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**STANDING COMMITTEE ON
COAL AND STEEL
(2009-2010)**

FIFTEENTH LOK SABHA

MINISTRY OF MINES

**DEMANDS FOR GRANTS
(2010-2011)**

FIFTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2010/Vaisakha, 1932 (Saka)

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STANDING COMMITTEE ON
COAL AND STEEL
(2009-2010)

(FIFTEENTH LOK SABHA)

MINISTRY OF MINES

DEMANDS FOR GRANTS
(2010-2011)

Presented to Lok Sabha on 22.04.2010
Laid in Rajya Sabha on 22.04.2010



LOK SABHA SECRETARIAT
NEW DELHI

April, 2010/Vaisakha, 1932 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON
COAL AND STEEL (2009-10)

Shri Kalyan Banerjee — *Chairman*

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4. Shri Sanjay Bhoi
5. Shri Jayawant G. Awale#
6. Shri Abu Hasem Khan Choudhury
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Rajya Sabha

22. Ms. Mabel Rebello
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#Nominated *w.e.f.* 11.01.2010.

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30. Shri Kishore Kumar Mohanty
31. Shri Swapan Sadhan Bose

SECRETARIAT

- | | | |
|----------------------|---|---------------------------|
| 1. Shri Ashok Sarin | — | <i>Joint Secretary</i> |
| 2. Shri Shiv Singh | — | <i>Director</i> |
| 3. Smt. Madhu Tandon | — | <i>Sr. Exe. Assistant</i> |

*Nominated *w.e.f.* 23.12.2009 *vice* Shri A. Vijayaraghawan.

INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Fifth Report (Fifteenth Lok Sabha) on Demands for Grants (2010-11) 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 16.03.2010. Under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Coal and Steel are required to consider the Demands for Grants of the Ministries 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 30th March, 2010.

4. The Report was considered and adopted by the Committee at their sitting held on 12.04.2010.

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

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

NEW DELHI;
12 April, 2010

22 Chaitra, 1932 (Saka)

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

REPORT

CHAPTER I

Introductory

The mineral industry comprises an important segment of the Indian economy with India being highly endowed with vast mineral resources. The mineral sector plays a crucial role in the industrial development of the country. India's accelerated growth rate warrants a rapid development of the mining sector on which most of the basic industries in the manufacturing sector depend. They constitute the vital raw materials for many basic industries and are a major resource for development. 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. Mining activities in the country however, remained primitive in nature and modest in scale uptill the beginning of the current century. Thereafter, with progressive industrialization, the demand for metals and minerals increased manifolds and hence the production of various metals and minerals gradually went up. After India became independent, the growth of mining under the impact of successive Five year Plans has been very fast.

1.2 The Ministry of Mines is responsible for the survey and exploration of all minerals, other than Natural gases, Petroleum and Atomic minerals; for mining and metallurgy of Non-ferrous metals like Aluminium, Copper, Zinc, Lead, Gold, Nickel, etc. and for administration of the Mines and Minerals (Development and Regulation) Act, 1957 in respect of all mines and minerals, other than Coal, Natural

gas and Petroleum. List of subjects allocated to the Ministry is given below:

- (a) Legislation for regulation of mines and development of minerals within the territory of India, including mines and minerals underlying the ocean within the territorial waters or the continental shelf, or the Exclusive Economic Zone and other Maritime Zones of India as may be specified from time to time by or under any law made by Parliament.
- (b) Regulation of mines and development of minerals other than Coal, Lignite and Sand for stowing and any other mineral declared as prescribed substances for the purpose of the Atomic Energy Act, 1962 (33 of 1962) under the control of the Union as declared by law, including questions concerning regulation and development of minerals in various States and the matters connected therewith or incidental thereto.
- (c) All other metals and minerals not specifically allotted to any other Ministry/Department such as Aluminium, Zinc, Copper, Gold, Diamonds Lead and Nickel.
- (d) Planning, development and control of, and assistance to, all industries dealt with by the Ministry.
- (e) Geological Survey of India
- (f) Indian Bureau of Mines
- (g) Metallurgical Grade Silicon

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

- (i) Geological Survey of India, Kolkata – This has since been elevated to attached office status.
- (ii) Indian Bureau of Mines, Nagpur

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

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

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

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

1.7 The detailed Demands for Grants of the Ministry of Mines were presented to Lok Sabha on 16.03.2010. The Committee in the present Report have examined various issues related to implementation of various schemes/plans/programmes under the preview of the Ministry of Mines. In the context of Demands for Grants 2010-11, the detailed analysis alongwith observations/recommendations of the Committee on various issues have been given in the succeeding chapters of the Report.

CHAPTER II

ANALYSIS OF DEMANDS FOR GRANTS (2010-11) OF THE MINISTRY OF MINES

The Ministry of Mines have presented the Demands for Grants No. 65 for the year 2010-11 to the Lok Sabha. The Demand includes provision for Plan and Non-Plan expenditure under Revenue and Capital Sections of the Ministry proper, attached/subordinate offices and Public Sector Undertakings under the administrative control. The Plan and Non-Plan provisions made in the Ministry of Mines for the year 2009-10 and 2010-11 are as under:—

(Rs. in crores)

Major Head	BE 2009-10			RE 2009-10			BE 2010-11		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue	153.60	398.00	551.60	133.60	439.38	572.98	160.21	366.14	526.35
Capital	38.40	—	38.40	36.40	—	36.40	39.79	—	39.79
Total	192.00	398.00	590.00	170.00	439.38	609.38	200.00	366.14	566.14

Annual Plan Outlay

2.2 In BE 2009-2010 the approved Budget of this Ministry was Rs.590.00 crores comprising Rs. 192.00 crores (Plan) and Rs.398.00 crores (Non-Plan). Against this, the RE 2009-2010 was Rs.609.38 crores comprising of Rs 170.00 crores (Plan) and Rs.439.38crores (Non-Plan). BE 2010-2011 is being kept at Rs.566.14 crores comprising Rs.200.00 crores (Plan) and Rs.366.14 crores (Non-Plan).

2.3 While replying to the reasons for variation between BE and RE during the year 2009-10 and reduction in BE for the year 2010-11, the Ministry has stated that:

“The variation between BE & RE during the year 2009-10 under Plan is due to payment of increased salary and payment of 60% arrears for implementing Sixth Pay Commission. Ministry of Finance has reduced the plan ceiling by Rs.22.00 crore which resulted decreasing of provision of GSI from Rs.160.00 crore to Rs.138.00 crore.

The decrease in under Non-Plan in 2010-11 is due to the fact only normal salary for the year will be paid and there is no pending arrears of Sixth Pay Commission. The Plan side is marginally higher than previous year.”

2.4 On being asked about the details of amount proposed by the Ministry and amount actually provided by the Planning Commission for the schemes in Annual Plans separately for the last three years and for the year 2010-11 along with the reasons for variation between the proposal, the Ministry have stated as under:

“The details of amount proposed by the Ministry and the amount actually provided by the Planning Commission for the schemes in Annual Plan for last three years and for the year 2010-11 is placed at **Annexure-I**. Generally, the Annual Plans are finalized after detailed discussions at different levels in Planning Commission. However during 2007-08 no fund under head Direction and Administration head was given for GSI & IBM which was later on recouped in supplementary.

2.5 The statement showing the Central Plan Outlay for the Ministry of Mines, including Budgetary Support and IEBR, for the last three years is given at **Annexure-II**. Replying to a query regarding reasons for variations between BE/RE and actuals for the last three years, the Ministry have submitted as under:

“On perusal of statement it may be seen that there was a major variation in 2007-08 mainly because of expenditure on second

phase expansion in NALCO. Though the entire amount was committed during 2007-08 by HCL, however, this could not be spent due to long delivery of equipment, etc. Further no provision was provided for establishment and administrative expenses for Geological Survey of India and Indian Bureau of Mines. Therefore, a provision of Rs.37.00 crore was obtained in the Supplementary for these expenses *w.r.t* BE. However the programmes of GSI were adversely effected due to this factor.

There is no major variation in 2008-09 except for NALCO & GSI. NALCO could not incur the expenditure due to delay in commissioning of 2nd phase project. It was shifted to September, 09 instead of originally planned Dec.,08. There is also variation due to delay in finalization of major packages in Additional, Modification and Replacement Scheme, delay in obtaining in Pottangi mining lease and constraints in acquiring lands and other clearances. In GSI certain modernization item projected for acquisition could not be materialized.

In the financial year 2009-10, there is a reduction of Rs. 440 crore at RE stage in NALCO due to delay in commissioning of 2nd phase expansion, naxal attack at mines in April, 2009, which hampered Damanjodi segment of phase-II expansion, deferment and delay in finalisation of some items of Greenfield projects. These have contributed to the downward revision of the BE. Ministry of Finance had exercised by reducing the budgetary support by Rs. 22.00 crores at RE stage. It is expected that funds will be fully utilized.”

2.6 Statement showing Central Plan Outlay (2010-11) approved by the Planning Commission for Ministry of Mines, the amount sought by the Ministry of Mines for the year and the amount actually sanctioned by the Ministry of Finance and the reasons for less allocation therefor, the Ministry has stated as under:—

“The details of proposed plan outlay & approved outlay of Ministry of Mines for the year 2010-2011 is given below:—

(Rs. in crore)

S. No.	Name of PSUs/Orgns.	Annual Plan 2010-2011 (Proposed)	Approved by Planning Commission and sanctioned by Ministry of Finance
1.	NALCO	1389.00	1389.00
2.	HCL	150.35	150.35
3.	MECL		
	(a) Promotional	10.00	7.00
	(b) Capital	8.00	8.00
4.	GSI	511.34	162.00
5.	IBM	34.10	28.00
6.	S&T	13.15	8.82
7.	Constructions:		
	GSI	83.80	9.99
	IBM	6.00	0.01
	Total	2205.74	1763.17

The funds have been allocated in view of overall availability of the funds with the Government of India. As far as plan allocation is concerned, the Gross Budgetary Support (GBS) of this Ministry is allocated at Rs. 210.00 crore for the Plan 2010-11 as against proposed Rs. 652.57 crore by the Ministry. The ceiling of I&EBR has, however been fixed at Rs. 1553.17 crore which is equal to the amount proposed by the Ministry.”

