

25

STANDING COMMITTEE ON
COAL AND STEEL
(2011-2012)
FIFTEENTH LOK SABHA

MINISTRY OF MINES

DEMANDS FOR GRANTS
(2012-13)

TWENTY-FIFTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI
May, 2012/ Vaisakha, 1934 (Saka)

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Presented to Lok Sabha on 08.05.2012

Laid in Rajya Sabha on 08.05.2012

LOK SABHA SECRETARIAT
NEW DELHI
May, 2012/ Vaisakha, 1934 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL(2011-12)

Shri Kalyan Banerjee - Chairman

MEMBERS

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2. Shri Hansaraj Gangaram Ahir
3. Shri Jaywant Gangaram Awale#
4. Shri Sanjay Bhoi
5. Shri Udyanraje Bhonsle
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28. Shri Nand Kumar Sai
29. Shri Jai Prakash Narayan Singh
30. Shri R.C. Singh \$
31. Smt. Smriti Zubin Irani*

* Nominated to the Committee *w.e.f.* 17.09.2011
@ Nominated to the Committee *w.e.f.* 03.01.2012
Ceased to be the Member of the Committee *w.e.f.* 3.01.2012
\$ Retired *w.e.f.* 02.04.2012
^ Retired *w.e.f.* 03.04.2012

SECRETARIAT

- | | | | |
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| 1. | Shri P. Sreedharan | - | Additional Secretary |
| 2. | Shri Shiv Singh | - | Director |
| 3. | Shri Arvind Sharma | - | Deputy Secretary |
| 3. | Smt. Madhu Tandon | - | Sr. Committee Assistant |

INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorized by the Committee to present the Report on their behalf, present this Twenty-Fifth Report (Fifteenth Lok Sabha) on Demands for Grants (2012-13) 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 30.03.2012. 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 Ministries under their jurisdiction and make Report on the same to both the Houses of Parliament.

3. The Committee took evidence of the representatives of the Ministry of Mines on 9th April, 2012.

4. The Report was considered and adopted by the Committee at their sitting held on 04.05.2012.

5. 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.

6. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in Part-II of the Report.

**NEW DELHI;
07 May, 2012
17 Vaisakha, 1934 (Saka)**

**KALYAN BANERJEE
Chairman,
Standing Committee on Coal and Steel**

PART-I
REPORT
CHAPTER-I

INTRODUCTORY

The history of mineral development is as old as the civilization. In case of India, the mineral production dates back to the ancient times as the mining activities can be traced as far back as 6,000 years or so. The remains of some of the old mine workings are a witness to this fact. A few of these workings have led to the discovery of a number of significant mineral deposits, which are being worked in the present time. Realising the significance of industrial development of the country, Industrial Policy Resolution was promulgated in 1956 by the Central Government. Under this ambitious programme of developing several industries (such as steel, non-ferrous metals, cement, power, fertilizers, etc.) were launched which required increasing quantities of minerals. Coal was the one to have received the maximum attention for being the basic fuel for a whole range of industries such as steel, railways and power plants.

1.2 Today, the reserves details are available for as many as 20,000 mineral deposits all over the country. The Indian Bureau of Mines has prepared inventory of mineral deposits for the country and update it every five years. The country is self sufficient in case of 36 minerals and deficient in respect of a number of minerals. Demand for minerals is expected to grow very fast, due to increasing levels of consumption, infrastructure development and growth of the economy. Management of mineral resources has, therefore, to be closely integrated with the overall strategy of development and exploitation of minerals is to be guided by long-term national goals and perspectives.

1.3 The Ministry of Mines are responsible for 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 (Regulation and Development) Act, 1957 in respect of all mines and minerals other than coal, natural gas and petroleum. A list of subjects allocated to the Ministry of Mines, attached office,

subordinate office, Public Sector Undertakings and Research Institutions under the administrative control of the Ministry is given below:-

- (a) Legislation for regulation of mines and development of minerals within the territory of India, including mines and minerals underlying the ocean with in 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, concerning regulation and development of minerals in various States and the matters connected therewith or incidental thereto.
- (c) All other metals and minerals not specifically allotted to any other Ministry/Department, such as Aluminium, Zinc, Copper, Gold, Diamond, Lead and Nickel.
- (d) Planning, development, and assistance to, all institutions dealt with by the Ministry.
- (e) Administration and Management of Geological Survey of India.
- (f) Administration and Management of Indian Bureau of Mines.
- (g) Metallurgical Grade Silicon.

1.4 The Ministry of Mines have jurisdiction over the following attached/subordinate offices, namely:

- (i) Geological Survey of India (Head Quarters, Kolkata) is an attached office; and
- (ii) Indian Bureau of Mines (Head Quarters, Nagpur) is a subordinate office of the Ministry.

1.5 The Ministry of Mines have the following three Public Sector Undertakings(PSUs) under its jurisdiction, namely:

- (i) National Aluminium Company Limited (NALCO), Bhubaneswar
- (ii) Hindustan Copper Limited (HCL), Kolkata
- (iii) Mineral Exploration Corporation Limited (MECL), Nagpur

1.6 The Ministry of Mines have the following three Research Institutions which are the Autonomous Bodies under its jurisdiction, namely:

- (i) National Institute of Rock Mechanics, (NIRM), Kolar Gold Fields(Karnataka)
- (ii) National Institute of Miners' Health (NIMH), Nagpur
- (iii) Jawaharlal Nehru Aluminium Research Development and Design Centre (JNARDDC) Nagpur.

1.7 In addition to the above, two registered Societies, namely, the Non-ferrous Materials Technology Development Centre, Hyderabad (NFTDC) and the Centre for Techno-Economic Policy Option New Delhi (C-Tempo), both non-grant institutions, are within the administrative purview of the Ministry of Mines.

1.8 The detailed Demands for Grants of the Ministry of Mines were presented to Lok Sabha on 30.03.2012. In the succeeding chapters, the Committee have reviewed the Reform Measures and Policy Initiatives, analyzed the detailed Demands for Grants of the Ministry of Mines for the year 2012-13, utilization of Plan Outlays of attached/subordinate offices and Public Sector Undertakings under the administrative control of the Ministry during 2011-12, etc.

CHAPTER-II

ANALYSIS OF DEMANDS FOR GRANTS (2012-13) OF THE MINISTRY OF MINES

2.1 The Ministry of Mines have presented the detailed Demands for Grants No. 66 for the year 2012-13 to the Lok Sabha. The Demand includes provision for Plan and Non-Plan expenditure under Revenue and Capital Sections for the Ministry, its attached/subordinate offices and Public Sector Undertakings under its administrative control. The details of Demands under various heads during the last two years and 2012-13 at **Annexure-I**. The Plan and Non-Plan provisions of the Ministry of Mines for the year 2011-12 and 2012-13 are as under:-

(Rs. in crore)

Major Head	BE 2011-12			RE 2011-12			BE 2012-13		
	Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
Revenue	174.79	440.28	615.07	174.79	436.95	611.74	162.42	466.44	628.66
Capital	39.21	--	39.21	200.57	--	200.57	69.58	--	69.58
Total	214.00	440.28	654.28	375.36	436.95	812.31	232.00	466.44	698.44

2.2 When asked about the reasons for variations between BE and RE during 2011-12 and BE 2012-13, the Ministry have informed the Committee as follows:-

"The variation between Plan BE & RE during the year 2011-12 under Plan is due to additional provision of Rs.161.36 crore obtained through first batch (Rs. 68.87 crore) and second batch (Rs. 92.49 crore) of Supplementary Demands for Grants 2011-12 towards second and third installment of payment for procurement of Ocean Going Research Vessel by Geological Survey of India (GSI). The Non-Plan provision has been reduced by Ministry of Finance.

The increase under Non-Plan 2012-13 is normative only. The Plan provision for BE 2012-13 compared to BE 2011-12 is only normative increase. However, Plan provision for BE 2012-13 compared to RE 2011-12 varied because BE 2012-13 does not include amount due for fourth and fifth installment payable for procurement of Ocean Going Research Vessel by GSI. Planning Commission and Ministry of Finance has agreed 'in principle' to give Rs.216.00 crore for payment of fourth and fifth installments in the Supplementary Demands for Grants during financial year 2012-13."

2.3 When asked about the steps taken/proposed to be taken and suggestions, if any, for the improvement in the implementation of various schemes, the Ministry have stated as under:-

"In the Ministry, monthly meeting to monitor the progress of expenditure and status of progress of schemes are taken by Secretary (Mines). Besides, Quarterly Performance Review Meeting in respect of each organizations/PSUs under this Ministry is being taken regularly where the implementation of various scheme are reviewed."

2.4 A statement on the funds allocated during the XIth Plan, amount actually spent, targets fixed for various activities vis-à-vis actual achievements, is given below:-

2.5 The PSUs/Organisation-wise proposed and approved Outlay for Annual Plan for 2012-2013 showing IR, EBR, GBS, NBS and Ext. Aid are given below: -

(a) Proposed Outlays

(Rs. / crores)

Name of PSUs/Orgns	<u>ANNUAL PLAN 2012 – 2013</u>				
	(PROPOSED)				
	Outlay	IR	EBR	GBS	NBS
1	2	3	4	5	6
NALCO	2343.00	2343.00	0.00	0.00	0.00
HCL	269.50*	269.50	0.00	0.00	0.00
MECL					
Promotional	10.00	0.00	0.00	10.00	10.00
Capital	9.00	9.00	0.00	0.00	0.00
GSI	710.00	0.00	0.00	710.00	710.00
IBM	31.88	0.00	0.00	31.88	31.88
S & T	14.83	5.60	0.90	8.33	8.33
Construction					
GSI	74.23	0.00	0.00	74.23	74.23
IBM	5.00	0.00	0.00	5.00	5.00
TOTAL	3467.44	2627.10	0.90	839.44	839.44
:					

*During the Annual Plan discussion HCL proposed to increase its outlay which was approved by the Planning Commission.

(b) Approved Outlays

(₹.in crores)

Sl. No.	PSUs / Orgns.	ANNUAL PLAN 2012 -2013						
		OUTLAY	IR	EBR	G.B.S.	N.B.S	NER	TSP
1	NALCO	2343.00	2343.00		-	-		
2	HCL	341.14	341.14		-	-		

3	MECL							
	Pro-motional	10.00			10.00	10.00		
	Capital	9.00	9.00		-	-		
4	GSI	194.00	-		194.00	194.00	19.40	7.76
5	IBM	24.00	-		24.00	24.00	2.40	0.96
6	S&T	10.50	5.60	0.90	4.00	4.00	-	-
7	*CONST.							
	- GSI	10.00			10.00	10.00		
	- IBM	1.00			1.00	1.00		
	TOTAL :	2942.64	2698.74	0.90	243.00	243.00	21.80	8.72

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

2.6 The Ministry have informed the Committee that the approved Gross Budgetary Support (GBS) of this Ministry is Rs.243.00 crore for the Plan 2012-13 against the proposed Rs.839.44 crore by the Ministry. The ceiling of I&EBR has, however been fixed at Rs.2699.64 crores as proposed by the Ministry. The funds have been allocated in view of overall availability of the funds with the Government of India.

2.7 From the above table it may be seen that against the total plan outlay of 3467.44 crore proposed by the Ministry, Planning Commission had approved Rs. 2942.64 crore with IEBR of Rs. 2699.64 crore and GBS of Rs. 243.00 crore.

CHAPTER-III

MINERAL PRODUCTION

3.1 The Ministry in their Annual Report for the year 2011-12 have stated that based on the overall trend so far the index of mineral production (base 2004-05) for the year 2011-12 is estimated to be 130.38 as compared to 131.36 for 2010-100 showing a negative growth of 0.75%. The decline in production is due to the restriction on exports, temporary discontinuance of mining for want of environmental clearance etc. The Ministry have been mandated for the regulation of mineral resources to ensure basic uniformity in mineral administration so that the development of mineral resources keeps pace, and is in consonance with the national policy goals.

3.2 The total value of mineral production (excluding atomic minerals) during 2011-12 has been estimated at Rs. 210334.55 crore, which shows a decrease of about 1.02% over that of the previous year. The decline in value of mineral production is due to the restriction on exports, temporary discontinuance of mining for want of environmental clearance etc.

CHAPTER-IV

GEOLOGICAL SURVEY OF INDIA(GSI)

4.1 The Geological Survey of India (GSI) set up in 1851, has not only grown into a repository of geo-science information required in various fields in the country over the years, but has also attained the status of a geo-scientific organisation of international repute. The main function of GSI relate to creation and updation of national geo-scientific data and mineral resource assessment. GSI also conducts geo-technical and geo-environmental studies. With its headquarters at Kolkata, GSI has six regional offices at Lucknow, Jaipur, Nagpur, Hyderabad, Shillong, Kolkata and offices in almost all States of the country.

