rs. 5003.00 crore from Rs. 4091.00 crore. Further, grant of pottangi mining lease is still pending with the Government and no major break-through has been made in setting up smelter project in India. Moreover, the production of coal from Utkal-E coal block is yet to be started even after lapse of 4 years of allotment due to pending environment and forest clearances. The Committee are of the firm view that time-bound grant of mining lease and environment and forest clearances are of paramount importance for reaping the benefits of second phase expansion programme. The Committee would like to urge upon the Ministry to make all out efforts for early grant of mining lease and environment and forest clearances to NALCO. The Committee also desire NALCO to set up smelter projects in India and overseas at the earliest. The Ministry should take up the matter with the Ministry of Environment and Forests to cut down the number of days for clearances both at the Central and State level.

#### B. Hindustan Copper Limited (HCL)

4.17 Hindustan Copper Limited(HCL) was established as a Government of India Enterprise to take over all plants, projects, schemes and studies pertaining to the exploration and exploitation of copper deposits, including smelting and refining from National Mineral Development Corporation Ltd. The main operating units of the company are Khetri Copper Complex (KCC) in Rajasthan; Indian Copper Corporation Complex at Ghatsila, Jharkhand; Malanjkhand Copper Project at Madhya Pradesh; and Taloja Copper Project, Maharashtra.

4.18 The allocation of HCL for the years 2007-08 and 2008-09 are as under:-

(Rs. in crore)

| Head of Div. | BE-2007-08 |       |       | RE 2007-08 |       |       | BE 2008-09 |       |       |
|--------------|------------|-------|-------|------------|-------|-------|------------|-------|-------|
|              | BS         | IEBR  | Total | BS         | IEBR  | Total | BS         | IEBR  | Total |
| 12853        | -          | 50.00 | 50.00 | 0.01       | 78.00 | 78.01 | -          | 60.00 | 60.00 |

When asked about the reasons for increasing the allocation at RE 2007-08 and decreasing the BE to Rs. 60 crore for the year 2008-09, the Ministry has informed the Committee as follows:-

“Initial allocation for 2007-08 of Rs. 50 crore was increased to Rs. 78 crore at RE stage. This was required to provide funds for various equipment/system requirement for mines and technology upgradation at Ghatsila smelter.

Plan allocation (Replacement and Renewal (R&R) requirement) for 2008-09 was initially pegged at Rs. 43 crore which has subsequently been revised to Rs. 60 crore as per initial estimate. Some of the initiatives under mining are under finalisation and once the total requirement is finalized, the R&R budget would be revised during RE stage.”

4.19 When asked about the actual expenditure incurred in 2007-08 for R&R, the Ministry has stated the following:-

“The actual expenditure including commitment upto February, 2008 is Rs. 71.29 crore against the approved plan expenditure of Rs. 78 crore for the year 2007-08. The balance amount of Rs. 6.71 crore is expected to be committed by March, 2008.”

4.20 Responding to a query of the Committee whether the outlay of Rs. 60 crore would be sufficient to implement R&R scheme, the Ministry has stated as below:-

“Outlay of Rs 60.00 crore has been considered as an initial estimate. However, in view of the restricted R&R expenditure in earlier years (due to paucity of funds) and the higher production targets kept for mining, the expenditure planned is being relooked. Some of the initiatives under mining are under finalization and once the total requirement is finalized, the R&R budget 2008-09 would be revised during RE stage. HCL would met the entire requirement from its internal resources.”

4.21 The Committee have been informed that the thrust area of HCL during 11th Five Year Plan is as under:-

“The main thrust during the XIth Five Year Plan is on expansion of mining capacity so as double the production of metal in concentrate (MIC) from current level of 30,000 tonnes per annum by 2011-12. This is proposed to achieve through re-opening of closed mines in Jharkhand (Surda, etc.) development of new mine

in Rajasthan (Banwas) and optimizing the production from existing mines at Malanjkhand (Madhya Pradesh) and Khetri (Rajasthan). In reopened Surda mines production has already started . HCL has also applied for prospecting lease across the consumption for Green field exploration.