GEOLOGICAL SURVEY OF INDIA (GSI)

2.7 GSI is a National Organisation for Earth Sciences. Its activity areas encompass scientific survey and research for locating mineral resources and geological studies.

2.8 The Financial Plan Outlay (BE) for the FY 2010-11 for GSI is Rs. 16200.00 lakh (excluding the Rs. 9.99 crore Construction Budget) against the proposed of Rs. 511.34 crore as under Rs. 33300.00 has been proposed under ME head (break up Rs. 23700.00 lakh – 1st installment of construction cost of Replacement vessel ; Rs. 3300.00 lakh – 1st installment of construction cost of Geotechnical vessel; Rs. 1000.00 lakh – For on board fitting of sensors etc.; Rs. 5000.00 lakh - For acquisition of Laboratory and drilling equipment. Rs. 300.00 lakh - For Hardware towards Geo-morphological mapping). Planning Commission has approved Rs. 16200.00 lakh (excluding Rs. 999.00 lakh under construction budget) to GSI under Plan head for FY 2010-11. In that case, there will be a substantial shortage of fund to materialize the proposed plan activities of GSI indicated in Annual Plan 2010-11 specifically the modernization activity. For further financial support, Ministry would be approached at appropriate stage of procurement.

2.9 On being enquired about the reasons for reduction made in RE 2009-10 to Rs.138.00 crore from Rs. 160.00 crore in BE 2009-10 under utilization of funds allocated at RE stage for the year 2009-10. The Ministry have furnished as under:

“GSI field season starts from 1st October and therefore there is less expenditure during initial months of any financial year. The Planning Commission exercised a cut of Rs. 22.00 crore during RE 2009-10.”

2.10 When asked about the steps taken to fix responsibility on the part of management for timely completion of projects so that allocated funds are properly utilized, the Ministry have further stated as under:

“GSI has taken up the monthly review of the Asset Management System through the HOD meetings. The Ministry has a

mechanism through Plan Project Review Committee to periodically review the modernization process. In addition, different administrative measures have been undertaken for timely completion of projects so that allocated funds are utilized properly. Progress is also monitored during Quarterly Progress Review meeting taken by Secretary (Mines) where Adviser Planning Commission is also invited.”

The New Schemes/Projects of GSI during the Year 2010-11

2.11 The Government had constituted a High Power Committee (HPC) under the chairmanship of Additional Secretary, Ministry of Mines to assess the capabilities of GSI in meeting the emerging challenges in the Earth Science sector. The HPC has submitted its Report to the Ministry of Mines on 31.3.09. The Report has been accepted ‘in-principle’ by the Ministry and implementation has started. Accordingly the Mission wise activities of GSI has already been initiated from Field Season Programme 2009-10 itself, starting from October, 2009.

2.12 Each year, new projects are taken up on Field Season Programmes [FSPs], after approval by the Central Geological Programming Board [CGPB]. The FSP for the field season 2009-10 [which covers the period October 2009 to September 2010] consists of projects covering baseline data generation [mapping], mineral investigations, S&T projects etc. Two new initiatives being stepped up in FSP year 2009-10 are the National Geo-morphological Mapping Programme and the Pilot Hyper Spectral Mapping Programme, being executed in collaboration with Indian Space Research Organisation [ISRO]/ National Remote Sensing Centre [NRSC].

2.13 The Ministry of Mines were asked to furnish the status of implementation of the recommendations of the High Powered Committee, the Ministry have stated as under:—

“The High Powered Committee on GSI had submitted its report on 31.3.2009 The status of implementation of recommendation is as follows:

- Vision & Charter – Gazette notification issued on 25.5.2009.

- GSI has been declared as an 'Attached Office' in the Ministry of Mines.
- CGPB has been revamped and 12 Sub-Committees constituted.
- Dissemination of Geo-scientific information gathered by GSI for use by public at large for free of cost. Digitizing and uploading the information have been approved. Enterprising GSI Portal is being upgraded to make it world class.
- GSI has switched over to Mission mode functioning with effect from the Field Season 2009-10.
- Mechanical Engineering & Drilling streams merged into Engineering Stream Engineering & Transport workshops wound up. Workshop personnel deployed under Drilling units.
- Merger of Geophysics (Instrumentation) and Mineral Physics (Exploration) has been approved.
- Geology stream is now a Organized Service. Recruitment Rules of Geology Stream have been approved by DOPT and RRS and other S&T stream *viz.* Chemistry, Geophysics and Engineering as Organized Service are under consultation with DOPT.
- As a first step towards adopting the Search-cum-Selection Committee procedure, Recruitment Rules for the post of DG, GSI have been amended to fill up the post by Direct Recruitment also have been notified and DR proposal is pending with UPSC.
- Free training to State Govts. in GSI's Training Institute has been commenced. Training Policy Coordinating Committee (TPCC) has been constituted under the chairmanship of Secretary (Mines).

- Draft Cabinet Note for restructuring of GSI has been circulated on 10.12.2009 to various Ministries. It is under finalization.
- GSI Transfer Policy has been circulated.

Shortage of manpower in GSI is one of the major obstacles which effect the plan activities of GSI. This shortage of about 1500 Scientific and Technical personnel vacant posts were planned to be filled over a period of 5 years. Now as per the recommendation of the Standing Committee on Coal and Steel, an immediate step would be taken to stepped up recruitment without compromising quality.”

2.14 On being asked as to whether GSI has recruited the required number of manpower and shortage of manpower has affected the working of GSI, the Ministry have stated as under:

“Filling up of posts in different categories

Presently GSI is having acute shortage of manpower almost in every Scientific and Technical (S&T) stream particularly so in Group ‘A & B’ officers cadre and the vacancies in certain cases are in the order of 39.5% to 61.30% which is adversely affecting the activities of GSI.

Even in Geology Stream, which is the main scientific stream of the organisation is functioning with only 46.40% filled in strength against the sanctioned strength (2500). GSI to deal with the situation, has submitted a Comprehensive Perspective Plan Proposal for Recruitment of Group “A & B” officers in all the S&T streams within a scheduled time frame. The Government has already accepted the proposal and also directed GSI for recruitment to the tune of 300 geologists per year and filling up of vacant positions in other S&T streams over a period of three years. Accordingly, GSI has initiated the process of induction in 2009 and UPSC has called for bulk recruitment from the financial year 2009-10 itself.

As already explained to the Committee in 2009, GSI's capability on personnel and financial matters was found by the High Powered Committee [constituted under the directions of the Union Cabinet on 7.1.2008 to restructure and revamp GSI] to be extremely weak because of lack of knowledge of administrative and financial procedures, lack of infusion of fresh blood at higher levels and lack of sound management practices. The High Powered Committee had made recommendation to improve the system, which are under implementation.

Following steps have been taken to fill up various posts in Geological Survey of India—

- (1) Perspective plan for recruitment in GSI envisages proposed recruitment for the main Geology stream up to the year 2012. While the number of vacancies reported for the year 2005 were 95 the same has gradually been increased to 300 for Geologist Examination 2009 for the post of Geologist (Jr.) and this level is likely to continue for the next few years till shortfall is made up.
- (2) Instructions have been issued to GSI for elimination of delay in issuing offer of appointments to the candidates recommended by UPSC following Geologists' Examination and Engineering Services Examination. Induction training capacity has been increased.
- (3) GSI has been declared as Attached Office, and delegated more powers. To reduce processing time, GSI has been authorized to refer DPC cases directly to UPSC up to the JAG level (up to the rank of Pay Scale PB 4 + Grade Pay Rs. 8700/-) and take up all DPC matter except requiring approval of ACC.
- (4) Recruitment Rules for Geology/ Geophysics/ Chemistry and Engineering Group 'A' Streams are being amended on the patterns of Organised Group 'A' service which includes provisions of combined service as eligibility criteria which will facilitate availability of eligible officers for promotion.

DOPT has approved RRS of Geology stream in this Organised Service Pattern, after consultation with UPSC and Department of Legal Affairs, the same will be notified.

- (5) Vacancy position is being monitored in monthly meetings by Special Secretary [Mines] and by Secretary [Mines] in QPR meetings.
- (6) Liaison is maintained with UPSC to ensure that all issues are sorted out at the earliest."

2.15 During the course of oral evidence, the Committee wanted to know about the procurement of equipment in GSI, the representatives of the Ministry of Mines have replied as under:

"Sir, so far as geo-scientific equipment is concerned, GSI already has two coastal vessels and one deep sea research vessel which work off shore and it has one aircraft which is used for geophysical service. Three years before it was planned to buy a helicopter to do low level surveys because it was found that the aircraft cannot fly below 120 meters. When we did the procurement, the first round of procurement did not fructify because there were wide variations in the exchange rate, then there was a complaint, it went to the CVC. As a result the procurement process took four to five years and then finally it had to be scrapped. Then this matter came to the adverse notice of the Committee and we made a promise before the committee that we will procure the sensors as quickly as possible. We restarted the procurement process and I can tell the Committee that we finalized the entire procurement within 9 months. We placed the orders for the heliborne sensors; the orders had been placed in March last year and the equipment has been delivered. The helicopter also has been purchased. Now the integration of the instruments with the helicopter is taking place. The geoscientists are getting training in Canada. We hope that by June, that is three months from now the helicopter will be in a position to do field trials and then we will induct it for normal field season work of the GSI. This is in so far as the heliborne sensors are concerned.

In so far as the deep sea vessel is concerned, this is a very large project of almost Rs. 450 crore. The procedure for this is that we first take an Indian consultant. He identifies a foreign consultant who then prepares the design. In between these two consultants they select the shipyard and the orders placed for the construction of the ship. IT has to be constructed afresh. It is specifically tailor-made design of a ship. For the deep sea vessel we have taken the Indian consultant and also selected the international consultant. We are in the process of getting the shipyard identified. Once that is done, then the work will start. We now expect that the entire process will be completed by 2012 end or may be in 2013. It is a long drawn out process because in all these cases the global tenders had to be called. The evaluation process also is highly technical. We cannot afford to be wrong at any point of time though naturally we would not like undue delays. Almost the same process is there for the geo-technical vessel though it is a smaller project, only Rs. 70 crore but here also there is an Indian and a foreign consultant. We have hired the Indian consultant; we have almost decided on the foreign consultant. Once that is done then the progress will take place.