4.2 The Plan and Non-Plan (BE & RE) during 2011-12 for GSI and (BE) 2012-13 are as under:

(Rs. in crore)

Major head	BE-2011-12			RE 2011-12			BE 2012-13		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue	127.90	375.80	503.70	127.90	371.10	499.00	109.60	395.29	504.89
Capital	35.00	--	35.00	196.36	--	196.36	65.00	--	65.00
Total	162.90	375.80	538.70	324.26	371.10	695.36	174.60	395.29	569.89

4.3 When the Committee desired to know whether the total outlay to GSI to the tune of Rs. 695.36 crore proved sufficient to carry on the ongoing schemes/projects during 2011-12, the Ministry have stated as under:-

"During the FY 2011-12, an amount of Rs.228.96 crore till Feb'12 has been spent under Plan Budget against the allotment of Rs.324.26 crore, which works out to 70.61% of utilization of fund and Rs.370.20 crore has been utilized under Non Plan Budget till Feb'12 out of Rs.371.10 crore which works out to be 99.75%. Collectively under Plan and Non Plan Budget, an amount of Rs. 599.16 crore till Feb'12 has been spent and it was possible due to additional financial support received from the Planning Commission released in the form of Batch of Supplementary grants for payment of OGRV during FY 2011-12. Overall the fund allocation during FY 2011-12 was satisfactory."

4.4 Against Rs.576.65 crore proposed by the Ministry during 2011-12, Planning Commission has approved only Rs.181.00 crore for GSI. Again during 2012-13

allocation to GSI has been Rs. 194.00 crore against Rs. 710.00 Crore proposed by the Ministry.

4.5 On being enquired about the reasons for drastic cut by Planning Commission in the proposed outlay of GSI for 2011-12 and 2012-13 and as to how GSI would be able to complete the schemes/targets for which the plan outlays were proposed by the Ministry during 2011-12 and 2012-13, the Ministry in a written reply stated as under:-

"GSI had proposed Rs. 710.00 crore (excluding the proposed Rs.74.00 crore as Construction Budget) as the financial Plan Outlay (BE) for the FY 2012-13. Under this budget grant, Rs. 374.00 crore was proposed under M&E head. Break up of Rs.374.00 crore: Rs.287.00 crore – construction costs of both Ocean Going Research Vessel and Geotechnical vessel; Rs. 87.00 crore –For acquisition of Laboratory and drilling equipment. The total cost of the vessel as per revised EFC document is Rs.549.50 crore (Rs.531.00 crore to Shipyard and Rs. 18.50 crore towards consultancy charges). The final agreement with the shipyard was held in 4th March 2011 and payment towards construction of Vessel was immediately initiated. The 1st Installment Rs. 39.74 crore was paid in March 2011. During 2011-12 initial Rs.181.00 crore and BE stage was approved by Planning Commission for GSI which did not include the second and third installments for OGRV during the year. Through the first batch of supplementary Rs.68.87 crore and through second supplementary Rs.92.49 crore was allocated to GSI leading to a total plan allocation of Rs. 324.26 crore for the financial year 2011-12, As such, 2nd Installment Rs.71.99 crore was paid in September 2011. The 3rd installment Rs. 89.73 crore has been paid in March 2012. During FY 2012-13 itself, about Rs. 216.50 crore is specifically projected for payment of 4th & 5th Installments towards construction of Ocean Going Research Vessel. Apart from this Rs.70.50 crore and Rs.87.00 crore are also projected for payment of Geotechnical Vessel and procurement of Laboratory equipments and Drilling rigs respectively. However, Planning Commission has approved Rs. 194.00 crore (excluding Rs.10.00 crore under construction budget) as the Plan Budget to GSI for FY 2012-13. In that case, GSI will face serious financial crunch for taking up the operational expenditure particularly in Mission I and II, where substantial items have been projected with enhanced targets during FY 2012-13. During FY 2012-13 keeping in view of an additional manpower about 534 fresh Geologists (trained from GSITI), GSI has envisaged about 588 items with enhanced targets in comparison to the previous year. Out of which bulk of the items would be taken up under Mission I & II i.e. 216 items under Mission I and 128 items under Mission II. Fund crunch will put a serious impact on this as well as in implementation of Phase III Portal development - Online Core Business Integrated System (OCBIS) and on procurement modernisation items. Though, ship payment will be continued as the present practice through supplementary grants at its different stages only in other cases, GSI would approach to the Ministry at appropriate stage for further financial support.

In the light of the priorities of the XII Five Year Plan, GSI had proposed Rs. 710.00 crore (excluding the proposed Rs.74.00 crore as Construction Budget) as the financial Plan Outlay (BE) for the FY 2012-13. GSI had proposed substantial enhancement of funds mainly under four schemes viz. (i) Survey & Mapping – (Mission – I) (ii) Mineral Exploration – Mission II ; (iii) Information Dissemination - Mission III and (iv) Modernization & Replacement – STSS. In the remaining schemes only normative increase is proposed.

During FY 2012-13 keeping in view an additional manpower about 534 fresh Geologists (trained from GSITI), GSI has envisaged about 588 items with enhanced targets in comparison to the previous year. Bulk of the items would be taken up under Survey & Mapping (Mission I) Mineral Exploration (Mission II) Schemes i.e. 216 items under Mission I and 128 items under Mission II. Survey and Mapping Scheme (Mission –I Baseline Geo-science Data Generation) is the most important activity of GSI which is a key input for targeting and taking up the mineral exploration activity. Moreover, considerable fund has been sought under Survey & Mapping scheme mainly for marine research vessels, aircraft "Twin Otter", Helicopter "Dhruv" maintenance and maintenance of other machineries in the field and also for outsourcing of vehicles for Survey and Mapping programmes and analytical charges towards NGCM samples.

Implementation of Phase III Portal development [Online Core Business Integrated System (OCBIS)] has been proposed to be taken up in the FY 2012-13. GSI is aimed to build integrated system which would map and integrate all the core business processes holistically and logically coupled with workflow such that each and every information generating out these processes at every stage can be captured, stored, managed, utilized and disseminated according to the requirement of the user agencies through this version of Portal – III. It is recommended that GSI must prepare and implement its Portal Phase III (OCBIS) to enable serving of 1:50,000 scale geological, geophysical and geochemical maps on Internet in GIS Platform, in line with international practice. Towards developing the OCBIS project as well as for other IT activities like purchase of software computer and peripherals etc. a sizable fund has been projected during FY 2012-13.

Under Modernisation and Replacement Scheme, a considerable budget has been proposed. Rs. 374.00 crore was proposed under M&E Head. Break up of Rs.374.00 crore: Rs.287.00 crore – construction costs of both Ocean Going Research Vessel and Geotechnical vessel; Rs. 87.00 crore –For acquisition of Laboratory and drilling equipment. During FY 2012-13 itself, about Rs. 216.50 crore is specifically projected for payment of 4th & 5th Installments towards construction of Ocean Going Research vessel. Apart from this Rs.70.50 crore and Rs.87.00 crore are also projected for payment of Geotechnical Vessel and procurement of Laboratory equipment and Drilling rigs respectively. The total payment for the OGRV procurement is slated at 549.50 crores. The first installment for the ship procurement of Rs 39.74 crores was paid in FY 2010-11. The second installment of Rs 71.99 crores was paid in September 2011 (FY 2011-12) after receiving the 1st Batch of Supplementary and the amount for third installment of Rs 89.73 crores has been received through second batch of supplementary and has been paid on 22nd March 2012. Though, the ship payment will be continued following the present practice through supplementary grants at its different stages only, in other cases, GSI would approach to the Ministry at appropriate stage for financial support as the

present indicated budget of Rs 194.00 crores and construction budget of Rs 10.00 crores may not be sufficient for GSI to carry out all of its proposed projects.

Other schemes such as in Spl Investigation and R&D Schemes (Mission IV) only normative increase of funds have been projected for accommodating the expenditure related to special investigations and research activities. Under Training (OAE) Scheme (Mission V) for conducting training programme for a batch of 300 new Scientific Officers at different Field Training Centres (FTC) and Regional Training Institute (RTI) of GSITI, development of central excellence of the existing training centers and to provide the free of cost training to the scientists of the State Govt. Geological Bodies and further fund is also required for the purpose of participation in Indian Geoscience Congress.

As per the Chawla Committee report and Mackinsey report, certain areas of NGCM, GPM Aeromagnetic Survey has been recommended for covering either by outsourcing or by service contract. In XII Plan document, GSI has proposed such programme, which is yet to be approved by the Government; if it is cleared, more funds will be required for this purpose during the FY 2012-13 itself.

4.6 The Ministry have further informed that the Plan Budget (Rs 194.00 crores) for GSI would not be adequate if the expenditure on account of projected activities proceed as per schedule. The augmentation of funds would be needed to bridge the gap between the indicated budget and already projected requirement (Rs.710 crore), which needs to be provided as mid Plan support. Enhanced support would be needed broadly for (i) The items under Mission I and II programmes, (ii) implementation of Phase III Portal development - Online Core Business Integrated System (OCBIS) (iii) Modernization of equipment and (iii) expanded role of GSI as envisaged in the new National Mineral Policy (2008) and as recommended by Hoda Committee (2007) the High Powered Committee (2009) on the functioning of GSI.

4.7 The revised target of GSI for FY 2012-13 with approved outlays of Rs. 194 crore will be as follows:-

REVISED PHYSICAL TARGETS ON VARIOUS SCHEMES OF GSI AGAINST THE INDICATIVE PLAN BUDGET Rs. 194.00 CRORE

SI NO	Name of Scheme/ Programme	Indicative Outlay for Fy 2012-13 (Rs.in crore)	Quantifiable Deliverables [Revised Target against Indicative Plan Outlay Rs.194 cr. for FY 2012-13]	Remarks (Adverse effect on Reduction in Plan outlay)
1	Survey & Mapping (Mission - I)	69.34	(i) Specialised Thematic Mapping (STM) (in sq km)(1:25k) - 15,000 (ii) Systematic Geological Mapping (in sq km) (1:50k) - 1960 (iii) Geochemical Mapping (GCM) (in sq km) (1:50k) - 46,000 (iv) Geophysical Mapping (GPM) (in sq km) (1:50k) - 22,000 (v) Multisensor Survey (in l km) - 25,000 Marine Survey : Parametric Studies within EEZ & beyond (a) Bathymetry (l km) - 5,000 (b) Swath Bathymetry (sq. km.) - 50,000 (c) Magnetic (l km) - 1,700 (viii) Systematic Coverage within TW and adjacent EEZ (sq. km) - 1700 (new item)	Due to substantial reduction in Plan outlay of indicative budget of FY 2012-13 will put an adverse effect on the activities of Mission I & II as entire fresh Geologists / recruitees (534) are posted in those two Missions. There is substantial reduction in physical target in STM. GCM,GPM, Marine Survey, LSM, DM and Drilling against the original projected targets. Moreover, payment towards maintenance of Vessels, aircraft and Heliborne System will be hampered due to reduction of Plan fund.
2	Mineral Exploration (Mission II)	25.00	(i) Large Scale Mapping (LSM) (sq km) - 2,500 (ii) Detailed Mapping (DM) (sq km) - 40 (iii) Drilling (m) - 66,000	
3	Info. Dissemination (Mission III)	18.00	30 nos.	Implementation of Phase III Portal development [Online Core Business Integrated System (OCBIS)] has been proposed to be taken up in the FY 2012-13 to enable serving of 1:50,000 scale geological, geophysical and geochemical maps on Internet in GIS Platform, in line with international practice. Due to substantial reduction in Plan outlay of indicative budget of FY 2012-13 will put a complete halt in OCBIS project implementation.
4	Specialised Investigation (Mission IV)	8.00	91 nos.	
5	R&D	8.00	36 nos.	
6	HRD (Mission V)	11.00	80 nos.	

7.	Modernisation and Replacement	46.90		The OGRV instalment payment will be made subject to fund being made available in December 2012. However the procurement action for Laboratory and Drilling items would suffer substantially.
8.	TSP/ SCSP	7.76		
	Total	194.00		

4.8 The Ministry have informed the Committee that the approved Plan Budget (Rs 194.00 crores) would not be adequate if the expenditure on account of projected activities proceed as per schedule. The augmentation of funds would be needed to bridge the gap between the approved budget and already projected requirement (Rs.710 crore), which needs to be provided as mid Plan support. Enhanced support would be needed broadly for (i) The items under Mission I and II programmes, (ii) implementation of Phase III Portal development - Online Core Business Integrated System (OCBIS) (iii) Modernization of equipment and (iii) expanded role of GSI as envisaged in the new National Mineral Policy (2008) and as recommended by Hoda Committee (2007) the High Powered Committee (2009) on the functioning of GSI.

4.9 Regarding low allocation approved for 2012-13, a representative of the Ministry of Mines informed the Committee during evidence:-

"We had asked for Rs.710 crores. That was an achievable basis and that was a target for the first year of the 12th Five Year Plan. As against that we have just got Rs.194 crores..... Two instalments for making the ship have to be paid to the Koreans in the financial year 2012-13. Each instalment is of Rs.108 crore. The instalments to be paid are: the fourth instalment to be paid in September and the fifth instalment in March. That is, Rs.216 crore has to be paid for the ship. This is as per our international contractual agreement which we have to honour.