In line with above policies, action plans have drawn for implementation. Optimisation of production for existing mines is being planned through in house efforts as well as through appointment of outside consultants. To speed up mine development work and to reduce capital cost expenditure, in addition to in house activity, outsourcing of mining activities like mine development, drilling etc. has been introduced.

#### **Physical and Financial Performance**

4.22 As regards the difference between physical and financial targets fixed during the last two years together with reasons for variations, the Ministry has furnished the following information:-

“(a)Physical Performance :

The actual production of metal-in-concentrate(MIC) and Copper Cathode vis-à-vis targets set during the years 2006-07 and 2007-08(Estimated) are as under :

| Particulars          | (In Tonne) |        |                        |        |
|----------------------|------------|--------|------------------------|--------|
|                      | 2006-07    |        | 2007-08<br>(Estimated) |        |
|                      | Target     | Actual | Target                 | Actual |
| Metal in Concentrate | 29500      | 30231  | 31000                  | 32000  |
| Copper Cathode       | 42000      | 39785  | 40000                  | 43500  |

Due to various pro-active actions initiated by the Company, there has been a marked improvement in the operational areas with higher achievement of production of MIC during 2006-07 & 2007-08 and production of Cathode during 2007-08. However, during 2006-07, there was a shortfall in Cathode production vis-à-vis target due to smelter shutdown at KCC and ICC.

(b) Financial Performance :

The actual financial performance vis-à-vis targets set during the year 2006-07 and 2007-08 (Estimated) are given hereunder:—

| Particulars           | (Rs. in crore) |         |                        |         |
|-----------------------|----------------|---------|------------------------|---------|
|                       | 2006-07        |         | 2007-08<br>(Estimated) |         |
|                       | Target         | Actual  | Target                 | Actual  |
| Turnover              | 1077.22        | 1799.64 | 1316.99                | 1802.51 |
| Gross Margin          | 168.51         | 443.31  | 232.72                 | 385.15  |
| Net Profit before Tax | 118.35         | 331.83  | 187.89                 | 300.89  |

The improvement in financial performance for the years 2006-07 and 2007-08 has been mainly due to increased production of Metal-in-concentrate and higher LME price.

Selling prices of HCL's products are determined by the LME Copper price and exchange rate of US \$ with Rupee. LME average of Copper during 2006-07 was US\$ 6970 and exchange rate of Rs. 45.50. Selling price realization during 2007-08 has been affected due to stronger rupee (upto February, 2008 – Average Rs. 40.52/ US\$) though LME has increased to US \$ 7474 (Upto February, 2008). This has affected the gross margin."

4.23 The Government of India has approved the Financial Restructuring proposal in respect of Hindustan Copper Limited. When enquired whether the company would get budgetary support for investment in schemes/projects, the Ministry in their written reply has stated as under:—

"As a part of revival package, HCL would not be getting any budgetary support for investment in schemes/projects. The proposed modernization/expansion programme and development of mines would have to be funded out of internal generation/resources to be sourced from market/joint venture proposal as the case may be."

4.24 When enquired to what extent accumulated losses of HCL would be accommodated with revival package, the Ministry submitted as under:—

"The accumulated loss as on 31-03-2007 was Rs. 409.87 crore. After the restructuring scheme is given effect in the balance sheet of 2007-08, the accumulated loss would be wiped out and the Company would end up with a revenue reserve of Rs. 266.80 crore."

4.25 The Committee have been informed that HCL has taken following steps to achieve economies of scale and improve profit by increased capacity utilization:—

“HCL’s smelters have a nameplate capacity for production of 47500 MT of Cathode. Presently the major portion of the raw material requirement of Copper concentrate is met from own mine production and the balance amount is imported (around 30%). The cost of imported metal-in-concentrate is much higher than concentrate produced from own mines. Hence, HCL has planned for increasing mine production to reduce dependence on imported concentrate. This would both increase capacity utilization of smelter along with improved profit realization.”