INDIAN BUREAU OF MINES (IBM)

2.16 The Indian Bureau of Mines is primarily responsible for the promotion of conservation of minerals, protection of environment in mines, systematic and scientific development of the mineral resources of the country other than coal, petroleum and natural gas, atomic minerals and minor minerals. The details of amount earmarked in 2009-10 and 2010-11 are given below:—

(Rs. in crores)

Major Head	BE 2009-10			RE 2009-10			BE 2010-11		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2853	16.70	30.55	47.25	16.70	32.50	49.20	24.66	28.07	52.73

2.17 On being asked as to how much amount has actually been spent under Plan and Non-Plan during the year 2009-10, the Ministry have stated that “the amount actually spent upto February, 2010 under Plan and Non-Plan during the current financial year 2009-2010 is Rs. 24.66 crore and Rs. 31.87 crore respectively.”

2.18 In addition to the above when asked about the reasons for increase in outlay from Rs. 47.25 crore in BE 2009-10 to Rs. 49.20 crore in RE 2009-10 and BE 2010-11 and the funds earmarked during the year 2010-11 are sufficient and could be fully utilized, the Ministry in their reply have stated as under:

“The increase in the Outlay from Rs. 47.25 crore in BE 2009-2010 to Rs. 49.20 crore in RE 2009-2010 is due to payment of 60% arrears to the employees of IBM consequent upon implementation of 6th CPC. The increase in the Outlay *i.e.* BE 2010-11 is owing to requirement of funds for Scheme No.6 — Computerized On line Register of Mining Tenement System.

The funds earmarked for 2010-11 are not sufficient. Additional funds will be required for payment of Salaries etc. The same will be requested at appropriate time.”

2.19 When the Ministry were asked to furnish the total number of illegal mining cases identified during the last two years and steps taken by the Ministry/IBM to curb the illegal mining, the Ministry furnished as under:-

“Instances of illegal mining of minerals have come to the notice of the Government in various parts of the country. As per available information details of illegal mining of minerals detected by the State Governments in the last three years upto December, 2009 is given in the **Annexure-III**. The Central Government had amended the Mines and Minerals (Development and Regulation) Act, 1957, to empower the State Governments to take action against illegal mining by giving them powers to enter and inspect any mine, penalize transportation and storage of illegal mined minerals, confiscate illegally mined minerals, tools,

equipment and vehicles, and frame separate Rules under the Mines and Minerals (Development and Regulation) Act, 1957 for curbing illegal mining. This was followed by regular monitoring by Central Government of the action taken by the State Governments. Recently, all the State Governments have been requested to prepare an Action Plan using modern technology to curb illegal mining. Further, a Coordination-cum-Empowered Committee has been set up to ensure elimination of delays in grant of mineral concessions. A draft Model State Mineral Policy has also been circulated to all the State Governments. Separately eight Task Force teams were set up in the Indian Bureau of Mines conducted inspections in 106 mines in endemic areas between 7.12.2009 till 17.12.2009 and suspended operations in 60 mines.”

Scheme-wise physical performance

2.20 The programmes and achievements under various schemes during the last year 2008-2009 and in the current year 2009-2010 are given below:—

1. Scheme: Inspection of Mines for Scientific and Systematic Mining, Mineral Conservation and Mines Environment:

Item	2008-09		2009-10	
	Target	Achievement	Target	Achievement (upto Dec. 2009)
Inspection of Mines for administration of MCD Rules, 1988, approval of mining plans, schemes and mine closure plans.	2,500	2,645	2,500	1,775
Regional Mining Geological Studies.	12	12	12	12 studies at various stages of completion.

Consequent to inspections and studies, during the year 2009-10 (upto December 2009), 1568 violations of various provisions of MCDR, 1988 were pointed out in respect of 726 mines and 787 violations were rectified. Twenty two prosecution cases were launched in various courts, 10 cases were decided and 11 cases were compounded. Besides, mining operations were suspended under rule 13(2) and 56 of MCDR 1988 in 70 mines for not carrying out mining operations in accordance with the approved mining plan/scheme of mining.

During the year 2009-10 (upto December 2009), 230 mining plans were approved & 20 not approved, 307 mining schemes were approved & 24 not approved, and 23 final mine closure plans were approved & 04 not approved. Registration of Recognized Qualified Persons (RQP) was granted in 45 cases.

2. Scheme: Mineral Beneficiation Studies — Utilization of Low Grade and sub-grade Ores and Analysis of Environmental Samples:

Targets and achievements during 2008-2009 & 2009-2010 (upto December 2009) in respect of Regional Ore Dressing Laboratories at Ajmer, Bangalore and Modern Mineral Processing Laboratory & Pilot Plant at Nagpur are summarized below:—

Item	2008-09		2009-10	
	Target	Achievement	Target	Achievement (upto Dec. 2009)
1. Ore Dressing Investigations	70	68	70	53+ 37 in progress
2. Chemical Analysis (No. of radicals)	50,000	49,108	50,000	37,700+ 612 in progress
3. Mineralogical Studies	2,300	2,366	2,300	1,870+ 62 in progress

3. Scheme: Technological upgradation and modernization:

Updation of National Mineral Inventory (NMI)

During the year 2008-09, analytical reviews and draft chapters for all the 65 minerals were prepared and the Handbook on NMI was under printing. Besides, an ad-hoc publication on "National Mineral Inventory at a Glance as on 01.04.2005" was released.

During the year 2009-10 (upto December 2009), a Handbook of National Mineral Inventory — An Overview (as on 1.04.2005) was released. Besides, preparatory work for updating the NMI adopting UNFC as on 01/04/2010 was in all progress.

Preparation of multi-mineral maps

During the year 2008-2009, preparation of 100 multi-mineral leasehold maps on a scale of 1:50,000 with corresponding forest overlays in respect of Rajasthan was completed.

During the year 2009-2010 preparation of 100 multi-mineral leasehold maps on a scale of 1:50,000 along with corresponding forest overlays in respect of Gujarat was at various stages of completion.

Technical Consultancy Services

Targets and achievements for the year 2008-2009 & 2009-2010 are as below:—

Item	2008-09		2009-10	
	Target	Achievement	Target	Achievement (upto Dec. 2009)
Preparation of Mining Feasibility/Mining Scheme/EMP Study Reports and conducting Preliminary Geological Appraisal of mineral deposits/survey assignments, etc. (No. of assignments)	05-07	13	05-07	06

During the year 2008-2009, 13 assignments were completed and reports submitted to the concerned parties.

Mining Research

During the year 2008-2009, 9 assignments were completed and reports submitted to the concerned parties.

Training

Targets and achievements during the year 2008-2009 and 2009-2010 are summarized below:—

Item	2008-09		2009-10	
	Target	Achievement	Target	Achievement (upto Dec. 2009)
Training Programmes (In-house & Industry personnel)	16	16 (Total participants: 104 from IBM & 180 from Industry)	16	12 (Total participants: 76 from IBM & 222 from Industry)

4. Scheme: Collection, Processing, Dissemination of Data on Mines and Minerals through various publications:

During the years 2008-09 and 2009-10, drafting and preparation of reports pertaining to market survey in respect of copper, lead and zinc ore and end-use metal consumption for copper, lead and zinc were in progress.

New Scheme on Computerized Online Register of Mining Tenements System

This project is to be implemented in 12 States, namely, Goa and one district each in Andhra Pradesh (Cudappah), Chhattisgarh (Durg),

Gujarat (Jamnagar), Jharkhand (Singbhum [W]), Karnataka (Bellary), Kerala (Thiruvananthapuram), Madhya Pradesh (Katni), Maharashtra (Sindhudurg), Orissa (Keonjhar), Rajasthan (Udaipur), and Tamil Nadu (Salem). Initially, a pilot project has been taken up and is in progress in two districts *viz.* Durg and Bellary. The pilot project will be demonstrated by 31.3.2010. Thereafter, the project will be taken up in other States.

CHAPTER III

11th FIVE YEAR PLAN: ALLOCATION AND UTILIZATION DURING FIRST THREE YEARS (2007-08, 2008-09 AND 2009-10)

Eleventh Plan Allocation and Utilisation

Financial Performance

The Eleventh Five Year Plan (2007-2012) Outlay of this Ministry was approved at Rs. 8404.00 crores which was to be financed through Rs.7221.05 crores of Internal Resources (IR), Rs. 2.95 crores of Extra Budgetary Resources (EBR) and Rs. 1180.00 crores of Net Budgetary Resources (NBS). The actual utilisation of Plan Outlay during 2007-08, 2008-09 and anticipated utilisation during 2009-2010 and the balance available during 2010-2012 is summarised in the table below:

(Rs. in crore)

	Approved		Utilisation	
	Outlay	NBS	Outlay	NBS
1	2	3	4	5
XIth Five Year Plan	8404.00	1020.00		
2007-08	1380.29	160.00	1563.60	148.75 (Actual)
2008-09	2160.00	200.00	1627.37	166.24 (Actual)
2009-10	1647.82	200.00	1145.22	200.00 (Anticipated)
2007-10	5188.11	560.00	4336.79	514.99 (Anticipated)

1	2	3	4	5
% of 2007-2010				
with total			51.60%	43.64%
XIth Plan				
2010-12			4067.21	665.01
(available funds.)				

The organisation-wise Mid-Term appraisal of 11th Plan is discussed in the following paragraphs:

Geological Survey of India (GSI)

3.2 GSI is a premier scientific organisation engaged in country-wide academic and applied pursuit of earth sciences. The investigations carried out contribute directly to the discovery and evaluation of mineral resources thereby ensuring continued and steady supply of raw materials to the core industrial and energy sectors. The approved Plan Outlay for the XIth Plan was Rs. 1020.00 crores. Out of this amount Rs. 335.41 crores for Modernisation and Replacement, Rs. 262.50 crores for Survey and Mapping and rest were meant towards other Schemes and operational expenses. During the XIth Plan period GSI has proposed to upgrade the scientific know-how to make a breakthrough in the field of mineral exploration, cartography, natural hazards study and other related studies.

3.3 During the first three years of XIth Plan, the likely utilisation of funds by GSI is expected to be Rs. 420.74 crores and the balance outlay of Rs. 599.26 crores is available for the last two years of the XIth Plan. Besides, GSI is in urgent need of

- (a) a new ocean going research vessel,
- (b) a new Geo technical vessel with shallow drilling capacity,
- (c) a new Fixed Wing Aircraft for AMSE Wing, GSI and

(d) Procurement of Laboratory and IT equipment.