Secondly, if we have to achieve a reasonable target considering the manpower which is there at our disposal, we did our internal exercise, we need a minimum of Rs.86 crore over and above what has been provided for survey and exploration as well as mineral investigation. In short, what we require is Rs.194 crore which the Finance Minister has already given, plus Rs.216 crore for the two instalments of the ship which obviously we cannot pay out of this Rs.194 crore. The third is an additional Rs.86 crore for mineral survey and exploration, plus mineral investigation which brings it to a total of Rs.496 crore."

4.10 On being enquired about whether any assessment has been made for acquisition of modern equipments for survey and recruitment of more S&T personnel and geologists in GSI and details of equipment procured, expenditure incurred, recruitments made during the last 3 years and the expenditure proposed for the purpose during 2012-13, the Ministry have replied as under:-

"The Current Status of Modernisation Programme:

During the XI Plan (2007-12), GSI so far projected for acquisition of Rs. 200.16 crore worth low value modernisation items like Field, Laboratory equipment and Drilling rigs including accessories and Rs. 627.50 crore towards acquisition of high value modernisation items like Research Vessel, Geotechnical Vessel, Heliborne Survey Systems, Fixed Wing Aircraft with Time Domain Survey Systems etc. During the XI Plan till Feb'12), GSI could utilized Rs. 280.66 crore against the allotment of Rs. 393.21 crore under M&E head, which is meant for modernisation programme.

During XII Plan period, the total expenditure towards modernisation programme of GSI as envisaged is around Rs. 670 crores excluding acquisition of high cost items. The details of XII Plan projection towards modernisation programme is given below:

	MODERNISATION ACTIVITY	(Rs. in crore)
(a)	High Cost Items - Committed (Replacement Vessel + Geotechnical Vessel)	612
(b)	High Cost Items - Proposed (Coastal Launch)	100
(d)	Procurement of Equipment other than High Cost Items (Lab & Drilling Items)	670
	Total	1382

Status of procurement of High Cost Items

A. Status of acquisition process of Heliborne Sensors

Acquisition of Helicopter "Dhruv" is already over. The Geophysical Sensors have already been received and their onboard integration is under process by M/s HAL.

Installation of Heliborne Geophysical Sensors: M/s. HAL Bangalore has nearly completed the installation of Heliborne Sensors. As per the HAL, the following works to be executed in the presence of M/s PICO:

- Looming work and other equipments connection to be done,
- Ground checks of the installation – Megger Checks, connectivity, power checks etc.
- Power on check of the geophysical instruments
- EMI/EME evaluation by HAL (quantitative measures)
- Initial Flight testing as per the Test specifications
- Flight Evaluation Trials.

B. Procurement of Marine Vessels

- i. **Ocean Going Research Vessel:** Ship Acquisition Cell and Task Force, GSI have been monitoring the progress of OGRV. Monthly review meeting was held on 02-2-2012 at New Delhi. The designated GSI team left on 07th March, 2012 to visit shipyard, verify documents, witness the steel cutting event and to certify 3rd stage completion. USD 17,605,500 (to be paid in March, 2012) has already been received by GSI in the Second Supplementary Demand. Payment of third installment will be made as per the existing US dollar rate against rupees during that time.
- ii. **Geotechnical Vessel:** The meeting of Technical Evaluation Committee was scheduled on 7th March 2012 at Kolkata to evaluate the bids. Shipyard visit commenced on 27th February 2012 by the representatives of GSI and consultants and concluded on 5th March 2012. The shipyard inspection report will be made available to the TEC as an input during the evaluation process. So far under Modernisation Programme (under M&E Head) following expenditure was taken up during the XI Five Year Plan Period:

Year	Allotment	Expenditure
2007-08	51.25	36.75
2008-09	37.00	37.26
2009-10	34.00	31.63
2010-11	74.00	74.19 (including ship payment and Heliborne sensors)
2011-12	196.96	100.83 (Till Feb'12) (including ship payment)

4.11 As regards the physical targets, the Committee have been informed that out of 5,70,000 Sq.km. geological potential, only 1,28,000 Sq.km. has been explored so far.

4.12 The targets fixed for various projects/schemes of GSI during the XIth Five Year Plan vis-à-vis actual achievements are given below:-

GEOLOGICAL SURVEY OF INDIA

Sl. No.	Name of the Scheme/Project/Programme	XI Plan Target / Achievement (Till Feb'12)
I. Survey and Mapping		
a)	Ground Survey	
i)	Systematic Geological Mapping (sq.km.)	₹ / 2986
ii)	Spl. Thematic Mapping (sq.km.)	35,000 / 39,563
iii)	Geochemical Mapping (sq.km.)	1,80,000 / 1,32,316 ψ ψ
iv)	Geophysical Mapping (sq.km.)	84,000** / 1,01,566.5

b)	Aerial Survey	
i)	Multisensor/Aeromagnetic Survey (with Twin Otter (lkm))	77,500 sq.km. / 62,629 lkm Ω
c)	Marine Survey	
i)	Parametric Survey within EEZ and beyond	
	1. Bathymetric Survey (lkm)	1. 33773
	2. Magnetic (lkm)	2. 36924
ii)	Territorial Water (Seabed mapping and Parametric surveys	- / 11,408
II. Mineral Exploration		
a)	Large Scale Mapping (sq.km.)	13,530.50 / 8,252.13 ψ
b)	Detailed mapping (sq.km.)	172 / 167.475 ψ
c)	Drilling (metre)	4,29,000 / 3,02,282.02 ψ
III. Specialised Investigation		
	[Geotechnical, Earthquake Geology & Seismology, Geoenvironment, Glaciology, Geothermal etc.] (in nos.)	447 / 434 π
IV. Research & Development and Other Exploration		
	Research (No. of Investigation)	244 / 236 ψ
V. Information Dissemination		
	(Map, Publication, Information Technology etc.) (in nos.)	163 / 163
VI. Human Resource Development		
	Training (in GSITI) (No. of courses)	224 / 226

¥ Target was not projected for XI Plan. ;

** Target reduced due to reduced manpower ;

ψ ψ Shortage of man power during the first three years.

ψ Shortage of man power ;

n Some of the Geotechnical Investigation items of State Water Resource Departments were not received so the number of items are less however additional three items were undertaken as urgent need .

4.13 When asked about the future programme of GSI to accelerate exploration in untapped areas, the Ministry have informed the Committee as under:-

"The area of 5,71,000 sq km has been identified as the Obvious Geological Potential (OGP) Area and during the XII Plan, GSI has projected to cover an area of about 26,750 sq.km. under LSM. In addition, GSI will be taking up Specialized Thematic Mapping, National Geochemical Mapping, Geophysical

mapping in the identified OGP areas on priority basis for targeting mineral exploration also."

4.14 During evidence, a representatives of the Ministry of Mines further informed the Committee as under:-

"The average of this country, right now, is just simply 20 per cent of the OGP or it is about 6 per cent of the total land mass. So, Australia has completed it for 100 per cent. Canada has completed it for 94 per cent."

CHAPTER-V

INDIAN BUREAU OF MINES (IBM)

5.1 The India Bureau of Mines (IBM), a subordinate Organisation under Ministry of Mines, is primarily responsible for the promotion of systematic and scientific development of mineral resources of the country, conservation of minerals and protection of environment in mines, other than coal, petroleum & natural gas, atomic minerals and minor minerals. It also functions as a facilitator to the Mining Industry by providing consultancy services in mining, geology, protection of mine environment and mineral beneficiation, and also as a data bank on mines and minerals. It also advises the Central and State Governments on all aspects of mineral industry, trade and legislation.

5.2 IBM performs regulatory functions through enforcement of Mineral Conservation and Development rules, 1988, relevant provisions of the Mines and Minerals (Development and Regulation) Act, 1957, the Mineral Concession Rules, 1960 and Environmental (Protection) Act, 1986 and Rules made there under. For reviewing and restructuring of functions and role of IBM in terms of the Policy direction given in the National Mineral Policy 2008. Committee was constituted on 23.7.2009 in the Ministry of Mines. Based on the deliberations of the stakeholders meeting held on 20.12.2010 under the Chairmanship of Secretary (Mines), the Committee has modified the report. Subsequently a meeting with industry personnel was held under the Chairmanship of Secretary (Mines) on 30th August 2011 on the issue of continuation of Ore Dressing Division in IBM. It was decided in the meeting that IBM's role should be restricted to be a Regulator in the field of mineral beneficiation rather than as commercial organization for development of flow sheets. Based on the decisions taken in the meeting held on 30th August 2011, the certain chapters of the Report were again redrafted. The modified draft report of the Committee is ready for submission.

5.3 The objectives of the National Mineral Policy are fulfilled through the Charter of Functions of IBM in large. Functions of IBM like Development of Mineral Resources with an eye on conservation, acting as a regulator and facilitator for mineral development, R&D for promotion of mineral beneficiation and utilization of low grade

ores, imparting training for human resources development and to strive for the amelioration of pollution from mining; etc. are implementation of this policy.

5.4 Towards this end, the IBM functions to promote and facilitate rapid and sustainable development of national mineral sector, continuing with efforts for systematic and scientific development of mineral deposits, conservation of minerals, protection of mining environment by regulating mining activities and their closure, to update mineral inventory, utilization of waste and low grade resource by technology development, implementation of apt mining methods, monitoring of community development in and around mining areas and to develop and implement mineral information system for collection, collation, retrieval and dissemination of data on mines and minerals.

5.5 The Budget Estimates, Revised Estimates 2011-12 of IBM and Budget Estimates, 2012-13 of IBM are as under:-

(Rs. in crore)

Major head	BE 2011-12			RE 2011-12			BE 2012-13		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2853	19.14	38.55	57.69	19.14	40.42	59.56	20.57	43.50	64.07

5.6 When asked as to how much amount has actually been spent by IBM under Plan and Non-Plan during 2011-12 and what are the reasons for variations between BE and RE in 2011-12 and BE 2012-13, the Ministry have furnished as follows:-

"Amount actually spent by IBM under Plan and Non-Plan during 2011-12 is given in the following table.

Plan & Non-Plan Expenditure during 2011-12

(Rs. in Crores)

Sl. No.	Object Head	Budget Estimates 2011-12	Revised Estimates 2011-12	Final Estimate 2011-12 (After surrender)	Expenditure incurred upto Feb.,2012	BE 2012-13
I	PLAN					
	i) Revenue	19.14	19.14	17.34	15.54	20.57
	ii) Capital	0.66	0.66	0.51	0.13	1.03
	iii)NER	2.20	2.20	1.91	1.30	2.40
	TOTAL	22.00	22.00	19.765	16.97	

	PLAN:					24.00
II	NON - PLAN	38.55	40.42	42.75	42.35	43.50

The increase in the Plan Outlay to Rs.20.57 crores in BE 2012-13 as compared to Rs.19.14 crores in RE 2011-12 is mainly due to annual increment, increase in Dearness Allowance, Office expenses, POL and requirement of funds under New Scheme "Capacity Building of State Govts. Development of Implementation of Ore Accounting Software by NIC" and provision made for Tribal Area Sub-Plan.

The increase in Non-Plan Outlay to Rs.43.50 crores in BE 2012-13 as compared to Rs.40.42 crores in RE 2011-12 is mainly due to annual increment, increase in Dearness Allowance, Office expenses, POL etc."

Inspections of Mines by IBM

5.7 For promotion of conservation and scientific development of mineral resources and ensuring protection of mines environment in mining areas, IBM carried out 1,478 inspection of mines for enforcement of provision of MCDR, 1988 and examination of MP/MS, approved 113 Mining Plans and 208 Schemes of Mining. For up gradation and utilization of low grade and sub-grade ores and minerals, IBM carried out 40 Ore dressing investigation, 31,502 Chemical Analysis, 1620 Mineralogical studies and ore in Plant study. As a part of Consultancy services on charge and promotional basis to mining industry on mining, geological & environmental aspects, IBM completed 4 Technical Consultancy Assignment and 7 Mining Research Assignments and conducted 07 training courses for IBM and industry personnel. Preparation of 100 multiminerals maps with forest overlays in respect of Jammu & Kashmir, Himachal Pradesh, Haryana, West Bengal, North-Eastern States, Kerela and Goa are in progress. Updation of National Mineral Inventory (NMI) as on 1st April, 2010 is in progress and work completed for 36 minerals. For dissemination of data on mines and minerals, 10 Statistical and technical publications have been released.

5.8 The achievements during the year 2010-11 and 2011-12 (upto December, 2011) vis-à-vis targets in respect of inspections & studies of mines for promoting systematic and scientific development of mineral deposits, conservation of mineral resources, protection of environment, approval of mining plans and administration of MCDR, 1988 are as bellow:-

Item	2010-11		2011-12	
	Target	Achievement	Target	Achievement
Inspection of Mines for administration of MCD Rule 291, 1988, approval of mining plans, schemes and mine closure plans	2000	2177	2500	1741
Regional Mining Geological Studies/ (RMGS)/ Updation of NMI as on 01.04.2010 in respect of Pvt. Sector Leaseholds	7774 (Pvt. Sector Leaseholds)	7232	12 RMGS	12**
Updation of data in respect of Reconnaissance Permits (RP)/ Prospecting Licences (PL)	\$	291 RP/ PL Documents	\$	199 RP/PL documents

\$ As and when data received from RPs /PLs holders, ** in progress.