4.26 **The Committee find that Hindustan Copper Ltd.(HCL) has planned to expand its mining capacity so as to double the production of Metal-in-concentrate from current level of 30,000 tonnes per annum by 2011-12 through re-opening of closed mines and development of new mines and optimizing the production from existing mines. The Committee also note that HCL is at present, meeting the major portion of raw materials for production of copper concentrate from its own mines and import around 30 percent. Considering the production target set in 11th Plan, self-reliance in raw-material is important for HCL to cut down the cost of production and for proposed modernization/expansion programme. The Committee are, however, constrained to note that no funds have been earmarked for acquisition and development of mines in 2008-09. Even HCL has made restricted provision of Rs. 60.00 crore in BE 2008-09 due to pending finalization of funds required for Replacement and Renewal(R&R) of its plants and equipments. The Committee regret to point out this lethargic attitude on the part of HCL which would adversely affect its performance. The Committee, therefore, recommend that HCL should take appropriate steps to acquire and develop mines and also seek additional funds at RE stage for R&R.**

### **C. Rehabilitation and Resettlement**

4.27 During the oral evidence issues related to rehabilitation and resettlement of the displaced persons from the mining areas were raised. The Secretary has apprised the Committee as under:—

“..... there is a mention of RR policy. There is a R&R policy in Rural Development Ministry also. We take up the implementation according to this policy.”

4.28 The Committee note that the Rehabilitation and Resettlement is a grey area of concern in implementation of various schemes. A number of cases are stated to be pending with the Government in this regard. Needless to say that affected persons are to be given adequate compensation and other suitable benefits so that they do not feel aggrieved and humiliated. The Committee desire that the grievances of Project Affected Persons(PAPs) regarding compensation claims, employment, etc. should be settled/resolved within a fixed time-frame.

NEW DELHI;  
11 April, 2008  

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22 Chaitra, 1930 (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<br>Para No.<br>of the<br>Report | Observations/Recommendations  |
|---------|---|---|
| 1       | 2   | 3   |
| 1.      | 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 reply to the Recommendation No.15 which was categorized as of interim nature. The Committee would like to be apprised of the action taken in this regard.   |
| 2.      | 3.8                                       | The Committee find that as against the Budgetary Support(BS) of Rs. 1678.44 crore proposed by the Ministry of Mines for 11th Five Year Plan, the Planning Commission has approved only Rs. 1043.00 crore involving major reduction of funds of the Geological Survey of India(GSI) and the Indian Bureau of Mines(IBM). As a result GSI and IBM have suffered in the form of less allocation of funds in 2007-08 and 2008-09 also. The Committee are constrained to observe that there is hardly any justification for reduction of BS to the aforesaid organizations even at the time of implementation of new National Mineral Policy and necessity to carry out exploration and exploitation of the mineral resources. The Committee can only hope that allocation of sufficient BS would enable |

| 1  | 2    | 3  |
|----|------|--|
|    |      | <p>to achieve the envisaged objectives of the National Mineral Policy. The Committee, therefore, recommend that the Ministry should again approach the Planning Commission to restore the proposed BS to enable GSI and IBM to carry over their schemes/projects smoothly.</p>   |
| 3. | 3.9  | <p>The Committee are constrained to note that on the one hand there has been reduction of funds in 11th Plan by the Planning Commission, on the other hand the Ministry has failed to prepare realistic estimates at BE stage in 2007-08 which has been increased from Rs. 1380.29 crore to Rs. 1644.29 crore at RE stage. The Committee are not convinced with the reasons given by the Ministry for increase of funds at RE stage as it has been done based on revised assessment of progress of second phase expansion of National Aluminium Company Ltd.(NALCO). The Ministry has not anticipated the expenditure to be incurred properly and prepared the estimates accordingly. The Committee have time and again emphasized the need for preparation of realistic estimates as far as possible. The Committee would like the Ministry to utilize the increased funds in BE 2008-09.</p> |
| 4. | 3.15 | <p>The Committee have been given to understand that modernization of Geological Survey of India (GSI), which was the main thrust area of 10th Five Year Plan, has suffered as they have failed to procure Research Vessel and Heliborne Survey System so far due to complex administrative processing and intricate purchase procedures. The Committee are concerned to observe that while efforts are</p>   |