3.4 The reviewed evaluation of Plan provision requirement has been pegged at Rs.1430.86 crore which exceeds the approved outlay by Rs.410.86 crore for which Planning Commission has already been apprised recently.

Indian Bureau of Mines (IBM)

3.5 IBM is responsible for enforcing conservation and scientific development of mineral resources through mine inspections and studies of mining and geological aspects including mineral utilisation. It is also engaged in research and beneficiation of ores and minerals including low grade ores and offers technical consultancy services for mining industry.

3.6 The approved XIth Plan Outlay of IBM was Rs. 90.00 crores which includes Rs. 5.00 crores for construction funded through Ministry of Urban Development. Against the approved outlay of Rs. 90.00 crores the likely expenditure during 2007-10 is expected to be Rs. 57.50 crores which leaves a balance of Rs. 32.50 crores to be available for the remaining two years of the XIth Plan which will be insufficient. Keeping in view the on-going programmes, Rs. 64.47 crores would be additionally required over the approved XIth Plan Outlay because the on-going programmes are to continue.

3.7 IBM is likely to spend Rs. 154.47 crores i.e. 171.63% of the XI Plan outlay. The additional requirement is due to the implementation of New Schemes known as Computerized Online Register of Mining Tenement System at a cost of Rs. 21.03 crore and revised pay structure on implementation of 6 CPC.

Major Programmes/Schemes

3.8 IBM is implementing 4 ongoing and continuing schemes in the Eleventh Plan, which are as follows:

- Inspection of mines for scientific and systematic mining, mineral conservation and mines environment

- Mineral beneficiation studies – utilization of low grade and sub grade ores and analysis of environmental samples
- Technological upgradation and Modernization
- Collection, processing, dissemination of data on mines and minerals through various publications.

In addition, one new scheme i.e. Computerized Online Register of Mining Tenement System is being implemented.

Policy Framework and Vision

3.9 The Charter of Functions of IBM fulfils in a large part, the objectives of the National Mineral Policy. 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 development, imparting training for human resources development and strive for the amelioration of pollution from mining etc. are implementation of this policy.

3.10 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 resources 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.

National Aluminium Company Ltd. (NALCO)

3.11 Eleventh Plan outlay of NALCO was approved at Rs. 6927.08 crores which does not involve any budget support from the Government. The outlay is mainly for 2nd Phase Expansion

(Rs. 4345.00 crores), Greenfield Projects (Rs. 1010.00 crore), and the remaining outlay for replacement & renewals and other continuing schemes of the company. The company expects an anticipated expenditure of Rs. 3648.75 crores upto 31st March, 2010. The balance available fund of Rs. 3278.33 crore is available for 2010-12 to be spent by the end of XI Five Year Plan 2007-12. However, the Company expects to spend only Rs. 2282.63 crore only during 2010-12. Therefore the revised XI Five Year Plan ceiling would work out to a total of Rs. 5931.38 crore. This is mainly due to less expenditure in the Scheme Second Phase Expansion against the projected Rs. 4345.00 crore.

Hindustan Copper Limited (HCL)

3.12 Eleventh Plan outlay of HCL was approved at Rs. 223.00 crores to be funded through their Internal Resources. The provision was meant for only Replacement and Renewals. The likely expenditure upto 2007-10 is expected to be Rs. 137.13 crores which is 61.49% of the approved Outlay. Thus the remaining outlay of Rs. 85.87 crores would be sufficient for the Annual Plans for 2010-11 & 2011-12 in respect of HCL.

Mineral Exploration Corporation Limited (MECL)

3.13 Eleventh Plan outlay of MECL was approved at Rs. 94.00 crores which involve a Budget Support of Rs. 50.00 crores for Promotional Grant and Rs. 44.00 crores of Internal Resources. The likely expenditure upto 2007-10 is expected to be Rs. 49.31 crores which is 52.46 % of the approved Outlay. Thus the remaining outlay of Rs. 29.50 crores would be sufficient for the Annual Plans for 2010-11 & 2011-12 in respect of MECL.

Science and Technology (S&T)

3.14 The Science and Technology Programmes of the Ministry of Mines are being actively implemented through Centres of Excellence in the field of Aluminium Technology, Rock Mechanics and Ground Control and Miners' Health as well as various programmes and projects

sponsored through research institutions, national laboratories and PSUs under the administrative control of Ministry of Mines. The projects based on national requirement are funded through Grants-in-Aid from the Ministry of Mines. The projects based on industrial requirement are financed through contribution from the Government, the beneficiaries and the implementing organisations whereas the projects based on Public Sector Establishments' requirements are financed through their Internal Resources.

3.15 For the XIth Five Year Plan the approved Outlay was of Rs. 49.92 crores, Against this a Budget Support of Rs. 20.00 crores was approved. The likely expenditure upto 2007-10 is expected to be Rs. 24.36 crores which is 48.80% of the approved Outlay. It is expected that Rs. 72.28 crore will be spent during this five year plan comprising Rs. 40.80 crore from GBS, Rs. 29.38 crore from IR & Rs. 2.40 crore from EBR."

CHAPTER IV

INVESTMENT IN PUBLIC SECTOR ENTERPRISES

A. National Aluminium Company Ltd. (NALCO)

NALCO is Asia's largest integrated aluminium complex, encompassing bauxite mining, alumina refinery, aluminium smelter and power generation in the State of Orissa. The outlay is being met from Internal and Extra Budgetary Resources (IEBR). The outlay allotted for the year 2009-10 and 2010-11 is given below:—

(Rs. in crore)

Head of Div.	BE-2009-10			RE 2009-10			BE 2010-11		
	BS	IEBR	Total	BS	IEBR	Total	BS	IEBR	Total
12853	-	1391.00	1391.00	-	950.00	950.00	-	1389.00	1389.00

In 2009-10, IEBR of NALCO was reduced to Rs. 950 crore in RE from Rs. 1391 crore in BE. An Outlay of Rs. 1389 crore has been proposed for 2010-11.

4.2 When asked about the reasons for such reduction of funds in RE 2009-10 and the actual utilisation during the year 2009-10 with reasons for shortfall, the Ministry have informed the Committee as under:—

“Project-wise details are given under:

(Rs. in crores)

S. No.	Schemes	2009-10		Actual expdr. upto Feb. 2010
		BE	RE	
1	2	3	4	5
1.	Schemes aimed at maximizing Benefits (AMR)	300	204	150.40

1	2	3	4	5
2.	II-Phase Expansion	952	653	324.12
3.	Coal Mines—UTKAL-E	54	52	52.69
4.	Green field project	63	8	0.93
5.	Upgradation of Alumina plant	6	22	7.33
6.	Pottangi Mines	1	1	—
7.	IIIrd Phase Expansion	15	11	1.99
Total		1,391	951	537.46

NB : Rs. 950 crore under RE 2009-10 was revised to Rs. 951 crore by allocating Rs. 1 crore for Pottangi mines.

- (a) The major reason of the shortfall in expenditure from the BE 2009-10 *vis-a-vis* RE 2009-10 is the delay in commissioning of the plant under IInd Phase expansion project, which has resulted in major expenses being phased to the next year BE 2010-11. The provision for IInd phase expansion in BE 2009-10 was Rs. 952 crore, which has been reduced to Rs. 653 crore as a result of delay in execution of project.
- (b) The other reason for reduction was delay in finalisation of orders for AMR (Addition, Modification and Replacement) works. The provision for AMR works in BE 2009-10 of Rs. 300 crore has been reduced to Rs. 204 crore in RE.
- (c) The actual amount spent during the period April, 2009 to February, 2010 is Rs. 537.46 crore.”

4.3 On being asked as to why the allocation for the year 2010-11 has been increased from Rs. 950 crore in RE 2009-10 to Rs. 1389 crore in BE 2010-11, the Ministry have stated as under:—

“The hike in BE 2010-11 is mainly on account of projected higher spending in the two new projects: (i) Upgradation of alumina

plant, and (ii) Utkal-E project as these projects will be in their peak of execution during that period.

4.4 On being asked about the impact of reduction in IEBR at RE 2009-10 on the physical and financial targets of NALCO, the Ministry have informed the Committee as under:

“The impact in delay in commissioning of project under IInd phase expansion (due to which RE has been reduced for 2009-10) is brought out hereunder :

Physical (Production in MT except Power)

Finished Product	Target	Likely Actual	Shortfall %
Bauxite	55.80 lakh	48.50 lakh	13
Alumina	18.60 lakh	15.85 lakh	15
Power	6510 MU	6300 MU	3
Metal	4.35 lakh	4.31 lakh	1

Financial (as a result of shortfall in production)

Turn-over : Less by Rs. 440 crore

Net profit after tax : Less by Rs. 67 crore”

4.5 The company has put up a target of Alumina hydrate at 16,45,000 (MT) and Bauxite at 49,80,000 respectively during the year 2010-11 as against 18,60,000 (MT) and 55,80,000 (MT) in 2009-10.

4.6 Further the Ministry have furnished the reasons for low target of Alumina hydrate and Bauxite, during 2010-11.

“The commissioning of IInd phase expansion of refinery was planned to be completed by December, 2009 in BE 2009-10, however, the project commissioning has since been rescheduled to January, 2011.

Accordingly, production target in the year 2010-11 had to be lowered down from 55,80,000 MT(BE 2009-10) to 49,80,000 MT and from 18,60,000 MT (BE 2009-10) to 16,45,000 MT for bauxite and alumina hydrate respectively.”

Second Phase Expansion of Integrated Complex

4.7 NALCO’s proposal for 2nd Phase Expansion was approved by Govt. of India *vide* letter dated 26.10.2004 for total capital outlay of Rs. 4091.51 crore with project completion duration of 50 months *i.e.* by 25.12.2008. The capacities of various project segments after completion of project are as follows:

Segment/Product	Existing capacity	Enhanced capacity
Mine – Bauxite	4.80 MTPY*	6.30 MTPY
Refinery – Alumina	1.575 MTPY	2.10 MTPY
Smelter – Aluminium	3,45,000 TPY#	4,60,000 TPY
CPP – Power	8 x 120 MW	10 x 120 MW

*MTPY-Million Tonnes Per Year

#TPY=Tonnes Per Year

MW= Mega Watts

In the 11th plan, Company projected to spend Rs. 4345 crore based on the revised project cost of Rs. 5003 crore, the cost was subsequently re-revised to Rs. 4403 crore. The project was originally scheduled to be completed during December, 2008. In the aluminium segment, all the pots in the smelter unit have been commissioned by December, 2009 and in the power segment, unit-IX synchronization with oil support was achieved in June, 2009 while the unit-X is likely to be commissioned with coal in March, 2010. However, the commissioning of alumina refinery segment has been re-scheduled to January, 2011.