Consequent to inspection of mines during the year 2010-11, 1245 violations were pointed out to the mine owners & during this period 575 violations were rectified; 18 prosecution case launched; 15 cases decided and 20 compounded. Besides, mining operations were suspended in 90 mines where mining is not carried out as per the approved mining plan/scheme of mining. Besides, 172 Mining Plans, 234 Schemes of mining and 25 Final Mine Closure Plans approved. Incidentally, revenue of Rs. 9.97 lakh generated. These activities have contributed to systematic & scientific development of mineral deposits, conservation of minerals, protection of environment, check on illegal mining and monitoring of community development. Consequent to inspection of mines, during the year 2011-12 (upto December, 2011) 2447 violations of various provisions of MCDR, 1988 were pointed out in respect of 989 mines and 710 violations were rectified. 07 prosecution cases were launched in various courts, 05 cases were decided in favour of IBM for which a total fine of Rs. 34000/- was imposed and 08 cases were compounded for which a fee of Rs. 68000/- was recovered. besides, mining operations were suspended under rule 13(2) and 56 of MCDR 1988 in 55 mines for not carrying out mining operations in accordance with the approved mining owners led to conservation of mineral resources, promotion of scientific mining, improvement in performance of mining operation, protection of

environment, etc. During the year 2011-12 (upto December, 2011), 133 mining plans were approved & 30 not approved, 252 mining schemes were approved & 45 not approved, and 25 final mine closure plans were approved 1 was not approved. Registration of Recognized Qualified Persons (RQP) was granted in 21 cases, renewed in 24 cases & not granted in 01 case.

5.9 Regarding strengthening of IBM, during the course of evidence, the representative of Ministry of Mines has informed the Committee that the existing system the frequency of inspection is not good enough to control the violations, and that the frequency should be increased. Justice Shah Commission said that we should go monthly but it is not possible. At least twice in a year is possible. And we actually recommended additional staff of 933 people to be recruited in IBM, and also we wanted reorganisation of the IBM State Office which is in tune with the State Boundaries. Otherwise now the present jurisdiction is overlapping two-three States.

5.10 On being enquired about the total number of illegal mining cases identified during the last two years and steps have been taken by the Ministry/IBM to curb the illegal mining, the Ministry have furnished as follows:-

"Cases of illegal mining (i) Referred By Ministry of Mines, (ii) Detected by IBM and (iii) Detected by State Governments, during last three years are given below:

(i) Cases of Illegal Mining referred by Ministry of Mines:

During **2009-10**, IBM received 39 references from Ministry on illegal mining of which 34 references have been disposed off and 5 references were under process.

During **2010-11**, IBM received 43 references from Ministry on illegal mining of which 23 references have been disposed off and 25 references including 5 references pending from last year 2009-10, were under process.

During **2011-12**, including those pending from previous year, IBM dealt with 47 references from Ministry on illegal mining of which 25 references have been disposed off and 22 references are under process.

(ii) Cases of Illegal Mining detected by IBM:

As directed by the Ministry vide letter no. 16/12/2009-MVI, dated 10.12.2009, IBM constituted Task Force to check illegal mining in the year 2009-10. The Task force during the years 2009-10, 2010-11 & 2011-12 had inspected 454 mines in the States of Andhra Pradesh, Chhattisgarh, Goa, Gujarat, Jharkhand,

Karnataka, Madhya Pradesh, Maharashtra and Odisha and suspended 155 mines under rule 13(2) of MCDR, 1988 due to serious violations. Suspension was revoked in 97 cases after due compliance and termination of ML was recommended in 9 cases.

(iii) Cases of Illegal Mining Detected by State Governments:

In a nutshell, as per Quarterly Returns received from State Governments, cases of illegal mining detected by them are:

Year	Number of cases detected by the state governments for	
	Major Minerals	Minor Minerals
2007-08	4783	35801
2008-09	5097	39577
2009-10	5329	63987
2010-11	12838	65351
2011-12 (upto Sept.2011)	80238	20946

Steps taken by the Ministry/ IBM to curb the illegal mining:

The Central Government, under Section 23C of Mines and Minerals (Development and Regulation) Act, 1957, has empowered the State Governments to frame such rules for preventing illegal mining, transportation and storage of minerals and for the purposes connected therewith in the state.

In pursuance to the provisions of the above said Section, the Ministry of Mines have formulated a three-pronged strategy for prevention of illegal mining viz. constitution of Task Force by the State Governments at State and District Level having a representative of IBM, framing of rules under Section 23C of the MMDR Act, 1957 and furnishing of quarterly returns on illegal mining for review by the Central Government.

1 Constitution of State Level Task Force : All together, 20 State Governments have constituted the Task Force namely Andhra Pradesh, Assam, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Mizoram, Nagaland, Odisha, Punjab, Rajasthan, Tamil Nadu, Uttarakhand and West Bengal. The function of the Task force is to review the action taken by member departments for checking the illegal mining activities in their respective jurisdiction

2. Framing of Rules under Section 23C of MM(D&R) Act, 1957: All together, 17 State Governments have framed the rules under section 23C of MM(D&R) Act, 1957 to curb illegal mining namely Andhra Pradesh, Bihar, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Nagaland, Odisha, Rajasthan, Uttar Pradesh, Uttaranchal and West Bengal.

3. Receipt of Quarterly returns on illegal mining: The state governments submit quarterly returns on prevention of illegal mining to IBM. The IBM consolidates the information and sent to the Ministry at the end of each quarter regularly.

Further, it is also mentioned that, whenever, IBM detects illegal mining during the course of routine MCDR inspections, the same is reported to the State Govt. concerned to take suitable action with a request to report the compliance to IBM which is further reported to the Ministry of Mines.

4. Formation of Task Force of IBM: As directed by the ministry vide letter no. 16/12/2009-MVI, dated 10.12.2009, IBM constituted Task Force to check illegal mining, inspected 454 mines and suspended 155 mines under rule 13(2) of MCDR, 1988 due to serious violations. Suspension was revoked in 97 cases after due compliance.

5. Other efforts:

i) **Registration of End users:** In accordance with the amended Rule 45 (1) of MCDR 1988, the owner, agent, mining engineer or manager of every mine, or any person or company engaged in trading or storage or end-use or export of minerals, have to register with IBM. Initially, iron ore mines have been taken-up on priority for registration. Accordingly, out of **429** iron ore lessees (working), **412** on-line applications have been received from the lease-holders and **411** registration numbers have been allotted so far. In case of minerals other than iron ore, out of **5428** lessees (working), **4560** on-line applications have been received from the lease-holders and **4432** registration numbers have been allotted. The remaining applications are under processing. Issue of violation letters and follow-up action with the mine owners who have not submitted the application for registration in Form M is in progress.

ii) **Constitution of Special Cell in State Police:** Action to be taken by the State Governments.

iii) **Use of Satellite Imagery:** State Governments of Odisha and Rajasthan are using Satellite imagery. Other states were also advised by the Ministry to use the facility of Satellite imagery to crack down illegal mining.

iv) **Hologram-marking/bar coding of transport:** State Governments of Gujarat, Jharkhand, Karnataka, Odisha reported to have started hologram marking/bar coding of transport permit or some sort of securitization of transport permit. Other State Govts have been advised by the Ministry to start the said process immediately.

v) **Special Measures Undertaken:** The State Governments are planning to set up a special camp at sites and deployment of Border Home Guards in areas where there have been complaints about illegal mining. State Government of Goa has devised a system of transferring information about trucks carrying iron ore in real time from weigh-bridge to the State Directorate of Mines and Geology so that any illegal transportation could be tracked down.

6. Organisation of Pakhwara on illegal Mining

The Secretary, Ministry of Mines has directed to all the State Governments to conduct special drive against illegal mining by way of organising "**Pakhwara**" every year to increase awareness in the public regarding illegal mining activities."

5.11 According to Annual Report 2011-12 of the Ministry of Mines, during the year 2011-12 (upto December 2011), 1,741 inspections for enforcement of the provisions of Mineral Conservation and Development Rules (MCDR) 1988 and for examination of mining plans/schemes of mining/mine closure plans were carried out. Consequent to inspection of mines, during the year 2011-12 (upto December, 2011) 2447 violations of various provisions of MCDR, 1988 were pointed out in respect of 989 mines and 710 violations were rectified. 7 prosecution cases were launched in various courts, 5 cases were launched in various courts, 5 cases were decided in favour of IBM for which a total fine of Rs. 34,000/- was imposed and 8 cases were compounded for which a fee of Rs. 68,000 was recovered. Besides, mining operations were suspended under rule 13(2) and 56 of MCDR 1988 in 55 mines for not carrying out mining operations in accordance with the approved mining plan/scheme of mining.

5.12 Regarding role of Indian Bureau of Mines to check illegal mining, the Secretary, Ministry of Mines also informed the Committee that "with our present staff, there are around 7000 working mines and we are able to inspect only 2,500 mines in a year. We see the implementation of MCDR, 1988. Once we approve the mining plan for minerals, then we see whether the mines are working as per mining plan".

5.13 The Central Government has appointed a Commission of Inquiry consisting of Shri Justice M.B. Shah, Retd. Judge of the Supreme Court of India, vide Notification S.O. 2817 dated 22 November, 2010 to inquire into the large scale mining of iron ore and manganese ore without lawful authority in several states. Commission has submitted its first interim report to Ministry of Mines on 14.07.2011. IBM has taken action on the recommendations mentioned in the interim report.

CHAPTER –VI

NATIONAL ALUMINIUM COMPANY LTD.(NALCO)

6.1 NALCO, a Govt. of India Enterprise, under Ministry of Mines was incorporated on 7th January, 1981, for setting up an Integrated Aluminium to produce bauxite, alumina, aluminium and power in the backward tribal areas of Odisha. The outlay is being met from Internal and Extra Budgetary Resources (IEBR).

6.2 The plan outlay of NALCO for the year 2011-12 and 2012-13 is given below:-

Head of Div.	BE-2011-12			RE 2011-12			BE 2012-13		
	BS	IEBR	Total	BS	IEBR	Total	BS	IEBR	Total
12853	--	1057.00	1057.00	--	1333.00	1333.00	--	2343.00	2343.00

6.3 When asked about the actual expenditure by NALCO for the year 2011-12 and the reasons for under utilization of outlays, the Ministry have furnished the following:-

" Statement of Expenditure vis-à-vis Outlay

		(Rs. in Cr)	
	Sl.No.	Plan outlay	Actual Feb-12
A	Ongoing/ spill over projects schemes		
1.a	Phase-II Expansion	180	185
1.b	Captive Coal Mine Utkal E-Coal Mine	94	15
1.c	Up-gradation of Alumina plant	162	112
1.d	Green field projects & Expansion Plans.	232	177
1.f	IIIrd Phase- Pottangi Bauxite Mine and 5 th Stream Refinery	3	-
1g	IIIrd Phase project -220 KA Up-gradation of Smelter pot-line	40	-
B	New Schemes		
2.a	IIIrd Phase project -2 x 250 Power Plant	-	-
C	Schemes aimed at Maximizing Benefits.		
3.a	Additions/ Modifications/ Renewals/ Replacements (AMRs)	346	252
	Total	1,057	741

6.4 The Committee have been informed that the company has achieved expenditure of Rs. 741 crore (70%) against the plan outlay of Rs.1057 Crore. The reasons for underutilization are as under;

1. The delay in land acquisition has resulted delay in the construction of R & R Colony and other project works of the *Utkal-E coal project*.
2. Stoppage of work at the *Wind power plant* as environment clearance is yet to be obtained even though Materials have been mobilised by the contractor.
3. Delay in construction of the lean slurry system of Ash disposal and construction of Ash pond has resulted a lesser expenditure in the *AMR head*.
4. Delay in commissioning of the IInd phase expansion has a cascading effect on the progress of the *Up-gradation of Alumina project*."

6.5 When asked about the physical and financial targets set for NALCO during XIth Plan period vis-à-vis achievement and reason for slow progress, the Ministry have furnished the following information:-

"The achievement of financial and physical targets of various schemes of NALCO during XI plan are given at Annexure-VII

Financial

(Rs.in Crore)				
Sl.No.	Name of the Scheme	Approved	Likely Actual	(Shortfall)/ Excess
1	II-Phase Expansion	4,345	3,511	(834)
2	Utkal – E Coal Mines	298	114	(184)
3	Upgradation of Alumina Refinery	312	120	(192)
4	Green Field Projects	1,010	663	(347)
5	Pottangi Bauxite Mine	256	-Nil-	(256)
Total				(1,557)

Physical

Sl. No.	Product	Projected in11thPlan	Likely Actuals
1	Alumina Hydrate (MT)	9,353,750	8,107,500
2	Metal (MT)	1,980,000	2,017,804

The reasons for delay of the above-mentioned schemes are stated to be as under:-

(a)II-Phase Expansion Plan

- (i) The second phase expansion was initially approved at a project cost of Rs.4091 Crore, out of which a sum of Rs.701 Crore was spent during 10th Plan period. While projecting for 11th plan it was anticipated that the project cost will be around Rs. 5164 Crore and accordingly an outlay of Rs.4345 Crore was projected in 11th plan which itself was on a higher side as revised project cost is Rs. 4403 Crore only.
- (ii) Balance Rs,73 Crore was due to phasing of expenditure beyond 11th plan. Part of the expenditure, relating to closure of contracts will spillover to 12th plan period.
- (iii) Delayed receipt of basic engineering document from the process licensor ALCAN/AP which was scheduled to be available by July'05 was received in Feb'2006 due to delay in **SIA approval** for technology improvement proposal.
- (iv) Damanjodi being a difficult terrain, very limited choices of agencies were available for the main works like civil & structural, tank - ages, mechanical and piping etc. were available. Although there was delay initially, the progress of refinery was satisfactory achieving around 3-4% construction progress per month once the orders were placed. The deliveries of plant and equipment were on schedule.
- (v) Failure of some critical contractors delayed the construction work in Civil and structural works.
- (vi) In addition to severe constraints on locational and climate disadvantage, fear and psychosis among contractors and workers in the aftermath of Maoist attack on Company's premises caused mass exodus of Contractors resulting in long delays.