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being made to revamp GSI to meet the emerging challenges arising in the light of economic liberalization and increased private participation in the exploration and exploitation of mineral resources, GSI has utterly failed to overcome the constraints in purchase of Research Vessel and Heliborne Survey System even at the beginning of the second year of 11th Plan. The Committee, therefore, urge upon the Ministry to facilitate GSI for procurement of Research Vessel and Heliborne Survey System without any further delay. The Committee also desire the Ministry to take appropriate steps to fill up the requisite number of posts which are essentially required in different categories so that schemes/programmes of GSI are not hampered for lack of sufficient manpower.

5. 4.16

The Committee find that the total plan outlay for National Aluminium Company Ltd.(NALCO) for the year 2008-09 has been increased to Rs. 1888.00 crore from Rs. 1158.00 crore in BE 2007-08 on account of progress made in second phase expansion programme. According to the Ministry, apart from completion of second phase expansion of NALCO by December 2008, obtaining lease for Pottangi bauxite deposit in Orissa and setting up of smelter project in India and overseas are major thrust areas of NALCO for 11th Five Year Plan. The Committee are concerned to note that the second phase expansion has witnessed 22.27 percent escalation in cost to Rs. 5003.00 crore from Rs. 4091.00 crore. Further, grant of pottangi mining lease is still pending with the Government and no major break-through has been made in setting up smelter project in India.

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Moreover, the production of coal from Utkal-E coal block is yet to be started even after lapse of 4 years of allotment due to pending environment and forest clearances. The Committee are of the firm view that time-bound grant of mining lease and environment and forest clearances are of paramount importance for reaping the benefits of second phase expansion programme. The Committee would like to urge upon the Ministry to make all out efforts for early grant of mining lease and environment and forest clearances to NALCO. The Committee also desire NALCO to set up smelter projects in India and overseas at the earliest. The Ministry should take up the matter with the Ministry of Environment and Forests to cut down the number of days for clearances both at the Central and State level.

6.

4.26

The Committee find that Hindustan Copper Ltd.(HCL) has planned to expand its mining capacity so as to double the production of Metal-in-concentrate from current level of 30,000 tonnes per annum by 2011-12 through re-opening of closed mines and development of new mines and optimizing the production from existing mines. The Committee also note that HCL is at present, meeting the major portion of raw materials for production of copper concentrate from its own mines and import around 30 percent. Considering the production target set in 11th Plan, self-reliance in raw-material is important for HCL to cut down the cost of production and for proposed modernization/expansion programme. The Committee are, however, constrained to note that no funds have been earmarked for acquisition and development

| 1  | 2    | 3   |
|----|------|---|
|    |      | <p>of mines in 2008-09. Even HCL has made restricted provision of Rs. 60.00 crore in BE 2008-09 due to pending finalization of funds required for Replacement and Renewal (R&amp;R) of its plants and equipments. The Committee regret to point out this lethargic attitude on the part of HCL which would adversely affect its performance. The Committee, therefore, recommend that HCL should take appropriate steps to acquire and develop mines and also seek additional funds at RE stage for R&amp;R.</p>  |
| 7. | 4.28 | <p>The Committee note that the Rehabilitation and Resettlement is a grey area of concern in implementation of various schemes. A number of cases are stated to be pending with the Government in this regard. Needless to say that affected persons are to be given adequate compensation and other suitable benefits so that they do not feel aggrieved and humiliated. The Committee desire that the grievances of Project Affected Persons(PAPs) regarding compensation claims, employment, etc. should be settled/resolved within a fixed time-frame.</p> |