Status of Utkal E-Coal Block

As part of Company's endeavour for backward integration to meet its critical raw materials need (coal requirement for unit 9 to unit 12 of CPP), the Company has planned to have its own captive coal mine. The Government of India allotted Utkal-E coal block in August, 2004. Board in its 217th meeting on 26.06.2007 approved the Detailed Feasibility Report (DFR) and accorded investment approval for Utkal-E coal mine project with coal and Over Burden (OB) outsourcing variant at a capital cost of Rs. 214.89 crores (at October, 2006 price level).

The project cost has since been revised to Rs. 288.30 crore (price level November, 2009) mainly because of higher compensation under R&R Policy, increase in land acquisition cost, change in coal transportation route, etc.

Project Schedule: The project is re-scheduled to be commissioned by 30.06.2012.

Status of Pottangi Mines :

The Panchpatmali Bauxite deposit will last for about 30 years at present rate of mining. After 2nd phase expansion, the bauxite mine capacity of production will become 6.3 million MTPY. After upgradation of fourth stream capacity and installation of 5th stream in alumina plant in future, the bauxite requirement will be 8.925 million MTPY. Considering all these requirements, the life of bauxite mine will come down to about 21 years. Keeping this in view, NALCO had applied for mining lease over nearby situated Pottangi bauxite deposit and has got the conditional mining lease from Government of Orissa.

After obtaining clear lease from Government of Orissa, preparation of detailed project report for investment decision, appointment of agencies for various environmental and forest clearances, mining lease, approval of mining plan, land acquisition etc. would

be taken up. Since award of mining lease has got stuck up at State Govt. level, advance action on aforesaid activities has got stuck.

The project work could not be started as the final allotment of Mining Lease is pending and allotment is expected shortly.

Status of Upgradation of Alumina Plant

The 2nd phase expansion of Alumina plant envisages increase in capacity from 15.75 lakh TPY to 21.00 lakh TPY by addition of fourth stream of 5.25 lakh TPY. With the improvement in the technology obtained from Aluminium Pechiney (presently part of Rio Tinto Alcan) the fourth stream capacity of 5.25 lakh TPY is being expanded to 7.0 lakh TPY. The total project cost has been estimated at Rs. 409 crore. Tendering activities have started for almost all major packages and work awarded for few packages.

Present status:

Engineering Procurement and Construction Management (EPCM) Consultant have been engaged for the project and the mechanical completion schedule is March, 2011. Packaging philosophy in project has been finalized. Tendering and ordering activities for major packages are underway. Shortfall in procurement and ordering is due to poor response from bidders.

Greenfield Projects

As a part of Company's endeavour for diversification and value addition to enhance wealth of shareholders of the company and to maximize the profitability, the company has engaged M/s EIL the reputed consultant to explore a greenfield smelter project in the energy rich Middle East region so as to take advantage of cheap gas to reduce the energy cost of smelter plant and effective utilization of surplus alumina of 1.2 million available after 2nd phase expansion. The project could not materialize because

of lack of interest shown by the Middle East authorities. The Company has explored alternative locations mainly at Indonesia, South Africa, Iran, etc. in abroad and also in Western Orissa and expansion of 3rd phase of refinery and smelter plant is also under consideration. The location in Indonesia, Iran and Andhra Bauxite for greenfield expansions are under active consideration.

4.8 A sum of Rs. 31.00 crore has been provided for the year 2010-11 to set up Greenfield projects in India and overseas.

4.9 When enquired about the amount was allocated for each of the Greenfield project and utilization with reasons for shortfall and whether the funds earmarked in 2010-11 for the above projects are sufficient, the Ministry have stated as under:

“The plan outlay earmarked for various projects are sufficient to manage the project activities.

GREEN FIELD PROJECTS (detail project-wise)

Sl. No.	Item Description	Amount (Rs. in crore) Target
1.	Brajarajnagar Smelter & CPP	2.00
2.	Andhra Mines & Refinery	7.00
3.	Wind Farm	1.50
4.	Iran Smelter & CPP Consultancy for DPR	1.00
5.	Indonesia Smelter & CPP	13.25
6.	Prospective Mines	0.75
7.	Downstream/ Upstream Projects	5.10
8.	Misc. Consultancy Services	0.35
Total		30.95

As against plan target BE 2009-10 of Rs. 63 crore has been revised to Rs. 30.95 crore at RE stage against which the actual utilisation(up to February, 2010) is Rs. 1 crore.

Reasons for delay:

1. Brajarajnagar smelter & CPP: Environment carrying capacity study of the region is being undertaken by National Environmental Engineering and Research Institute.
2. Andhra mines & refinery: Mining plan under preparation. Consent for mining lease has been obtained. Delay due to Naxalite prone area and a difficult region to work.
3. Iran smelter & CPP: Financial closure could not be obtained due to geo-political condition.
4. Indonesia smelter & CPP: Due to non-availability of infrastructure facility , the project location is being shifted from Sumatra to Kalimantan.
5. Downstream Project: Caustic soda project could not come up due to delay in IOC refinery at Paradeep."

4.10 When asked about the physical and financial targets set out during each of the last three years and achievements thereof along with reasons for shortfall, the Ministry have stated as under:

"Physical target

Physical targets and achievement (in lakh tonnes)

Production	2007- 08			2008- 09			2009 -10		
	Target	Actual	% Achieve- ment	Target	Actual	% Achieve- ment	Target	Likely	% Achieve- ment
1	2	3	4	5	6	7	8	9	10
Bauxite	48.0	46.85	98%	49.25	47.0	95%	55.80	48.50	87%

	1	2	3	4	5	6	7	8	9	10
Alumina Hydrate	15.75	15.76	100%	16.20	15.76	97%	18.60	15.85	85%	
Power (MU)	5,864	5,609	96%	5,726	5,541	97%	6,510	6,300	97%	
Metal	3.485	3.60	104%	3.59	3.66	102%	4.35	4.31	99%	

Reasons for Shortfall :

2009-10

Bauxite : Production has been restricted as per present requirement of alumina refinery.

Alumina : Shortfall from target is mainly due to delay in commissioning of IInd phase (alumina refinery plant).

Power : Shortfall from target is mainly due to shortage of coal.

Financial Targets vis-à-vis achievement for last three years

(Rs. in crores)

S. No.	Name of Scheme/ Programme	2007-08		2008-09		2009-10	
		Plan Outlay	Amount spent	Plan Outlay	Amount spent	Plan Outlay	Amount spent up to Feb.10
1	2	3	4	5	6	7	8

A. Schemes aimed at maximizing benefit

1.	Addition & modification replacements	125	119	241	126.17	300	150
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B. New schemes

1.	2nd Phase Expansion	1000	1247	1,600	1,254.43	952	324
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1	2	3	4	5	6	7	8
2.	Utkal E Coal	30	2.	30	0.80	54	53
3.	Green field Smelter	1	—	3	3.30	63	1
4.	Up-gradation of Alumina Plant	1	—	5	3.14	6	7
5	Pottangi Bauxite Mine	1	—	4	—	1	—
6.	III rd Phase expansion project	—	—	5	3.44	15	2
Total :		1158	1368	1,888	1,391.28	1391	537

Reasons for shortfall

2008-09/2009-10:

- Due to delay in commissioning of the project, payments related to some of the major packages were phased beyond 2008-09.
- Shifting of the commissioning of the IInd phase project to Jan.-11 instead of the originally planned Dec-08. Due to the shifting, majority of the payments, mainly those related to the commissioning as well as post commissioning were postponed by one year.
- Few major packages of the existing modernization/major replacement packages could not finalized during prolonged tendering activities. There were less spending to that extent.”

B. Mineral Exploration Corporation Limited (MECL)

4.11 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.

(Rs. in crore)

Head of Div.	BE-2009-10			RE 2009-10			BE 2010-11		
	BS	IEBR	Total	BS	IEBR	Total	BS	IEBR	Total
12853	-	10.00	10.00	-	10.00	10.00	-	7.00	7.00

The financial outlay of MECL for the year 2009-10 was Rs. 10.00 crore in BE and RE. A provision of Rs. 7.00 crore has been made for the year 2010-11.

4.12 When asked about the actual utilization during the year 2009-10, the Ministry have stated as under:—

“The total amount spent on promotional exploration during 2009-10 (till date) is Rs. 5.65 crore. The less utilization is on account of non-commencement of project for dolomite at Rupa in Arunachal Pradesh for want of forest clearance, delayed commencement of Tongnub Lime Stone Project in Meghalaya on account of law and order problem and non-commencement of Nimi Lime Stone in Nagaland.

In addition, the detailed exploration on already approved projects namely; Ghatkuri East, Jharkhand, Timranmata Gold & Dholamala Copper, Rajasthan and Maruda Gold, Kerala could not be commenced for want of forest clearance. The forest clearance is also being obtained for the area falling within the forest at Bhukia (East), Rajasthan, where the exploration is suspended. These projects were approved in different SCPP and are still pending for want of forest permission since long.”

4.13 MECL has one scheme ‘Promotional’ from the Budgetary Support for conducting mineral exploration which private enterprises are not showing interest.

4.14 During 2009-10, MECL carried out promotional exploration of 9 nos. projects namely; Parasi Ph-I & Ph-II for gold in Jharkhand, Rewara for base metal, Ganeshpura for lead-zinc, Bajata North & Wari for copper, Dhol-ki-Patti for phosphrite in Rajasthan, Jiajuri Ph-II for glass sand in Assam and Tongnub South East Sub Block for limestone in Meghalaya.