(b)Utkal – E Coal block project.

- i)* Delay in receipt of Geological Report(GR) from CMPDI.
- ii)* There were land dispute between M/s TATA Sponge Iron Limited (Utkal-F) and NALCO (Utkal-E) in western boundary
- iii)* Delay in grant of Mining lease.
- iv)* Delay in obtaining forest, environment and other clearances

(c) Upgradation of Alumina refinery : The project was originally scheduled to be commissioned during 2008-09, the project was delayed due to;

- a.** delaying of commissioning of original project (*2nd Phase expansion*)
- b.** delay in receipt of environment clearance

Total investment on Utkal-E Coal Mine project up to Feb-12 is Rs. 101 Crore out of the total project cost of Rs.337 Crore."

(d)Green Field Projects

1. The project in Gulf countries could not materialize because of lack of interest shown by the Middle East authorities mainly in making Gas available.

2. The proposal for Iran could not materialize due to the Geopolitical complexities and as because the financial closure for the project was not possible in such back ground.

(e) Pottangi Bauxite Mine

No expenditure could materialize under the plan head as the Company is yet to receive the Mining lease for the Potangi Bauxite reserve.

6.6 During evidence, on being enquired about the four projects of NALCO which have spilled over to the Twelfth Plan due to non-availability of statutory clearance and other problems and how far has the expansion of NALCO been affected due to non-commissioning of these projects, a representative of the Ministry of Mines has informed the Committee as under:-

"As far as the ongoing second phase is concerned, these projects which are spilling over to the Twelfth Five-Year Plan, Utkal-E coal block is the one which is affecting our operating system of the company because we have already set up the two new power units which were to be fed by the coal to come out of the Utkal-E coal block. All the clearances and approvals are now in place. We are stuck at the land acquisition stage. We deposited the money with the State Government authorities two years ago at whatever rate they had fixed, but they have not been able to distribute the money to the farmers. Also because the revenue land they had approved to transfer to us for construction of the rehabilitation colony, the process is still going on. And because of the delay we have got the tenders which we could not award because the land has not yet been handed over to us. So, we are following up with the State Government on both the counts – to hand over the revenue land for construction of the rehabilitation colony for which tenders have already been opened, and also to distribute money to the land losers at the rate they had approved and we have deposited with them. Because of this delay, for the two power plants which we set up under the second phase expansion which are already commissioned, we are buying coal from outside at an expensive rate, and that is affecting operational efficiency of the plant.

Pottangi bauxite mine is the one which we have been trying to have for the last twenty years with the State Government. The Central Government has already observed that Pottangi bauxite mine will be given in favour of NALCO

under the existing Act. But once the MMRDA Bill comes, what would be the fate of all these reserves we are still examining. We have been meeting all the conditions put forth by the State Government."

6.7 Asked about the reasons for underutilization of funds for various project by NALCO and also details of time and cost overrun of the project and the physical target set to be achieved, the Committee were informed as under:-

"Following are the reasons for underutilization of funds with regards to the major projects:ⁱ

1. Smelter and Power project in Indonesia:
Due delay in finalisation of the Coal Supply Agreement, subsequent activities like preparation of DPR, EIA study etc. could not be taken up.
 2. Mine and Refinery in Andhra Pradesh:
Due to security concerns and as advised by Govt. of India, field work is not being taken up for the time being. Hence, expenditure towards preparation of Mining Plan, land acquisition etc could not be taken up.
 3. Nuclear Power Plant:
The JV Company has already been incorporated. Transfer of first tranche of equity contribution to JV Company would be done after the approval of CCS.
 4. Smelter and Power Plant in Odisha:
The location identified by NALCO for the project is yet to be approved by Govt. of Odisha. Thus, other planned activities could not be taken up.
 5. Alumina and Refinery in Gujarat:
NALCO is the sole bidder for 1.0 MTPA Alumina Refinery in Gujarat, for which an upfront payment of Rs.151 crores has been made along with the bid. Project Agreement and other agreements for sourcing raw material for the project are under finalisation. Based on the DPR, activities like land acquisition, land development work and other preparatory work for the project would be taken up.
 6. Wind power plant
The wind power plant is awarded on a turnkey basis to M/s Suzlon. The company has already committed a sum of Rs. 274 Crores on account of this project. Since the environment clearance of the project is not yet obtained the project is held up till further clearance and the funds on this head are remaining underutilized.
- Smelter and power plant in India:
 1. Smelter & Power Plant in Indonesia:

The Company proposes to take up DPR preparation, EIA study and advisory services for financial modeling for the project, market study, legal and tax structuring in 2012-13 after finalisation of the Coal Supply Agreement. No physical target is set for the project.

2. Mines And Refinery project in Andhra Pradesh:

Further progress on the project is expected to happen after the ground situation improves and the Company is able to take up field work. Based on the development, activities like Detailed Exploration of Bauxite blocks, preparation of Mining Plan and DPR etc would be taken up in 2012-13. Cost overrun, if any, can only be ascertained while preparing the DPR. No physical target is set for the project.

3. Nuclear Power Plant:

1st tranche payment towards equity contribution to the JV Company would be done after approval by CCS. The 1st phase of the project is scheduled to be commissioned in 2015-16. The project is on schedule and as of now, there is no cost overrun of the project. No physical target is set for the project.

4. The time schedule is dependent upon approval of location by Govt. of Odisha. Subject to the said approval, feasibility report/ Detailed Project Report (DPR), Environmental Impact Assessment (EIA) study, land demarcation etc. are proposed to be taken in 2012-13. Cost overrun, if any, can only be ascertained while preparing the DPR. No physical target is set for the project.

5. Alumina Refinery in Gujarat:

Post signing of Project Agreement and other agreements for sourcing raw materials for the alumina refinery project, the Company will take up DPR preparation, EIA study, land acquisition activities etc in 2012-13. The project will be commissioned in 2016-17. No cost overrun is anticipated now. No physical target is set for the project.

6. Wind power project

The project was originally scheduled for commissioning during 2011-12. It is expected now that there will be a time overrun of the project. No cost overrun against this project is anticipated now."

6.8 Regarding diversification plan of NALCO, Secretary, Ministry of Mines informed the Committee during evidence:-

"NALCO has already tied up with Nuclear Power Corporation of India Limited to set up a 1,400 MW nuclear power plant for which the agreement has been signed and an SPV has already been registered. It will be set up in Kakrapar near Surat in Gujarat, where NPCIL had already acquired land long ago. So, NALCO did not have to go through the process of land acquisition and environment and other clearances. The construction has already started

there. This plant will be commissioned by October, 2014. Ultimately, NALCO will have 49 per cent shares and 51 per cent shares will be held by NPCIL.

Apart from that, the company has already entered into wind and solar energy also. One wind power project is under commissioning in Andhra Pradesh and tenders for another wind power project are floated. Both of them – each plant is of 50 MW– will be commissioned in the current year. In fact, first wind power project would have been commissioned by March as all the equipment were at site by December, but due to last minute final forest clearance hitch, which has still not been sorted out, it got delayed. Otherwise, by March the first wind power project would have been commissioned. NALCO is pursuing with the Ministry of Environment and Forests hopeful that in the next couple of months, it should be able to get over it. In aluminium sector itself, it has been trying to put up a new smelter within Odisha, if the company is able to find land and water allotment from the Government of Odisha, for which it has been trying for the last three years. If the company do not find it, perhaps it may has to go to Chhattisgarh or nearby other areas where land and water could be made available. It has having one million tonne of alumina in surplus, which are exporting without any value-addition.

Recently, this year, NALCO participated in a global bid brought out by the Government of Gujarat, committing their bauxite reserves to set up an alumina refinery. NALCO has emerged as the qualified bidder and are in the final stage of negotiation of commercial terms with Government of Gujarat. DPR and other formalities of investment approval will be completed during the current year. So, by next year, the construction of a new refinery in Gujarat should also start."

CHAPTER-VII

MINERAL EXPLORATION CORPORATION LIMITED (MECL)

7.1 MECL is the premier exploration agency in the country and carry out its exploration activities under promotional programme funded by the Government of India and contractual programme on behalf of other agencies including public sector, private sector and State Governments on agreed terms and conditions. As a service organization, it carries out exploration activities under the following two major heads:-

- (i) Promotional work for coal, lignite and metallic / non metallic minerals on behalf of and funded by Govt. of India. The scheme for detailed exploration are formulated by the Company, in the perspective of the demand vs. availability as well as national priorities.
- (ii) Contractual work on behalf of other agencies including Public Sector, Private Sector and State Governments as per contract / MoU route executed by MECL with them.

7.2 The details of Plan Outlays of MECL for 2011-12 and 2012-13 are given below:-

(Rs. in crore)

Head of Div.	BE-2011-12			RE 2011-12			BE 2012-13		
	BS	IEBR	Total	BS	IEBR	Total	BS	IEBR	Total
12853	--	9.00	9.00	--	9.00	10.00	--	9.00	9.00

An amount of Rs. 10.00 crore has been granted to MECL through GBS for promotional activities during 2012-13.

7.3 On being enquired about the physical targets for exploration during the last 3 years vis-à-vis actuals alongwith the reasons for shortfall, the Ministry in their written reply have stated as under:-

"The physical target for the promotional exploration for the last 3 years together with achievement are given below :

Item	2009-10		2010-11		2011-12	
	Target	Achievement	Target	Achievement	Target	Achievement (upto Feb-12)
Drilling and associated activities	7400 m	6472 m	7000 m	4546 m	6700 m	3969 m

Reasons for short fall in achieving the target :

Due to technical requirement/non availability of locations, the exploratory drilling carried out during the year 2009-10 & 2010-11 in some of the project i.e. Dhol-ki-Patti for rock phosphate in Rajasthan, Rupa for dolomite in Arunachal Pradesh & Tongnub for limestone in Meghalaya was reduced which has resulted in less achievement of physical target.

7.4 When asked to furnish details of the schemes/projects undertaken during the year 2011-12 and those proposed for 2012-13, the Committee were informed in a written reply as under:-

"During the year 2011-12, the exploration was carried out in 7 schemes out of which 5 schemes namely Rupa for dolomite in Arunachal Pradesh, Tikhi Extension for lead zinc and Dhol-ki-Patti for phosphorite both in Rajasthan, Rajabasa block for high MgO Flux grade rock in Odisha and Tongnub for limestone in Meghalaya were continuing from previous year. Apart from the above exploration in 2 new schemes namely Gurla(North) for copper-lead-zinc in Rajasthan and Nimi - Pyakatsu block for limestone in Nagaland have been taken up during the year. The detailed geological report of Dhol-ki-patti for rock phosphate was submitted wherein 1.26 million tonnes of reserves with 8.76% of P₂O₅ were estimated. The reserves has been categorized under 332 of UNFC. The geological report of Tongnub SE block, Rupa, Thiki and for Rajabasa block are under progress.

During the year 2012-13, two numbers of scheme namely Nimi for limestone in Nagaland and Gurla (North) for lead-zinc in Rajasthan are continuing from 2011-12. In addition, six numbers of scheme namely; Pahardia for gold in Jharkhand, Banera and Muradpur both for copper, Jaitpur sub basin and Barusari both for potash in Rajasthan and Mawlong Ishamati for limestone in Meghalaya have been approved by Technical Sub Committee of Standing Committee of Promotional Projects (SCPP). Now, these schemes shall be put up to SCPP for their final approval and on their approval the same shall be taken up by MECL during 2012-13."