## ANNEXURE-I

A STATEMENT SHOWING THE BUDGET ESTIMATES, REVISED ESTIMATES FOR 2007-08  
AND BUDGET ESTIMATES FOR 2008-09

|    | (Rs. in crore)                                |          |       |            |          |       |            |          |       |       |
|----|---|----------|-------|------------|----------|-------|------------|----------|-------|-------|
|    | BE 2007-2008                                  |          |       | RE 2007-08 |          |       | BE 2008-09 |          |       | Total |
|    | Plan  | Non-Plan | Total | Plan       | Non-Plan | Total | Plan       | Non-Plan | Total |       |
| 1  | 2   | 3        | 4     | 5          | 6        | 7     | 8          | 9        | 10    |       |
| 1. | <b>Direction &amp; Administration</b>         |          |       |            |          |       |            |          |       |       |
|    | <b>(Secretariat Proper)</b>                   |          |       |            |          |       |            |          |       |       |
|    | <b>Ministry of Mines</b>                      |          |       |            |          |       |            |          |       |       |
| 2. | <b>Non-Ferrous Metals</b>                     |          |       |            |          |       |            |          |       |       |
|    | <b>(i) National Aluminium Company Limited</b> |          |       |            |          |       |            |          |       |       |
|    | <b>(a) Investment in equity</b>               |          |       |            |          |       |            |          |       |       |
|    | <b>(b) Loan</b>                               |          |       |            |          |       |            |          |       |       |
|    | <b>Sub Total</b>                              |          |       |            |          |       |            |          |       |       |
|    | <b>Total: Aluminium</b>                       |          |       |            |          |       |            |          |       |       |



|  | 1             | 2             | 3             | 4             | 5             | 6             | 7             | 8             | 9             | 10 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----|
| (b) Loan   |               |               |               |               |               |               |               |               |               |    |
| (c) Non-Plan Loan  |               |               |               |               |               |               |               |               |               |    |
| Total: Other Mining & Metallurgical Industries                       |               |               |               |               |               |               |               |               |               |    |
| <b>4. Survey, Exploration, Regulation &amp; Development of Mines</b> |               |               |               |               |               |               |               |               |               |    |
| (i) Geological Survey of India                                       |               |               |               |               |               |               |               |               |               |    |
| (a) Revenue  | 59.10         | 204.14        | 263.24        | 93.10         | 203.71        | 296.81        | 97.00         | 211.58        | 308.58        |    |
| (b) Capital  | 51.60         | -             | 51.60         | 51.60         | -             | 51.60         | 47.00         | -             | 47.00         |    |
| <b>Total (a) + (b)</b>   | <b>110.70</b> | <b>204.14</b> | <b>314.84</b> | <b>144.70</b> | <b>203.71</b> | <b>348.41</b> | <b>144.00</b> | <b>211.58</b> | <b>355.58</b> |    |
| (ii) Indian Bureau of Mines  |               |               |               |               |               |               |               |               |               |    |
| (a) Revenue  | 14.00         | 17.11         | 31.11         | 17.00         | 17.03         | 34.03         | 16.70         | 17.86         | 34.56         |    |
| (b) Capital  | 1.30          | -             | 1.30          | 1.30          | -             | 1.30          | 0.40          | 0.00          | 0.40          |    |
| <b>Total (a) + (b)</b>   | <b>15.30</b>  | <b>17.11</b>  | <b>32.41</b>  | <b>18.30</b>  | <b>17.03</b>  | <b>35.33</b>  | <b>17.10</b>  | <b>17.86</b>  | <b>34.96</b>  |    |