4.15 Six geological reports for base-metal, lead-zinc, gold, copper & glass sand were submitted establishing 332.861 million tonnes of reserves. The details are as under:

Sl. No.	Name of the Project	Mineral	Reserves (mt.)	Grade (%g/t)	Category as per UNFC
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	7.467	0.98% g/t Au	331
4.	Parasi Ph-II				
5.	Bajta North	Copper	1.241	0.70%Cu, 0.35%Pb & 0.56% Zn	333
6.	Jiajuri	Glass sand	320.53	88.42% SiO ₂	331

4.16 When asked as to whether the fund earmarked for the year 2010-11 is sufficient for promotional activities, the Ministry have stated that "Considering 7000 m of exploratory drilling for the year 2010-11 a sum of Rs. 7.00 crores earmarked for 2010-11 are expected to be utilized and in case of additional requirement additional allocation will be requested at appropriate time."

4.17 In reply to a query regarding the status of completion of schemes for iron ore at Ghatkuri East, Jharkhand, for gold at Timran Mata, Rajasthan & Maruda, Kerala and for copper at Dholamala, Rajasthan, the Ministry have informed the Committee as under:

“The aforesaid projects have not been completed so far for want of forest entry permission. The status of forest permission is as follows:

Sl. No.	Name of Project	District & State	Mineral	Remarks (Present status of Forest clearance)
1	2	3	4	5
1.	Ghatkuri (East)	Singhbhum, (West) Jharkhand	Iron Ore	In Dec, 2009, Dy. Conservator of Forests (Central) informed that this proposal has been submitted by State Govt., of Jharkhand to MoEF New Delhi. For further necessary action. Ministry of Mines has been taken up the matter with MoEF requesting it to expedite the same.
2.	Timiran Mata	Banswara, Rajasthan	Gold	Application is pending at CCF (Central), MoEF, Govt. of India, at Lucknow. MECL has further requested to CCF (Central) to expedite the approval and it is being followed up. Ministry of Mines is also following up the matter.
3.	Maruda	Mallapuram, Kerala	Gold	In Feb. 2010, Dy. Conservator of Forests (Central), MoEF, Govt. of India, Regional Office (Southern

1	2	3	4	5
				Zone), Kendriya Sadan, Koramangla, Bangalore has informed that the proposal has been forwarded to MoEF, New Delhi, <i>vide</i> letter dated 18.9.08 and approval from MoEF is awaited. Ministry of Mines has written to MoEF requesting to expedite the matter.
4.	Dholamala	Jhunjhunu,	Copper	Application is pending with Dy. CCF, Jaipur. Dy. CCF, Jhunjhunu has asked some additional information <i>vide</i> Lr. dt. 5.06.08. The information has been provided by MECL and the same is being followed up. MECL attended meeting with State Government during Feb.'2010.
		Rajasthan		

4.18 On being asked as to how many projects sanctioned during 2008-09 and 2009-10 have been completed and how many projects could not be completed so far with reasons therefor, the Ministry in their reply have stated:

Name of the project	Status	Remarks
1	2	3
Project sanctioned during 2008-09		
Parasi central Phase-II(Gold)	Completed	—
Ganeshpura (Lead-zinc)	Completed	—
Jiajuri Phase-II (Glass sand)	Completed	—

1	2	3
Bajata North (Copper & Gold)	Completed	—
Rupa (Dolomite)		Could not be taken up for want of forest clearance

Project sanctioned during 2009-10

Wari (Copper)	Under progress	—
Dhol-ki-Patti(Phosphorite)	Under progress	—
Nimi (Limestone)	To be taken up	—
Tongnub South East (Limestone)	Under Progress	—

The reasons for non-completion of projects :

- (a) Rupa (Dolomite): The project could not be commenced till date for want of forest entry permission. MECL is in constant touch with State Government to expedite the same. Recently, the State Government official has visited the area and this case has been forwarded to CCF, Western Circle, Banderdewa, Arunachal Pradesh recommending for grant of permission to MECL for test drilling in the prospect. CCF, Western Circle, Banderdewa has in turn forwarded the case to PCCF, Itanagar for grant of permission.
- (b) Nimi (Limestone): Ministry of Mines has forwarded the financial sanction of the same in October'2009. The field work like drilling and related geological work will be outsourced by MECL to DGM Nagaland. The modalities have been finalized and the work shall commence in April'2010."

MoU Performance of MECL

4.19 MoU score-Excellent Category: The MoU composite performance for the year 2007-08 was rated under the "Excellent" category by the Ministry of Heavy Industries & Public Enterprises.

C. Hindustan Copper Limited (HCL)

4.20 The major activities of HCL are exploration, mining, beneficiation, smelting, refining and casting of finished copper metal into saleable products. HCL produces primary copper in the form of cathode/wire rod. Apart from copper, HCL also produces various by-products like Anode Slime and Sulphuric acid.

(Rs. in crore)

Head of Div.	BE-2009-10			RE 2009-10			BE 2010-11		
	BS	IEBR	Total	BS	IEBR	Total	BS	IEBR	Total
12853	-	40.00	40.00	-	80.78	80.78	-	150.35	150.35

4.21 An Outlay of Rs. 150.35 crore has been proposed for 2010-11 which has to be entirely funded out of own Internal Resources. The plan expenditure is on account of replacement and renewals(R&R) of the existing plant and machinery for both mines as well as plants situated in different units.

4.22 When asked about the reasons for hike of funds in RE 2009-10 and the actual utilization and the reasons for increased allocation of IEBR at BE 2010-11 as compared to BE & RE 2009-10, the Ministry have stated as under:

"HCL had an R&R budget of Rs. 78 crore during 2007-08. Though the entire amount was committed during 2007-08, actual expenditure was Rs. 37.22 crore due to long delivery of equipment etc. R&R budget for the year 2009-10 was Rs. 40 crore in the BE stage. During presentation of RE 2009-10 (Plan and Non- Plan) and BE 2010-11 (Non-Plan), R&R budget for RE 2009-10 was

increased to Rs 80.78 crore to take care of the amount unspent during 2007-08. The expenditure of Rs. 72.01 has already been incurred upto 25.3.2010. Due to long delivery schedule, some of the payment may be released during the year 2010-11.

For BE 2010-11 HCL has projected a budget of Rs. 150.35 crore out of which Rs. 65.35 crore is for R&R which is required for meeting the urgent replacement/renewal requirement of mines and concentrator. Budget of Rs. 150.35 crore also includes mine development expenditure of Rs. 85 crore for both KCC and MCP mines and for this purpose the work has been awarded for development of Banwas mine and order for new decline development at Kolihan mine is under process.

HCL has no approved schemes in the 11th five year plan. However, HCL has made blue prints for expansion of mine production from current level of 3.15 million tonnes per annum to 12.0 million tonnes per annum in next 5 to 7 years. The schemes are under finalization and work on pre-project activities has been started. Approval of the specific projects and fund requirements would be put up as and when the schemes and the related expenditure are finalized. The identified plans are as under:

- Expansion of Khetri and Kolihan mines.
- Development of underground mine at MCP.
- Reopening of closed mines (Rakha & Kendadih) & development of Chapri-Sidheswar mine at ICC.”

MoU Ratings Achieved By HCL

Year	Grade
1	2
2003-2004	Very Good
2004-2005	Very Good

1	2
2005-2006	Very Good
2006-2007	Very Good
2007-2008	Very Good
2008-2009	Fair (Provisional)

4.23 The company has put up a target of MIC and Cathode production at 35,000 MT and 18,500 MT respectively in the draft MOU 2009-10 as against 34,470 MT of MIC and 17,500 Cathode production targets for 2010-11.

4.24 Explaining the reasons for lowering the targets of HCL of MIC and cathod production during 2010-11 at a time when the outlay of the company has been considerably enhanced for R&R of the existing plant and machinery for maximum utilisation and enhanced production, the Ministry have stated as under:

“Metal in Concentrate (MIC) and cathode production target proposed for the year 2010-11 are 34470 MT and 17500 MT respectively compared to corresponding targets of 35000 MT and 18500 MT during 2009-10.

The MIC production target of 34470 MT for 2010-11 is only marginally lower than the MIC target of 35000 MT during 2009-10. During 2009-10 HCL is expected to achieve 28295 MT of MIC and 17300 MT cathode production.

Keeping in view the anticipated achievement to the tune of 28295 MT of MIC during 2009-10 due to lower production of ore at MCP, the target for MIC production during 2010-11 has been fixed as 34470 MT which is marginally lower than 35000 MT of MIC targeted for 2009-10.

Presently HCL is running only the smelter at ICC with refined cathode production capacity of 18500 MT. Considering this

cathode production target of 17500 MT has been fixed for 2010-11.

The enhanced budget of Rs 150.35 crore for 2010-11 included expenditure towards R&R to the extent of Rs. 65.35 crore and remaining Rs.85.00 crore has been envisaged to undertake mine development expenditure for both KCC & MCP mines.”

4.25 Furnishing details of the installed capacity of units of HCL and their actual utilization during the last two years and the reasons for low utilisation of the installed capacity and the steps taken to improve the same, the Ministry have replied as under:

(Fig. in MT)

	Install capacity			Actual Utilization		
	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10 (Anticipated)
Cathode	47,500	47,500	49,500	44,734 (94%)	30,036 (63%)	17,300 (35%)
Wire Rod	60,000	60,000	60,000	58,223 (97%)	51,777 (86%)	42,000 (70%)

Reasons for variation

The main unit of HCL for production of cathode at KCC with capacity of 31000 MT per annum remained closed from December 2008 on account of economic consideration in view of drastic drop in LME copper price and high cost of imported concentrate required for running KCC smelter. From December 2008 onwards only one unit of HCL *i.e.* ICC with production capacity of 18500 MT is running; hence the low capacity utilization.

Capacity utilization of Wire Rod plant at Taloja (TCP) depend upon the availability of raw material *i.e.* copper cathode and due

to fall in production of cathode, actual utilization has been low vis-à-vis installed capacity.”

4.26 HCL had to close all the mines in the eastern sector (ICC) due to economic reasons. The mine at Surda was, however, kept in an operating condition. HCL had also applied for fresh leases for the remaining closed mines and further actions regarding opening of the mines would be initiated on receipt of leases for company was following up the concerned State Government authorities.