7.5 About the details of mineral reserves estimated during the last 3 years by MECL, the Committee were informed as under:-

Sl. NO.	Name of the Project	Mineral	Reserves (mt)	Grade (%g/t)	Category as per UNFC
	<u>2009-10</u>				
1	Rewara	Base-metal	2.65	3.42%Pb, 0.66%Zn, 0.38%Cu	332
2	Ganeshpura	Lead-Zinc	0.973	1.33%Pb, 1.44%Zn	333
3	Parasi Central Ph-I	Gold	7.47	0.98 g/t of Au	331
4	Parasi Central Ph-II				
5	Bajta North	Copper	1.241	0.70%Cu, 0.35%Pb, 0.56%Zn	333

6	Jiajuri Ph-II	Glass sand	320.53	88.42% SiO ₂ , 0.93% Fe ₂ O ₃ , 5.12% Al ₂ O ₃	331
	2010-11				
7	Wari	Copper	2.56	1.09% Cu	332
	2011-12				
8	Dhol-ki-Patti	Rock phosphate	1.26	8.76% P ₂ O ₅	332

CHAPTER-VIII

HINDUSTAN COPPER LTD.(HCL)

8.1 Hindustan Copper Limited(HCL) a Government of India Enterprise and the nation's only producer of primary copper from indigenous resources was incorporated in the Public Sector on 9th November, 1967. It was conferred the Mini Ratna Category - I status in July, 2008. The major activities of HCL are mining, beneficiation, smelting, refining and casting of finished copper metal into saleable products. HCL produces primary copper in the form of chathode/wire rod. Apart from copper, HCL also produces various by-products like anode Slime and Sulphuric acid.

8.2 The details of Plan Outlays of HCL for 2011-12 and 2012-13 are given below:-

(Rs. in crore)

Head of Div.	BE-2011-12			RE 2011-12			BE 2012-13		
	BS	IEBR	Total	BS	IEBR	Total	BS	IEBR	Total
12853	--	297.00	297.00	--	212.46	212.46	--	341.14	341.14

8.3 When enquired about the allocation and actual expenditure incurred by HCL in 2011-12 on account of Mine Development, Mine Expansion and R&R with reasons for shortfall, the Ministry have informed the Committee as under:-

Particulars	BE 2011-12	RE 2011-12	Actual (Up to Feb.,2012)
Replacement & Renewals	23.00	23.00	21.24
Mine Development	85.00	85.00	82.33
Mine Expansion	189.00	32.82	32.77
Total	297.00	140.82	136.34

It is anticipated that there shall be no variation between allocation (as per RE 2011-12) and actual expenditure to be incurred by HCL in 2011-12 on account of Mine Development, Mine Expansion and R&R.

8.4 The Committee were further informed that during the annual plan discussion held with the Planning Commission on 5th January, 2012, HCL has revised its plan outlay from Rs.212.46 crore to Rs.140.82 crore for the year 2011-12, as per break up shown in the above table.

8.5 As regards the reasons for shortfall in RE 2011-12 over BE 2011-12, the Ministry of Mines informed the Committee as under:-

"It may be observed that there is no shortfall in RE 2011-12 over BE 2011-12 in respect of Replacement & Renewals and Mine Development. However, in respect of Mine Expansion, there is a shortfall of Rs.156.18 crore. The main reason for such shortfall is on account of occurrence of some litigation cases which has resulted in delay in finalization of Mine Expansion contracts. Further at BE 2011-12 stage, it was anticipated that the contractors would draw 10% mobilization advance. However, due to delay in finalization of the contracts, there has been less drawing of mobilization advance by the contractors."

8.6 On being asked about the physical and financial targets fixed during the last three years and achievement thereon together with reasons for variations, the Ministry in a written reply have informed the Committee as under:-

Particular	2009-10		2010-11		2011-12	
	Target	Actual	Target	Actual	Target	Projected
Physical :						
Ore (Lakh Ton)	36.00	32.05	34.96	36.03	36.00	34.50
Metal-in-Concentrate(MT)	35000	28202	34470	31683	35000	31300
Cathode(MT)	18500	17516	17500	24001	29414	27700
Financial (Rs. Crore)						
Turnover	1245.27	1429.85	1050.00	1257.58	1320.00	1455.19
Profit before Tax	11.66	215.84	269.36	335.21	319.58	459.97
Profit after Tax	7.70	154.68	177.80	224.10	213.45	316.46

Reasons for variation:

2009-10

Ore: Less Ore production due to equipment breakdown at KCC underground mine

MIC: Less MIC production due to low Copper grade in mined ore and low ore production

2010-11

MIC: Less MIC production due to low Copper grade in mined ore and low process recovery.

2011-12

Ore: Frequent equipment breakdown at Khetri and Kolihan underground mine at Khetri Copper Complex.

MIC: Less MIC production due to low Copper grade in mined ore and low process recovery at Khetri Concentrator plant."

8.7 The Committee desired to know as to whether any mining lease of HCL is pending with the State Governments for approval. In this regard, the Ministry have

stated that renewal of mining lease of Rakha and Kendadih are pending with the State Government of Jharkhand. The status is given below:

I) Rakha:

- i) Ministry of Mines has conveyed the approval of Central Govt. for renewal of the lease in compliance to the rules under the provisions of MMDR Act 1957, MC Rules 1960 to the Secretary, Govt. of Jharkhand, Mines & Geology Dept, Ranchi, vide letter No. 4/85/2010-M-IV dated New Delhi 29/09/2010.
- ii) State Government vide letter No. 2484 dated 16/12/2010 has written to HCL/ICC for the execution of the lease deed complying with the stipulated conditions, within 6 (Six) months from the date of issue of the letter.
- iii) Subsequently, a letter from DC, Jamshedpur has been received for obtaining forest clearance before execution of the deed. File was put up to Forest Advisory Committee (FAC), MoEF on 11.07.2011 for necessary action. Clearance of MoEF is still awaited. Payment against dead rent for Rakha Mining Lease up to December 2011 is under process.

(II) Kendadih:

- i) Govt. of Jharkhand (GoJ) has approved the Kendadih Mining Lease renewal and waiting for Cabinet Approval, GoJ."

8.8 When asked about the status of proposal for opening of closed mines by HCL, in a written reply, the Ministry have informed the Committee that the Projects have been initiated to re-open Rakha and Kendadih mines in the State of Jharkhand. The status of the projects is given below:

- i) Kendadih - Re-opening of underground mine of capacity 0.21 million tonne per annum of ore: Detailed project report and investment approval has been taken up. Letter of Intent (LoI) has been issued on 20.1.2012 to the successful bidder and dewatering work of the mine started from 07.02.2012.
- ii) Rakha - Re-opening, operation and expansion of Rakha mine to produce 1.5 million tonne per annum of ore: Detailed project report and investment approval has been taken up. The matter of award of contract is under litigation."

Annual Plan 2012-13

8.9 The company proposes a plan outlay of Rs. 341.14 crore in financial year 2012-13 including Mine Development Expenditure (at KCC and MCP total amount Rs. 85.00 crore), Greenfield Exploration/Development of New mines amounting to Rs. 20.00 crore and Mine Expansion amounting Rs. 208.14 crore for various mine expansion projects. The balance amount of Rs. 38.00 crore has been proposed to be utilized on account of replacement and renewals of the existing plant and machinery.

The company has put up a target of MIC and Cathode production at 34,000 MT and 17,500 MT respectively in the draft MOU 2012-13 keeping in mind the continuation of non-operation of KCC smelter and refinery due to economic un-viability.

8.10 When enquired about details of the schemes to implemented by HCL from this implemented by HCL from this increased allocation, the Ministry have informed the Committee as under:-

"HCL has increased its plan outlay from Rs.269.50 crore to Rs.341.14 crore for the year 2012-13. The break-up of the revised plan outlay for the year 2012-13 is given below:

(Rs. in crore)

Name of Plan	2012-13
Mine Expansion	208.14
Green Field Exploration	10.00
Mine Development	85.00
R&R	38.00
Total	341.14

This revised outlay shall be met by HCL through its own internal accruals. The scheme for which the Mine Expansion allocation of Rs.208.14 crore has been made is as under:

(Rs. in crore)

Mine Expansion plan	2012-13
Banwas mine development	12.00
Khetri mine expansion	10.00
Kolihan mine expansion	11.50
Chapri-Sidheswar mine development	25.00
Surda mine expansion	18.68
Kendadih mine re-opening	26.31
Rakha mine re-opening	24.65
Malanjkhand underground mine development	80.00
Total	208.14

CHAPTER-IX

NATIONAL MINERAL POLICY AND STRATEGIC PLAN

9.1 The Ministry of Mines have prepared a detailed Strategic Plan document "Unlocking the Potential of the Indian Minerals Sector" in order to systematize the functioning of the Ministry and align it more directly with the vision emanating from the National Mineral Policy. The Plan document is available on the website of the Ministry of Mines (<http://mines.gov.in>). The Strategic plan identified that the Indian minerals sector holds a huge potential for all stakeholders, including the Central Government, State Government, local community in the mining area and country's economy. It is expected that with appropriate interventions, the mining sector has the potential to infuse upto USD 250 billion (Rs. 1125 thousand crore) into the GDP by 2025 assuming a growth rate of 10 to 12 percent per annum, creation of 2 million to 2.5 million direct jobs by 2025 and an additional 11 million to 13 million jobs through indirect employment opportunities created in other sectors, thereby contributing 3 percent to total employment. It is also expected that the mining sector may contribute USD 70 billion (Rs. 315 thousand crore) of revenue to the Central and State Governments through corporate taxes, royalty and export duty collections by 2025 (around 50 percent of the current combined fiscal deficit of the Central and the State Governments). The Strategic Plan has identified six priority areas including:

- (i) Expanding resource and reserve base by stepping up exploration and aiding international acquisition of strategic minerals;
- (ii) Reducing delays in grant of mineral concessions to create a more favourable policy environment;
- (iii) Strengthening core enablers for mining sector in infrastructure, human capital and technology;
- (iv) Ensuring sustainable mining and development;
- (v) Creating an information, education and communication plan; and
- (vi) Strengthening governance structures at Central and State Governments for effective implementation.

9.2 The Ministry have also prepared a draft Model State Mineral Policy in line with the National Mineral Policy, 2008 and circulated to all the State Governments to prepare their own State Policies. The draft Model State Mineral Policy identifies the

negative impact of illegal mining and the causes, which include lax regulation and corruption, delays and complex procedures in getting legal concessions, including forest clearance, keeping known deposits without notifying to invite applications, refusal to grant renewal for a mine that is not exhausted, arbitrary reduction in lease areas, particularly with PSUs. The draft Policy enunciates policy measures for improving the regulatory supervision of areas of potential mineralization involving the local population in the process, sharing of auction proceeds and royalties of local mining activities with the local bodies to create a stake and improve compliance, fast track clearances through the State Empowered Committees, introduce modern technology tools in management of transport permits, use of satellite data, regular inspections and stringent punishments.

CHAPTER-X

IMPLEMENTATION STATUS OF THE RECOMMENDATIONS MADE BY THE COMMITTEE IN THEIR SEVENTEENTH REPORT ON DEMANDS FOR GRANTS (2011-12) OF MINISTRY OF MINES UNDER DIRECTIONS 73-A OF THE DIRECTIONS BY THE SPEAKER, LOK SABHA

10.1 As per Direction 73A of the Directions by the Speaker, Lok Sabha, the Minister concerned shall make once in six months a Statement in the House regarding the status of implementation of recommendations contained in the Reports of Departmentally Related Standing Committees of Lok Sabha with regard to the Ministry.

10.2 The Standing Committee on Coal and Steel presented their Seventeenth report on Demands for Grants (2011-12) of the Ministry of Mines to Lok Sabha on 29th August, 2011. The Report was laid in Rajya Sabha on the same day. Out of 10 recommendations made by the Committee in the said Report, 9 recommendations were accepted by the Government. Reply to 1 recommendation was not accepted by the Committee which was reiterated in the 22nd Action Taken Report of the Ministry of Mines.

PART-II

OBSERVATIONS / RECOMMENDATIONS OF THE COMMITTEE

Analysis of Demands for Grants

1. The Committee note that the budgetary allocation of the Ministry of Mines for the year 2012-13 is Rs. 2942.64 crore as compared to Rs. 1589.42 crore (BE) for the year 2011-12 which were later increased to Rs. 1942.24 crore at RE Stage. Against the said allocation, the actual utilization of the budgetary allocations for the year 2011-12 was Rs. 991.92 crore (upto Dec. 2011). The Committee are distressed to note that the Ministry have failed to utilize the budgeted and revised allocations and could utilize only 62.40% of the BE (upto December, 2011) which was substantially increased at RE stage. The Committee's examination revealed that the trend of utilization of funds in the financial year 2011-12 was more or less a repetition of the financial year 2010-11. During 2010-11, the BE were Rs. 1763.17 crore which were reduced to Rs. 1128.05 crore and the actual utilization of funds was only Rs. 1063.42 crore. The Committee feel that such persistent shortfall in utilization of the plan outlays clearly indicate the fiscal indiscipline and laxity on the part of the Ministry, its subordinate offices and PSUs. Though the Ministry have stated that the monthly meeting to monitor the progress of the expenditure and status of the progress of the schemes are taken by the Secretary followed by Quarterly Performance Review meetings at each organization/PSUs, there is no noticeable improvement in the utilization of the plan outlay. The Committee are also of the view that the under-utilisation of funds year after year gives credence to the fact that the

monitoring mechanism is not that effective to give the desired results. The Committee therefore, recommend the Ministry to be more prudent in budget formulation and in the implementation of schemes.