|  | 1 | 2             | 3             | 4             | 5             | 6             | 7             | 8             | 9             | 10            |
|--|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| (iii) Grants to MECL   |   | 11.00         | -             | 11.00         | 11.00         | -             | 11.00         | 12.00         | -             | 12.00         |
| (iv) Grants to BGML  |   | -             | 1.46          | 1.46          | -             | 1.86          | 1.86          | -             | 2.01          | 2.01          |
| (v) Science & Technology   |   | 3.00          | 2.70          | 5.70          | 2.99          | 2.70          | 5.69          | 3.00          | 2.80          | 5.80          |
| (vi) International Cooperation   |   | -             | 0.28          | 0.28          | -             | 0.28          | 0.28          | -             | 0.28          | 0.28          |
| (vii) National Mineral Awards  |   | -             | 0.35          | 0.35          | -             | 0.35          | 0.35          | -             | 0.35          | 0.35          |
| <b>Total: Survey, Exploration, Regulation &amp; Development of Mines</b> |   | <b>140.00</b> | <b>226.04</b> | <b>366.04</b> | <b>176.99</b> | <b>225.93</b> | <b>402.92</b> | <b>176.10</b> | <b>234.88</b> | <b>410.98</b> |
| <b>5. Lump sum provision to North Eastern Region &amp; Sikkim</b>        |   |               |               |               |               |               |               |               |               |               |
| (i) Geological Survey of India   |   | 12.30         | -             | 12.30         | 12.30         | -             | 12.30         | 16.00         | -             | 16.00         |
| (ii) Indian Bureau of Mines  |   | 1.70          | -             | 1.70          | 1.70          | -             | 1.70          | 1.90          | -             | 1.90          |
| <b>Total Lump sum provision to North Eastern Region &amp; Sikkim</b>     |   | <b>14.00</b>  | <b>-</b>      | <b>14.00</b>  | <b>14.00</b>  | <b>-</b>      | <b>14.00</b>  | <b>17.90</b>  | <b>-</b>      | <b>17.90</b>  |
| <b>Grand Total:</b>  |   | <b>154.00</b> | <b>235.70</b> | <b>389.70</b> | <b>191.00</b> | <b>798.53</b> | <b>989.53</b> | <b>194.00</b> | <b>245.00</b> | <b>439.00</b> |

ANNEXURE II

MINUTES OF THE SITTING OF THE STANDING COMMITTEE  
ON COAL & STEEL (2007-08) HELD ON 25TH MARCH, 2008  
IN COMMITTEE ROOM 'C', PARLIAMENT HOUSE ANNEXE,  
NEW DELHI

The Committee sat from 1400 hours to 1600 hours.

PRESENT

Dr. Satyanarayan Jatiya — *Chairman*

MEMBERS

2. Shri Hiten Barman
3. Shri Chandra Shekhar Dubey
4. Dr. Rameshwar Oraon
5. Shri Ali Anwar
6. Shri Bashistha Narain Singh

SECRETARIAT

1. Shri S.K. Sharma — *Additional Secretary*
2. Shri Ashok Sarin — *Joint Secretary*
3. Shri A.S. Chera — *Director*
4. Shri Raj Kumar — *Deputy Secretary*

WITNESSES

1. Shri J. P. Singh, Secretary — Ministry of Mines
2. Shri V. K. Thakral, JS — -do-
3. Smt. Ajita Bajpai Pande, JS — -do-
4. Shri Sanjiv Mittal, JS&FA — -do-
5. Shri Vinod Kumar, Director — -do-
6. Shri A. K. Mehta, Director — -do-
7. Shri A. K. Singh, Director — -do-
8. Shri G. Srinivas, Director — -do-