4.27 As to what actions have been taken/being taken by HCL to re-open the closed mines, the Ministry have informed the Committee as under:

“It is proposed to re-open the Kendadih and Rakha mines and setting up of facility of ore beneficiation plant and there after undertaking operation of the mines and concentrator plant. It is proposed to follow a two stage bid process comprising of pre-qualification through Request for Qualification (RFQ), followed by financial bid through Request for Proposal (RFP). Considering the size and complexity of the bid process, it is proposed to develop RFQ and RFP documents through transparent interactive process. A pre-application Conference of global prospective bidders has been scheduled on 29.3.2010 to take feedback on items such as eligibility criteria, business model and other terms and conditions. Draft RFQ document has also been web hosted to inform the Applicants/Bidders regarding the nature of job.”

4.28 The actual production of Metal In Concentrate (MIC) and Copper Cathode *vis-à-vis* targets set during the year 2008-09 and 2009-10(upto December,2009) are given hereunder:

(Unit:Tonnes)

Particulars	2008-09		2009-10(upto Dec'09)	
	Target	Actual	Target	Actual
Metal In Concentrate	37200	27589	25551	19570
Copper Cathode	45000	30036	13620	12260

During 2008-09, production of ore and Metal-In-Concentrate (MIC) fell short of target at MCP mainly due to inadequate availability of equipment and poor grade of ore besides water shortage to operate process plants at both MCP and KCC. Similarly during 2009-10, MIC production has been heavily affected primarily due to continuing non availability of ore (both required tonnage and grade) in the production faces of MCP, a serious water scarcity at MCP due to lack of rainfall in Q1 financial Year 2010, lower availability of hired loading and hauling equipment etc. However, the shortfall has been proposed to be made up during the remaining period of the year through some strategic measures initiated by the company.

Cathode production was affected during 2008-09 due to shut down of ICC Smelter for a continuous period of 6 months due to Flash Furnace Overhauling and technological upgradation work. Production of Cathode has also been affected at KCC as the smelter has been temporarily shutdown from December'08 in view of total overhauling. Similarly cathode production during 2009-10 has fallen short of target on account of lower availability of metal-in-concentrate at ICC and smelter at KCC remaining under full shutdown for the period."

PART II

RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE

1. The Committee note that for the year 2010-11, the Planning Commission has approved a total outlay of Rs.1763.17 crore for the Ministry of Mines as against Rs.2205.74 crore proposed by the Ministry. The decreased outlay is due to curtailment of Gross Budgetary Support(GBS) by the Planning Commission from Rs. 652.57 crore proposed by the Ministry to Rs. 210 crore. It is pertinent to note that during 2009-10 an outlay of Rs. 1647.82 crore was provided to the Ministry at BE stage which was reduced to Rs. 1222.05 crore at RE stage and the actual expenditure upto December, 2009 was only Rs. 624.18 crore. The Committee are constrained to point out that National Alumunium Company Limited(NALCO) was able to utilize only Rs. 469 crore (upto December 2009) against Rs. 1391 crore at BE and Rs. 950 crore at RE stage approved for the year 2009-10. Similarly, Geological Survey of India could utilize only Rs. 86.70 crore (upto December, 2009). It is also a matter of concern that PSUs and attached offices under the Ministry of Mines could not utilize the available funds during any of the last three years. It is surprising as to how the Ministry asked for higher allocation when they have not been able to utilise allotted funds during recent years. The Committee are not satisfied with the reasons advanced by the Ministry for under-utilization of funds i.e. non-availability of forest clearance, delay in procurement of equipments, delay by the State Government in granting leases and other clearances etc. as no serious effort has been made to address these issues. The Committee would like the Ministry to take corrective measures to resolve these perennial problems, if any, leading to underutilization of earmarked funds so that various schemes/ programmes are completed timely.

2. The Committee note that out of total outlay of Rs. 8404 crore approved for the XIth Five Year Plan for Ministry of Mines, the actual expenditure during 2007-08, 2008-09 and 2009-10 (upto December, 2009) was Rs. 1557.95 crore, Rs. 1626.84 crore and Rs. 624.18 crore respectively. Thus, during first three years of the plan, the Ministry could utilize only 45% of the allotted funds. The Committee have serious apprehensions whether the 55% of the XIth Plan outlay would be utilized by the Ministry and PSUs under its administrative control during the remaining two years of the plan. The Committee would like the Ministry to analyse the reasons for under-utilisation of funds with a view to take remedial measures for optimum utilisation of allotted funds which would give impetus to the timely implementation of projects/schemes.

3. The Committee have been given to understand that the likely utilization of funds by the GSI during the first three years of the plan is reported to be Rs. 420.74 crore and the balance outlay of Rs. 599.26 crore would be available for the last two years of the plan. The Ministry have further informed the Committee that GSI is in urgent need of some specific sophisticated equipments like new ocean going research vessel, new Geo technical Vessel with shallow drilling capacity, new Fixed Wing Aircraft for AMSE Wing, GSI and Procurement of Laboratory and IT equipment. The reviewed evaluation of plan has been pegged at Rs. 1430.86 crore which exceeds the approved outlay by Rs. 410.86 crore for which the Ministry is stated to have approached the Planning Commission. The Committee in their earlier reports have been recommending GSI to expedite its modernization programme so as to make it a premier scientific organization at par with such organisations in the world. Keeping in view the pace of its modernization programme so far, the Ministry need to step up their efforts for appropriate and timely procurement of new equipments. The Committee would like the Ministry of Mines to extend all possible help to GSI in this regard and if necessary, by providing the requisite additional funds.

4. The Committee have been given to understand that Geological Survey of India has been facing shortage of man-power in scientific and technical streams. Though the recruitment process is stated to have already been initiated by UPSC, it is unlikely that the post of Geologists in particular would be filled up since there is dearth of such scientific potential in the country. The Committee would like the Ministry to resort to campus placement for such posts and tie-up with technical institutions / universities in this regard. The Ministry of Human Resource Development may be requested to increase the number of seats of Geologists in Universities and technical institutions and at the same time the Geologists Stream may be introduced in other universities and technical institutions.

5. The Committee note that against the approved outlay of Rs. 90 crore for the XIth Plan for Indian Bureau of Mines (IBM) the likely expenditure during the first three years of the plan is reported to be Rs. 57.50 crore which leaves a balance of Rs. 32.50 crore to be available for the remaining two years of the XIth plan which according to the Ministry will be insufficient. The Committee desire that the Ministry of Mines make a Mid Term Appraisal of the funds required by IBM and if their ongoing schemes are essential, the Planning Commission/Ministry of Mines should be approached with sufficient justifications.

6. According to the Minisry, the XIth Plan outlay of NALCO was approved at Rs. 6927.08 crore which was to be met through Internal and Extra Budgetary Resource(I&EBR). The outlay was mainly for second phase expansion at a cost of Rs.4345 crore, Greenfield projects at a cost of Rs. 1010 crore and the remaining outlay was meant for replacement and renewal and other continuing scheme of the company. The Committee have been informed that the plan outlay of NALCO has been revised to Rs.5931.38 crore at the Mid-Term Appraisal mainly due to less expenditure in the

second phase expansion programme. The NALCO has stated that as a result of Naxalite attack many project contractors suspended their work abruptly in view of the change security environment. The Committee have further been informed that the second phase expansion could not be progressed as some of their projects *i.e.* Utkal E- coal block, Pottangi Bauxite Mine were held up for want of various statutory clearances. The Committee would like the Ministry to prepare an action plan for NALCO so that the physical and financial targets set for it by the Planning Commission at the Mid-Term Appraisal are achieved.

7. The Committee note that XIth Plan outlay of Hindustan Copper Limited (HCL) and Mineral Exploration Corporation Limited (MECL) was approved at Rs. 223 crore and Rs. 94 crore respectively. While the expenditure by HCL would be funded through their internal resources, MECL would be given budgetary support of Rs. 50 crore for promotional grant and Rs. 44 crore to be generated through their internal resources. The Committee would like the Ministry to impress upon these PSUs to continuously monitor their on-going schemes/projects so that the entire funds could be utilised during the plan.

8. As regard the major reasons for the shortfall in the expenditure by NALCO during 2009-10 is reported to be delay in commissioning of the plan under second phase expansion project. The other reasons for reduction in expenditure was delay in finalization in orders for Addition, Modification and Replacement (AMR) works. Since these projects have direct bearing on the physical and financial performance of the company, the Committee desire the Ministry/NALCO to draw-up a time schedule for their early completion and the problems affecting their implementation should be identified and corrective action taken.

9. The Committee have been further informed that Utkal E-Coal Block allotted to NALCO by the Ministry of Coal in

August 2004 is re-scheduled to be commissioned by June, 2012. Similarly, the progress with regard to development of Pottangi Bauxite Mine has been delayed since the award of mining lease has got struck up at State Government level. The above two projects are vital for the progress of on-going expansion plan for NALCO. The Committee regret to observe the time taken by the company to commission the coal block *i.e.* about 8 years as against normal period of about 3 to 4 years. The Committee would like the Ministry to accord top priority to these projects and take up the matter with the State Government of Orissa at the highest level lest the on-going expansion plan of the company should be further delayed.

10. The Committee note that the Mineral Exploration Corporation Limited (MECL), a premier exploratory agency in the country has been mandated to carry out 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. The Committee are constrained to note that certain exploration projects such as Ghatkuri Iron-ore(East) in Jharkhand, Timiran Mata Gold in Rajasthan, Maruda Gold in Kerala, Dholomala Copper in Rajasthan and Rupa Dolomite in Arunachal Pradesh have been delayed for want of forest clearances. The Committee desire the Ministry to take up this matter with above State Governments at the highest level for facilitating early forest clearances.

11. The Committee have been given to understand that HCL has prepared a blueprint for expansion of mine production from the current level of 3.15MT per annum to 12.0MT per annum in the next five to seven years which comprises expansion of Khetri and Kolihan mines, development of underground mine at MCP, reopening of closed mines (Rakha & Kendadih) & development of Chapri-Sidheswar mine at ICC. The Committee further note that

MoU rating achieved by HCL from 2003-04 to 2007-08 was 'very good'. However, this rating has been 'fair' during 2008-09 which implies that the performance of the company during the year has not been satisfactory. To keep the performance of the HCL at the desired level, the Committee would like the company to finalise expansion plans immediately and get it implemented at the earliest for which the Ministry may extend all necessary possible assistance to them.