2. The Committee are further perturbed to note that though the Ministry of Mines had proposed the Annual Plan Outlay of Rs.3467.44 crore for the year 2012-13 to augment and modernize the mining activities and investigation of mineral resources, an outlay of Rs.2942.64 crore only has been approved with Gross Budgetary Support (GBS) of Rs. 243.00 crore. As a sequel to it, reduction in approved outlay in respect of Geological Survey of India has come down from 710.00 crore to 194.00 crore and in the case of IBM from Rs. 31.88 crore to Rs. 24.00 crore. The proposed allocation for construction activities in Geological Survey of India and Indian Bureau of Mines has been drastically reduced from Rs.79.23 crore to Rs. 11.00 crore. Undoubtedly, the reduction in the outlay will have an adverse impact in undertaking the planned activities in the mining sector. The Committee would, therefore, like the Ministry to utilize their allocated resources in an efficient and judicious manner so that they could present a strong case for increased allocation at RE stage.

3. On the scrutiny of the Annual Plan 2011-12 of the Ministry of Mines, the Committee find the low utilisation of funds by the Government/PSUs in the first three quarters of the financial year and find it difficult to understand that despite the fact that expenditure and physical pattern is regularly monitored, a huge

allocation was left unspent and was to be utilised only during the last quarter of the year. The Committee feel that underutilization of funds would have an adverse impact on the performance and achievements of the physical targets set for various programmes. The Committee are inclined to infer that it amounts to improper and unscientific planning with non-serious approach to achieve the targets. The Committee, therefore, recommend that the Ministry should review the present monitoring system and make it more accountable and some norms should also be laid down to ensure uniform quarterly spending to avoid lapses responsible for sluggishness in the financial expenditure and physical achievements. The Committee would like to be apprised of the action taken by the Government in this regard.

Schemes for North Eastern Region

4. The Committee are concerned to note that against the lumpsum provisions of Rs. 17.90 crore and Rs. 19.00 crore during 2009-10 and 2010-11 respectively for North Eastern region including Sikkim, the actuals were nil. Again, during 2011-12 against a provision of Rs. 20 crore, the actuals (tentative) are reported to be nil. The Committee cannot but deplore the way required attention has not been given by the Ministry to this region. The Committee, therefore, strongly recommend that the Ministry should strive hard to identify and timely implementation of the schemes in this region. The Committee would like to know the schemes identified by the Ministry for implementation in this region during the year

2012-13 and the steps taken for optimum utilization of funds as targeted.

Mineral Production

5. While scrutinizing the annual report of the Ministry of Mines for the year 2011-12 it has been revealed that based on the overall trend so far the index of mineral production (base 2004-05) for the year 2011-12 is estimated to be 130.38 as compared to 131.36 for 2010-100 showing a negative growth of 0.75%. The decline in production is due to the restriction on exports, temporary discontinuance of mining for want of environmental clearance etc. The Committee has also been informed that the total value of mineral production (excluding atomic minerals) during 2011-12 has been estimated at Rs.2,10,334.55 crore which shows a decrease of about 1.02% over that of the previous year. The decline in value of mineral production is due to the restriction on export, temporary discontinuance of mining for want of environment clearance. The Ministry have been mandated for the regulation of mines and the development of mineral resources to ensure basic uniformity in mineral administration so that the development of mineral resources keep pace and is in consonance with national policy. The Committee had earlier recommended that the Ministry must take all endeavors for environment clearance either by the Central Government or from concerned State Government. The Committee have not been apprised what steps the Ministry have taken for obtaining such clearances. The Committee, therefore, take exceptions for not taking appropriate steps for obtaining environment clearances. The

Committee desire that in future all steps should be taken expeditiously by Ministry for obtaining environment and forest clearances and also expect the Ministry of Environment and Forests to dispose of the pending mining projects expeditiously in respect of environment and forest clearances. The Committee, therefore, expect that the Ministry should act as a facilitator by taking necessary steps in removing all the constraints impeding the development of resources in the country.

Geological Survey of India (GSI)

6. The Committee note that against the proposed allocation of Rs. 710 crore for the year 2012-13 including budgetary grant of Rs. 374.00 crore under M&E head, the approved outlay were only Rs. 194.00 crore. According to the Ministry of Mines, plan outlays of Rs. 194.00 would not be adequate if the expenditure on account of projected activities of GSI during the year proceed as per schedule and additional funds would be required to accomplish the projected programmes/schemes. Further, the Ministry have informed the Committee that enhanced support would be needed broadly for (i) items under Mission I and II programmes for survey and mapping and National Resources Assessment, (ii) implementation of phase III portal development – Online Core Business Integrated System (OCBIS) modernisation of equipment and (iii) expanded role of GSI as envisaged in the new National Mineral Policy (2008) and as recommended by the High Powered Committee (2009) on the functioning of GSI. The Committee are, however, constrained to note that the achievement of GSI

during XI plan period 2007-2012 (till Feb.) have fallen far short of the actual targets in various fields such as systematic geophysical mapping, geophysical mapping (sq. km) Geotechnical mapping, large scale mapping detailed mapping (sq.km), drilling etc. The Committee regret to observe that physical targets for XIth plan were formulated on the basis of availability of projected manpower, which could not be materialised as per the expectations. The Committee further observe that negligible progress has only been made in the mineral exploration in North East Region and Northern region. Keeping in view the targets achieved during 11th plan and the fact that though GSI had projected enhanced targets for 588 items during 2012-13 with additional manpower of about 534 fresh geologists, the Committee cannot but deplore the way the outlays approved are drastically reduced. The Committee, therefore, feel that to accelerate the pace of various schemes of GSI where the performance has not been upto the mark during XI plan period due to shortage of manpower, adequate funds would be essentially required. The Committee, therefore, recommend the Ministry to take up the matter again with the Ministry of Finance with proper justifications to ensure adequate funding of the schemes so that the manpower which has been recruited recently is adequately utilized to achieve the enhanced targets for 2012-13 for locating the mineral resources of the country. The Committee also recommend that the much needed modernization of GSI which could not be completed during XIth Plan should be completed as early as possible including induction of the required manpower.

7. Under modernisation and replacement scheme, the Committee observe that the first installment for the ship procurement of Rs 39.74 crore was paid during the financial year 2010-11. The second installment of Rs 71.99 crore was paid in September 2011 (financial year 2011-12) after receiving the 1st Batch of Supplementary and the amount for third installment of Rs 89.73 crore has been received through second batch of supplementary and has been paid on 22nd March 2012. The Committee further note that during 2012-13 under M&E Head a considerable budget of Rs.374.00 crore (Rs.287.00 crore – construction costs of both Ocean Going Research Vessel and Geotechnical vessel; Rs. 87.00 crore –For acquisition of Laboratory and drilling equipment) has been proposed. The Ministry have further apprised the Committee that though, the ship payment will be continued by seeking funds through supplementary grants as and when required in other cases, GSI would approach the Ministry at appropriate stage for financial support as the present indicated budget of Rs 194.00 crore and construction budget of Rs 10.00 crore may not be sufficient for GSI to carry out all of its proposed projects. While acknowledging the fact that GSI under international contractual obligations had to make payment for procurement of Ocean Going Research Vessel, and geotechnical vessel, the Committee are not convinced with the GSI seeking a budgetary allocation of Rs. 710 crore during 2012-13 as against an allocation of Rs. 196.96 crore for the year 2011-12, the actual expenditure till Feb., 2012 including ship payment was only Rs. 100.83 crore which is nearly 50 percent of the funds allocated for the year. The Committee are in no doubt

that necessary steps to infuse funds for modernisation and replacement of equipments by GSI should indeed, be taken. However, they would like to be apprised of the reasons for lower utilization of funds during 2011-12. Considering the pace of work required under modernisation and replacement scheme, the Committee express their apprehension that in the absence of proper utilization of budgetary allocations, the targets set for 12th Plan are not likely to be achieved. The Committee would, therefore, like to be informed of the detailed investment Plan of the Ministry/GSI during 2012-13 and the XIIth Plan for the same.

8. The Ministry have further informed the Committee that as per the Chawla Committee Report and Mackinsey Report, certain areas of Natural Geochemical Mapping, Geophysical Mapping Aeromagnetic Survey has been recommended for covering either by outsourcing or by Service Contract. It has been further informed that GSI has proposed such programme, which is yet to be approved by the Government and if it is approved, more funds will be required for the purpose during 2012-13. The Committee expect the Government to approve these programmes immediately for being taken up by GSI with additional funds during 2012-13 for their implementation. The Committee would like to know the status of these programmes.

9. The Committee have been given to understand that against 100% geo-chemical and geo-physical mapping in Australia and 94% in Canada, it is just 20 percent of the Obvious Geological Potential (OGP) in our country which is just

6 percent of the total land mass. The Committee would like the Government/GSI to prepare a perspective plan for 100 percent geochemical and geophysical mapping of the entire country and inform them of the same.

Role of IBM

10. The Committee note that IBM, a subordinate organisation under the Ministry of Mines, is primarily responsible for the promotion of systematic and scientific development of mineral resource of the country, conservation of minerals and protection of environment in mines, other than coal, petroleum & natural gas, atomic minerals and minor minerals. The Committee have been informed that the Government have constituted a Committee on 23.7.2009 to review the role and functions of IBM. The Committee feel that the role and functions of IBM needs to be examined, to make it more effective and a result oriented regulatory authority for the development in the field of mining industry etc. The Committee would like to be apprised of the finding of the Committee and action taken by the Government on the recommendation made by it.

11. The Committee note that the Indian Bureau of Mines performs regulatory functions through enforcement of Mineral Conservation and Development Rules, 1988 relevant provisions of the Mines and Minerals (Development and Regulation) Act, 1957 the Mineral Concession Rules, 1960 and the Environmental (Protection) Act, 1986 and rules made there under. The Committee are, however, disturbed to find that

despite regulatory mechanism already in place for the scientific development and conservation of mineral resources in the country, rampant illegal mining are taking place unabated. Consequent to inspection of mines, during the year 2011-12 (upto December 2011) 2447 violations of various provisions of MCDR, 1988 were pointed out in respect of 989 mines and 710 violations were rectified. 7 prosecution cases were launched in various courts, 5 cases were decided in favour of IBM for which a total fine of Rs. 34,000/- was imposed and 8 cases were compounded for which a fee of Rs. 68,000/- was recovered. Besides, mining operations were suspended under rules 13(2) and 56 of MCDR 1988 in 55 mines for not carrying out mining operations in accordance with the approved mining plan/scheme of mining. Taking note of the fact that during 2011-12 (upto Dec., 2011) 80238 cases of illegal mining were detected by State Governments, the Committee regret to note very low number of prosecutions launched by IBM for violation of MCDR, 1988 during the year. The Committee are surprised to note that the number of cases detected by the State Governments have risen from 12838 in 2010-11 to 80238 in 2011-12 (upto Dec., 2011). Though IBM is reported to have taken various measures including formation of a task force to curb the illegal mining, 20 State Government have constituted Task Forces for checking illegal mining and 17 States have framed rules to curb illegal mining, but to the dismay of the Committee, the clandestine business of illegal mining is still playing havoc on the mineral resources of the country. The only conclusion the Committee can draw is that the measures put in place are either being implemented half-heartedly or are only

in papers as no perceptible results are discernible. The Committee would like the Ministry to sensitize and remind the State Governments towards their constitutional obligations to preserve and conserve the mineral resources of the country instead of these being plundered through this nefarious business. The Committee also feel that in the absence of effective mechanism to prosecute the violators, the illegal mining and violation of provisions of the existing statutes cannot be checked. The Committee, therefore, recommend that the Ministry should take up the required steps and ensure that prosecution be launched in all the cases of illegal mining. The Committee would also like to be apprised of the major violations and the reasons for not prosecuting them by IBM during 2011-12.

12. The Ministry have informed the Committee that the Union Government has appointed a Commission of Inquiry consisting of Justice M.B. Shah, retired judge of the Supreme Court in November, 2010 to inquire into the large scale mining of iron ore and manganese ore without lawful authority in several States. The Commission has reportedly submitted its first interim report to the Ministry of Mines on 14.7.2011. The Indian Bureau of Mines has taken action on the recommendations as contained in the interim report. The Committee would like to know the precise recommendations of the Commission and expect that the Ministry would take into consideration these recommendations for taking suitable action to stop illegal mining. The Committee also like the Ministry to apprise them of the final report of the Commission.

13. The Committee also note that as against the target of 2000, IBM has inspected 2177 mines for administration of MCDR, 1988, approval of mining plans, schemes and Mine Closure Plans. During 2011-12, IBM has inspected 1741 mines (upto Dec. 2011) spread over in 20 States as against the target of inspections of 2500 mines. With the reviewing and restructuring of functions and role of IBM underway, the Committee would like IBM to set more targets for mines inspection. The representative of the Ministry of Mines has also informed the Committee that the frequency of inspection is not good enough to control the violations due to shortage of staff in IBM. The Committee, therefore, desire that the frequency of inspections should be considerably increased if IBM is to remain as an effective body. The Ministry should expedite the recruitment of additional staff for IBM to enable it to fulfill its mandate.