|  |   |                                      |
|--|---|--------------------------------------|
| 9. Shri Naval Kishore, Director          | — | -do-                                 |
| 10. Dr. K. Ayyasami, Director            | — | -do-                                 |
| 11. Shri P.M.Tejaie, DG                  | — | Geological Survey of India           |
| 12. Shri Gautam Dhar, DDG                | — | -do-                                 |
| 13. Shri Balram Chattopadhyaya, DIC(PPM) | — | -do-                                 |
| 14. Shri A.Mukhopadhyay, DDG             | — | -do-                                 |
| 15. Shri C.P.Ambesh, CG                  | — | -do-                                 |
| 16. Dr. S.Niyogi                         | — | -do-                                 |
| 17. Shri R.K.Sinha, COM(Coord.)          | — | Indian Bureau of Mines               |
| 18. Shri Ranjan Sahay, COM(Coord.)       | — | -do-                                 |
| 19. Shri C.R.Pradhan, CMD                | — | National Aluminium Company Ltd.      |
| 20. Shri B.L.Bagra, Dir. (Fin.)          | — | -do-                                 |
| 21. Shri S.C.Gupta, CMD                  | — | Hindustan Copper Ltd.                |
| 22. Shri M.Samajpati, Dir. (Fin.)        | — | -do-                                 |
| 23. Dr. A.K.Lomas, CMD                   | — | Mineral Exploration Corporation Ltd. |
| 24. Shri C.P.Gupta, Dir. (Fin.)          | — | -do-                                 |
| 25. Dr. S.K.Haldar, Dir. (Tech.)         | — | -do-                                 |
| 26. Shri Yogesh Sharma, Sr. Manager(BD)  | — | -do-                                 |

2. At the outset, the Chairman, Standing Committee on Coal and Steel welcomed the Secretary and other representatives of the Ministry of Mines to the sitting of the Committee and apprised them of the provisions of Direction 58 of the Directions by the Speaker, Lok Sabha.

3. Thereafter, the Secretary, Ministry of Mines briefed the Committee on Demands for Grants for the year 2008-09 of the Ministry of Mines. The points discussed during the sitting broadly related to issues such as Allocation of funds during 2007-08 and 2008-09 and variations between them; Reduction in 11th Five Year Plan and its impact on the PSUs; Expansion programme of National Aluminium Company(NALCO); Purchase of vessels by Geological Survey of India (GSI) during 11th Five Year Plan; Implementation of Restructuring Plan of Hindustan Copper Ltd. (HCL); Rehabilitation and Resettlement (R&R) Policy, etc.

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

*The Committee then adjourned.*

ANNEXURE-III

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON  
COAL AND STEEL HELD ON 11th APRIL, 2008 IN COMMITTEE  
ROOM '62', PARLIAMENT HOUSE, NEW DELHI

The Committee met from 1530 hrs. to 1650 hrs. to consider and adopt the Reports on Demands for Grants (2008-09) pertaining to the Ministries of Coal, Mines and Steel.

PRESENT

Dr. Satyanarayan Jatiya — *Chairman*

MEMBERS

2. Shri Hiten Barman
3. Shri Chandrakant B. Khaire
4. Shri Faggan Singh Kulaste
5. Shri Raghuraj Singh Shakya
6. Shri Rewati Raman Singh
7. Shri Anirudh Prasad Alias Sadhu Yadav
8. Shri Ali Anwar

SECRETARIAT

1. Shri S.K. Sharma — *Additional Secretary*
2. Shri Ashok Sarin — *Joint Secretary*
3. Shri A.S. Chera — *Director*
4. Shri Raj Kumar — *Deputy Secretary*

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

3. The Committee then considered and adopted the following Draft Reports:—

- |       |  |    |    |    |
|-------|--|----|----|----|
| (i)   | **   | ** | ** | ** |
| (ii)  | Report on Demands for Grants (2008-09) of the Ministry of Mines. |    |    |    |
| (iii) | **   | ** | ** | ** |

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\*\*Does not pertain to this Report.

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

*The Committee then adjourned.*