NEW DELHI;
12 April, 2010

22 Chaitra, 1932 (Saka)

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

ANNEXURE I

MINISTRY OF MINES

STATEMENT SHOWING AMOUNT PROPOSED AND APPROVED ANNUAL PLAN FROM
2007-08 TO 2010-11

		2007-08		2008-09		2009-10		2010-11		Rs. In Crore
1	2	3	4	5	6	7	8	9	10	
		Proposed	Approved	Proposed	Approved	Proposed	Approved	Proposed	Approved	
1.	National Aluminium Co. Ltd.	1633.02	1158.00	1888.00	1888.00	1391.00	1391.00	1389.00	1389.00	1389.00
2.	Hindustan Copper Ltd.	50.00	50.00	43.00	60.00	40.00	40.00	150.35	150.35	150.35
3.	Mineral Exploration Corpn. Ltd.									
	- Promotional	18.00	11.00	15.00	12.00	10.00	10.00	10.00	10.00	7.00
	- Capital	8.00	8.00	8.00	8.00	10.00	10.00	10.00	8.00	8.00

1	2	3	4	5	6	7	8	9	10
4.	Geological Survey of India	187.00	123.00	283.35	160.00	231.45	160.00	511.34	162.00
5.	Indian Bureau of Mines	23.70	17.00	35.66	19.00	36.35	19.00	34.10	28.00
6.	Science and Technology	20.07	7.29	9.63	7.00	10.85	9.82	13.15	8.82
7.	Construction								
	(a) GSI	86.00	5.00	45.00	5.00	52.31	7.00	83.80	9.99
	(b) IBM	1.55	1.00	1.00	1.00	1.05	1.00	6.00	0.01
	Total:	2027.34	1380.29	2328.64	2160.00	1783.01	1647.82	2205.74	1763.17

ANNEXURE II

MINISTRY OF MINES

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

Sl. No.	Name of Public Sector Undertakings/ Organisations	(Rs. In Crore)											
		Annual Plan 2007-08			Annual Plan 2008-09			Annual Plan 2009-10			Annual Plan 2010-2011		
		BE	RE	Actual	BE	RE	Actual	BE	RE	Act.	BE	RE	Act. Upto 12/09
1	2	3	4	5	6	7	8	9	10	11	12		
I&EBR													
1.	NALCO	1158.00	1358.00	1368.47	1888.00	1701.00	1390.28	1391.00	950.00	469.00	1389.00		
2.	HCL	50.00	78.00	28.50	60.00	60.00	59.91	40.00	80.78	38.66	150.35		
3.	MECL												
	- CAPITAL	8.00	8.00	4.15	8.00	8.00	5.16	10.00	10.00	4.29	8.00		

	1	2	3	4	5	6	7	8	9	10	11	12
4. S&T			4.29	4.29	4.29	4.00	4.00	3.75	6.82	5.27	3.69	5.82
TOTAL : I&EBR	1220.29	1448.29	1405.41	1960.00	1773.00	1459.10	1447.82	1046.05	515.64	1553.17		
BUDGETARY SUPPORT												
1. MECL												
- Promotional	11.00	11.00	11.00	12.00	9.00	9.00	10.00	10.00	10.00	10.00	3.44	7.00
2. GSI	123.00	157.00	118.73	160.00	147.65	132.30	160.00	138.00	86.70	162.00		
3. IBM	17.00	20.00	16.06	19.00	22.31	20.44	19.00	19.00	17.89	28.00		
4. S&T	3.00	2.99	1.75	3.00	3.00	3.00	3.00	3.00	0.51	3.00		
5. Construction	6.00	5.00	5.00	6.00	3.00	3.00	8.00	6.00	N/A	10.00		
TOTAL: BUDGETARY SUPPORT	160.00	195.99	152.54	200.00	184.96	167.74	200.00	176.00	108.54	210.00		
TOTAL PLAN OUTLAY:	1380.29	1644.28	1557.95	2160.00	1957.96	1626.84	1647.82	1222.05	624.18	1763.17		

State-wise and year-wise statement of cases of illegal mining reported by the State Government

Sl. No.	State	Nos. of cases detected by State Governments				Action Taken by State Governments				Fine realized (Rs. in Lakhs)
		2006	2007	2008	2009 Upto Dec. 2009	Vehicle seized	FIRs Lodged	Court cases filed		
1	2	3	4	5	6	7	8	9	10	
1.	Andhra Pradesh	5385	9216	13478	11591	844	—	—	2676.39	
2.	Chhattisgarh	2259	2352	1713	1078	—	—	2283	354.89	
3.	Goa	313	13	159	9	458	—	—	16.72	
4.	Gujarat	7435	6593	5492	5416	238	158	8	8085.70	
5.	Haryana	504	812	1209	1372	103	138	21	199.53	
6.	Himachal Pradesh	478	—	503	1114	—	—	711	21.04	
7.	Jharkhand	631	82	225	15	5592	205	39	108.41	

1	2	3	4	5	6	7	8	9	10
8.	Karnataka	3027	5180	2997	1687	44155	959	771	3900.1
9.	Kerala	1595	2593	2695	1321	—	—	—	576.62
10.	Madhya Pradesh	5050	4581	3895	3868	—	05	16157	1212.67
11.	Maharashtra	4919	3868	5828	8270	20197	13	—	1541.88
12.	Orissa	284	655	1059	758	1401+	57	86	3370.3
						266 cycles			
13.	Punjab	218	26	50	73	—	—	—	3.66
14.	Rajasthan	2359	2265	2178	4711	393	607	59	705.68
15.	Tamil Nadu	2140	1263	1573	215	22650	579	421	7294.87
16.	Uttarakhand	—	—	191	—	683	—	—	38.50
17.	West Bengal	80	426	315	80	3774	974	196	—

ANNEXURE IV

MINUTES OF THE SITTING OF THE STANDING COMMITTEE
ON COAL AND STEEL HELD ON 30 MARCH, 2010 IN
COMMITTEE ROOM 'C', PARLIAMENT HOUSE
ANNEXE, NEW DELHI

The Committee sat from 1400 hours to 1630 hours.

PRESENT

Shri Kalyan Banerjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri Hansraj G. Ahir
3. Shri Ismail Hussain
4. Shri Yashbant Laguri
5. Sardar Sukhdev Singh Libra
6. Shri Narahari Mahato
7. Shri Govind Prasad Mishra
8. Shri Pashupati Nath Singh
9. Shri Rajiv Ranjan Singh *alias* Lalan Singh
10. Ms. Mabel Rebello
11. Shri Jai Prakash Narayan Singh
12. Shri Nand Kumar Sai
13. Shri Mohd Amin
14. Shri R.C. Singh

SECRETARIAT

- | | | |
|--------------------|---|-------------------------|
| 1. Shri Shiv Singh | — | <i>Director</i> |
| 2. Smt. Sunita | — | <i>Deputy Secretary</i> |
| 3. Md. Aftab Alam | — | <i>Under Secretary</i> |

WITNESSES

MINISTRY OF MINES

1. Smt. Santha Sheela Nair, Secretary
2. Shri S. Vijay Kumar, Spl. Secretary (M)
3. Smt. Ajita Bajpai Pande, Jt. Secretary
4. Shri Sandeep Kumar Nayak, Jt. Secretary
5. Shri Sanjiv Mittal, Jt. Secretary & FA

MINES PUBLIC SECTOR UNDERTAKINGS

6. Shri N.K. Dutta, Director General, Geological Survey of India
7. Shri Sunder Moorthy, D.D.G., Geological Survey of India
8. Shri C.S. Gundewar, Controller General, Indian Bureau of Mines
9. Shri M.K. Prashar, Controller of Mines (P&C), Indian Bureau of Mines
10. Shri A.K. Srivastava, CMD, NALCO
11. Shri B.L. Bagra, Director (Finance), NALCO
12. Shri Shakeel Ahmed, CMD, HCL
13. Dr. A.K. Lomas, CMD, MECL

2. At the outset, the Chairman, welcomed the representatives of the Ministry of Mines and Public Sector Undertakings to the sitting of Committee. The Chairman mentioned that the sitting of the Committee has been convened to take oral evidence of the representatives of the Ministry of Mines on Demands for Grants (2010-11) of the Ministry.

3. Thereafter, the Secretary, Ministry of Mines briefed the Committee regarding functioning of the Ministry and Public Sector

Undertakings (PSUs) under its jurisdiction on Demands for Grants (2010-11) on focus areas and initiatives, and key policy concerns. The points discussed during the sitting broadly related to budgetary allocation to Organisations/PSUs; Need to amend the MMDR Act, 1957; Illegal Mining, shortage of staff in GSI; procurement of equipment of GSI; delay in progress of projects due to non-availability of forest clearances etc.

A verbatim record of the proceedings has been kept.

The Committee then adjourned.

ANNEXURE V

MINUTES OF THE SITTING OF THE STANDING COMMITTEE
ON COAL AND STEEL HELD ON 12th April 2010 IN
COMMITTEE ROOM '139' PARLIAMENT HOUSE
ANNEXE, NEW DELHI

The Committee sat from 1500 hours to 1615 hours.

PRESENT

Shri Kalyan Banerjee — *Chairman*

MEMBERS

2. Shri Sanjay Bhoi
3. Shri Ismail Hussain
4. Shri Yashbant Laguri
5. Sardar Sukhdev Singh Libra
6. Shri Narhari Mahato
7. Shri Govind Prasad Mishra
8. Shri Ramesh Rathod
9. Shri Rakesh Sachan
10. Shri Pashupati Nath Singh
11. Shri Rajiv Ranjan Singh *alias* Lalan Singh
12. Ms. Mabel Rebello
13. Shri Dhiraj Prasad Sahu
14. Shri Jai Prakash Narayan Singh
15. Shri Mohd. Amin
16. Shri Ali Anwar Ansari
17. Shri R.C. Singh

SECRETARIAT

1. Shri Shiv Singh — *Director*
2. Smt. Sunita — *Deputy Secretary*
3. Mohd. Aftab Alam — *Under Secretary*

2. At the outset, Chairman, welcomed the Members to the sitting of the Committee.

3. The Committee then considered and adopted the following draft Reports subject to some minor modifications:—

(i) ** ** ** ** **

(ii) 5th Report on Demands for Grants (2010-11) of the Ministry of Mines.

(iii) ** ** ** ** **

4. The Committee authorized the Chairman to finalize the Report after making consequential changes arising out of factual verifications by the concerned Ministries or otherwise and to present these Reports to both the Houses of Parliament.

The Committee then adjourned.

**Do not pertain to this Report.

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