NALCO

14. The Committee note that during 2011-12, plan outlay of NALCO was increased to Rs. 1333 crore at RE stage from Rs. 1057 crore. According to the Ministry, the actual utilization of funds was however, Rs. 741 crore (upto Feb., 2012) which comes to 70% of the approved outlay of Rs. 1057 crore. The reasons for underutilization of funds were reported to be delay in land acquisition for construction of R&R colony, project works of the Utkal-E project, stoppage of work at the Wind Power Plant as environment clearance is yet to be obtained, delay in construction of the slurry system of Ash disposal and construction of Ash pond etc. The Committee are not at all

convinced with the reasons cited by the Ministry for underutilization of the approved outlays as these reasons are being repeatedly cited by the Ministry year after year. Keeping in view the perennial problems being faced by NALCO halting the implementation of ongoing schemes and ultimately affecting the utilization of funds, the Committee expect that the funds earmarked for 2012-13 will be optimally utilized and the problems faced by NALCO during the last year would be overcome by taking timely corrective measures to obviate any reduction of funds. The Committee would like to be apprised of the action plan of the Ministry/NALCO to utilize the enhanced funds allocated for the year 2012-13.

Implementation of Utkal E-Coal Block project and Pottangi Bauxite Mine

15. The Committee note that the allotment of Utkal E-coal Block project and Pottangi Bauxite Mine have been held up for want of mining lease, land acquisition, forest clearance etc. by the State Government. The Committee are dismayed to find that the coal block which was allotted by the Government of India to NALCO in 2004 to meet its coal requirement of new power units has still made no headway as land acquisition, construction of R&R Colony and project execution are yet to take place. The Committee in their earlier report had recommended that the Ministry should take necessary measures for commissioning of the project at the earliest but it is still facing many roadblocks. Although an investment of Rs. 198 crore out of the total project cost of Rs. 337 crore has been proposed for Utkal-E case project during 2012-13, the project

is languishing for want of various clearances from the concerned State Government. The Committee, therefore, would like the Ministry to seriously take up the matter with the authorities concerned for removing the obstacles which the project has been facing.

16. The Committee are shocked to note that NALCO had applied for Pottangi Bauxite Mine lease long back in the year 1992. But despite recommendations of the Ministry of Mines to the Odisha Government and necessary follow up by the company with the State Government authorities to ensure early sanction of the mining lease, a positive result is yet to be achieved. Allotment of this mining lease to NALCO is all the more important for augmenting bauxite supply for its aluminium plant to be set up in future. Against the approved outlay of Rs. 256 crore during XIth plan for Pottangi Bauxite mine, the actual were nil. The Committee deprecate that the Ministry have failed to act as a facilitator on behalf of NALCO for getting necessary clearances from different authorities, and as such no significant progress has been made in the project. The Committee urge upon the Ministry to take up the matter with the concerned State Government and impress upon them for early clearances and to ensure the timely completion of the project.

Mineral Exploration Corporation Limited (MECL)

17. The Mineral Exploration Corporation Limited (MECL), a premier exploration agency in the country has been allocated Rs.10.00 crore under promotional mineral exploration programme through internal resources and Rs.9.00 crore in

promotional grant through Gross Budgetary Support for carrying out its exploration activities during 2012-13 as against Rs.9.00 crores at BE 2011-12. The Committee note that the physical performance of MECL was affected during the last three years due to several constraints like technical requirement/non-availability of locations, the exploration drilling carried out during the year 2009-10 & 2010-11 in some of the project like Dhol-Ki-Patti for rock phosphate in Rajasthan, Rupa for dolomite in Arunachal Pradesh and Tangnub for limestone in Meghalaya have resulted in less achievement in physical target. The Committee also observe that exploration in two new schemes namely Gurla (North) for Copper-Lead-Zink in Rajasthan and Nimi - Pyakatsu block for limestone in Nagaland have been taken up during the year. The Committee desire that concerted efforts should be made by the Ministry/MECL to complete the targets within the respective annual plan instead of spilling over the projects. The Committee would like MECL to take up more mineral exploration programmes for realizing its dream of becoming the leader in exploration of minerals by 2020.

Hindustan Copper Ltd. (HCL)

18. The Committee note that a total outlay of Rs. 341.14 crore has been approved for HCL for the year 2012-13 including Mine development Expenditure of Rs. 85 crore, Greenfield Exploration/Development of New Mines amounting to Rs. 20.00 crore and Mine Expansion programme amounting to Rs. 208.14 crore. Further, an amount of Rs. 38.00 crore has been proposed to be utilized on account of replacement and

renewals of the existing plant and machinery. The Committee, are however, dismayed to note that allocation of Rs. 189.00 crore during the year 2011-12 for Mine expansion programme were reduced to Rs. 32.82 crore at RE stage. The reasons cited by HCL for such shortfall is on account of occurrence of some litigation cases which has resulted in delay in finalization of Mine Expansion contracts. Further, at BE stage during 2011-12, it was anticipated that the contractors would draw 10% mobilization advance. However, due to delay in finalization of the contractors, there has been less drawing of mobilization advance by the contracts. The Committee further note that the production of ore and Metal-In-Concentrate fell short of target mainly due to inadequate availability of loading and handling equipment during 2010-11 and 2011-12, which shows the inability of the company to resolve these issues in a serious and effective manner. The frequent breakdown of equipment at Khetri Copper Complex is an indication that the Replacement and Renewals Programmes are not being implemented in right perspective. The Committee are not at all satisfied the way the court cases are being pursued by HCL in a casual manner. The only conclusion that the Committee can draw is that HCL has failed to perform on all fronts. The Committee, therefore, would like the Ministry to conduct performance audit of the company and take necessary corrective measures to bring about improvement in the overall performance of the company including pursuing the court cases on fast track basis. The Government has formulated an ambitious plan for mine expansion programme for 2012-13 and an amount of Rs. 208.14 crore has been projected to be utilized during 2012-13.

The Committee expect that HCL would make all out efforts to utilize the earmarked funds and complete the mine expansion schemes without any further time and cost overrun.

19. The Committee are, however, concerned to note that though they in their 17th Report presented to Parliament on 29.8.2011 had recommended that the closed mines at Rakha and Kendadih be immediately opened, the Government have failed to restart them during 2011-12. Taking note of the fact that the environment clearance for Rakha mines is pending with Ministry of Environment and Forest since 11th July, 2011 and renewal of Kendadih mining lease is still pending for cabinet approval with Government of Jharkhand, the Committee cannot but deplore the inordinate delay in reopening of these fields so far. The Committee feel that it not only reflects poorly on monitoring and examination of the projects on the part of the Ministry but also its obtrusiveness with regard to implementation of Committee's recommendation. The Committee, therefore, again strongly urge the Ministry to accord priority for opening up of these mines and vigorously process the matter with Ministry of Environment and Forest and the concerned State Government for statutory clearances. The Committee also expect that Rs.208.14 crore allocated for mine expansion programme including Rs.26.31 crore and Rs.24.65 crore respectively for opening of Kendadih and Rakha Mines will be fully utilized and physical targets achieved.

National Mineral Policy 2008

20. The Committee have been given to understand that the Government announced a New National Mineral Policy, 2008 which endeavours to attract technology and fresh investment through specific measures. The Union Government is also reported to have prepared a draft Model State Policy in line with the National Mineral Policy, 2008 and circulated to all the State Governments to prepare their own State Policies. Admittedly, both the Union and State Governments have to act in concert and in a well coordinate manner to achieve the objectives of the New Policy. However, the Committee have not been apprised of the status of the corresponding Mineral Policy to be prepared by the various State Governments. The Committee are of the strong view that unscientific mining has been taking place in the country including massive illegal mining in the absence of effective regulatory mechanism in the States. The Committee would, therefore, like the Ministry to accelerate the policy measures by according it the top priority. The Ministry should effectively interact with all State Mining Departments and get the policy measures finalized in a time bound manner. The Committee would like the Ministry to apprise them of the status of formulation of Mineral Policy by the State Governments.

Strategic Plan

21. The Committee have further been informed that the Ministry of Mines have prepared a detailed Strategic Plan document "Unlocking the Potential of Indian Mineral Sector" in order to systematize the functioning of the Ministry and align it

more directly with the vision emanating from the National Mineral Policy. The Committee hope that the proposed Strategic Plan Document prepared by the Ministry though belated would provide the much needed impetus in the field of exploration and exploitation of minerals in the country, particularly, when about 50% of the obvious geological potential in the country remains unexplored. In such a scenario, the functioning of the Geological Survey of India (GSI) and the Mineral Exploration Company Limited (MECL) assume great importance. The Committee would, therefore, like the role of these two premier exploration organizations to be clearly defined in the proposed document. The Committee desire that the Ministry should prepare an action plan to implement the Strategic Plan Document within a specific time frame.

Implementation status of Recommendations contained in 17th Report

22. The Committee observe that though the Hon'ble Minister of Mines was required to make a Statement in Lok Sabha regarding the status of implementation of the recommendations of the Committee contained in 17th Report by 29 February, 2012 under Direction 73A of the Directions by the Speaker, Lok Sabha, the same has not been made so far. The Committee, therefore, recommend that the Ministry should ensure making of the same immediately and expect the Ministry to be more careful in future and ensure that the Statement be made invariably by the Hon'ble Minister on each of the original Reports of the Committee within the specific period i.e. six months after the presentation of Report to

**Parliament as per Direction 73A of the Directions by the
Speaker, Lok Sabha.**

**New Delhi;
07 May, 2012
17 Vaisakha, 1934 (Saka)**

**KALYAN BANERJEE
Chairman,
Standing Committee on Coal and Steel**

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND
STEEL HELD ON 09.04.2012 IN COMMITTEE ROOM 'E', PARLIAMENT
HOUSE ANNEXE, NEW DELHI.**

The Committee sat from 1400 hours to 1615 hours.

PRESENT

Shri Kalyan Banerjee - **Chairman**

MEMBERS

LOK SABHA

2. Shri Sanjay Bhoi
3. Smt. Jyoti Dhurve
4. Shri Ismail Hussain
5. Shri Vishwa Mohan Kumar
6. Shri Govind Prasad Mishra
7. Shri Deoraj Singh Patel
8. Shri Pashupati Nath Singh
9. Shri Manohar Tirkey
10. Dr. G. Vivekanand

RAJYA SABHA

11. Shri Dhiraj Prasad Sahu
12. Shri Nand Kumar Sai
13. Smt. Smriti Zubin Irani

SECRETARIAT

1. Shri P. Sreedharan - Addl. Secretary
2. Shri Shiv Singh - Director
3. Shri Arvind Shirma - Deputy Secretary

WITNESSES

MINISTRY OF MINES

1. Shri Vishwapati Trivedi, Secretary
2. Shri S.K. Srivastava, Addl. Secretary
3. Shri Arun Kumar, Joint Secretary
4. Shri Naresh Kumar, Joint Secretary
5. Shri G. Srinivas, Joint Secretary
6. Smt. Anjali Anand Srivastava, JS&FA
7. Dr. Vinita Aggarwal, Economic Adviser

8. Shri A. Sundra Murthy, Director General, GSI
9. Shri P.V. Ramesh Babu, Director (Planning)
10. Shri Nitish Das, Director, GSI
11. Shri C.S. Gundewar, CG, IBM
12. Shri Y.G. Kale, RCOM, IBM
13. SHri B.L. Bagra, CMD, NALCO
14. Shri K.C. Samel, Exe. Director, GSI (Fin.), NALCO
15. Shri Shakeel Ahmed, CMD, HCL
16. Shri K.K. Saberwal, Director(Fin.), HCL
17. Shri C.P. Gupta, CMD, MECL
18. Shri Deep Prakash, HOD, MECL

2. At the outset, the Chairman, welcomed the Secretary and other representatives of the Ministry of Mines and Public Sector Undertakings to the sitting of Committee and apprised them of the provisions of Direction 58 of the Directions by the Speaker, Lok Sabha. The Chairman mentioned that the sitting of the Committee has been convened in connection with examination of Demands for Grants (2012-13) of the Ministry of Mines.

3. Thereafter, the representative of the Ministry of Mines gave a visual presentation on examination of Demands for Grants (2012-13). The points discussed during the sitting broadly related to the Budgetary allocation, Modernization of GSI; Vacancies of Geologists in GSI, Schemes of Indian Bureau of Mines(IBM); Plan Outlay of NALCO and status of projects; diversification programme of NALCO, the MMDR Bill, 2011, schemes/projects of Hindustan Copper Ltd., MECL etc.

4. The Members raised their concerns on the above issues and sought clarifications from the Ministry of Mines. Some of the points were clarified by the representatives of the Ministry of Mines. The Chairman directed the representatives of the Ministry of Mines to furnish written replies to the queries raised by the Members which could not be responded to.

A verbatim record of the proceedings has been kept.

The Committee then adjourned.

4. The Committee adopted the above Reports with minor changes/modifications and authorized the Chairman to finalise the Report(s) on the basis of factual verification from the concerned Ministry and present the same to both the Houses of Parliament.

5. ** ** ** ** ** ** ** ** **

The Committee then adjourned.

**Do not pertain to this Report
