

45

**STANDING COMMITTEE ON
COAL AND STEEL (2013-2014)
FIFTEENTH LOK SABHA**

MINISTRY OF MINES

"DEMANDS FOR GRANTS(2013-14)"

**[Action Taken by the Government on the Observations/
Recommendations contained in the Thirty-Fourth Report of the
Standing Committee on Coal and Steel (Fifteenth Lok Sabha)]**

FORTY-FIFTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI
DECEMBER, 2013/AGRAHAYANA, 1935(Saka)**

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Presented to Lok Sabha on 17.12.2013

Laid in Rajya Sabha on 17.12.2013



**LOK SABHA SECRETARIAT
NEW DELHI
December, 2013/Agrahayana 1935 (Saka)**

CC&S No. 84

Price: Rs.____

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

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COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL(2013-14)

Shri Kalyan Banerjee - Chairman

Name of the Member

Lok Sabha

2. Shri Hansraj Gangaram Ahir
3. Shri Sanjay Bhoi
4. Shri Bansa Gopal Choudhary
5. Smt. Jyoti Dhurve
6. Shri Ganeshrao Nagorao Dudhgaonkar
7. Shri Sabbam Hari
8. Shri Vishwa Mohan Kumar
9. Shri Yashbant N.S. Laguri
10. Shri Pakauri Lal
11. Shri Babu Lal Marandi
12. Shri Govind Prasad Mishra
13. Shri Rajaram Pal
14. Kumari Saroj Pandey
15. Shri Gajendra Singh Rajukhedi
16. Shri K.R.G. Reddy
17. Shri Pashupati Nath Singh
18. Smt. Rajesh Nandini Singh
19. Shri Uday Pratap Singh
20. Shri K. Shivkumar alias J.K. Ritheesh
21. Shri O

Sabha

22. Shri
- 23.
- 24.
- 25.
26. Shri
- 27.
28. Shri
29. Shri
30. Shri
- 31.

(iii)

SECRETARIAT

- | | | | |
|----|--------------------|---|-------------------------|
| 1. | Shri Shiv Singh | - | Director |
| 2. | Shri Arvind Sharma | - | Additional Director |
| 3. | Smt. Madhu Tandon | - | Sr. Executive Assistant |

(iv)

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 Forty-Fifth Report (Fifteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Thirty-Fourth Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha) on "Demands for Grants (2013-14)" pertaining to the Ministry of Mines.

2. The Thirty-Fourth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 2nd May, 2013. Replies of the Government to all the observations/recommendations contained in the Report were received on 2nd August, 2013.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 10.12.2013.

4. An analysis on the Action Taken by the Government on the observations/recommendation contained in the Thirty-Fourth Report (Fifteenth Lok Sabha) of the Committee is given at **Annexure-III.**

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

**NEW DELHI;
16 December, 2013
16 Agrahayana, 1935(Saka)**

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

(v)

REPORT

CHAPTER I

This Report of the Standing Committee deals with Action Taken by the Government on the observations/recommendations contained in the Thirty-Fourth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel on Demands for Grants (2013-14) relating to the Ministry of Mines which was presented to Lok Sabha on 02.05.2013 and laid in Rajya Sabha on 02.05.2013.

2. The Action Taken Replies have been received from the Ministry of Mines in respect of all the 12 observations/recommendations contained in the Report on 02.08.2013. These have been categorised as follows:-

- (i) Observations/Recommendations which have been accepted by the Government:

Serial Nos. 1, 3, 6, 9, 10 and 12

Total : 06
Chapter-II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government:

Serial No. Nil

Total : 00
Chapter-III

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:

Serial No. 7, 8 and 11

Total : 03
Chapter-IV

- (iv) Observations/Recommendations in respect of which final replies of the Government are still awaited:

Serial Nos. 2, 4 and 5

Total : 03
Chapter-V

3. The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In case, where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that final Action Taken replies on the Observations/Recommendations contained in Chapters-I & V of this Report be furnished to them at an early date.

4. The Committee will now deal with the Action Taken by the Government on some of their observations/recommendations made in the Thirty-Fourth Report.

SCIENCE AND TECHNOLOGY (S&T) PROGRAMME

Recommendation Serial No.3

5. The Committee noted that Science and Technology Programme of the Ministry of Mines initiated in the year 1978 covers disciplines of geology, exploration, mining, bioleaching, beneficiation, rock mechanics and ground control, non-ferrous metallurgy and environmental issues relating to mining and metallurgy. The project proposals from S&T/R&D institutions were considered for financial assistance for applied research in these areas. The S&T projects were approved by the Standing Scientific Advisory Group (SSAG) of the Ministry under the Chairmanship of the Secretary (Mines). A Project Evaluation and Review Committee (PERC) had been put in place in the Ministry which had been mandated besides other functions to review and monitor the progress of projects periodically. The Committee noted that 15 S&T Projects which were approved during XIth Plan have spilled over to XIIth Plan and 17 projects had been approved for taking up during the year 2013-14. The Committee felt that with a view to encourage research and development of indigenous technology in the mineral and non-ferrous metal sector, there is an imperative need to expedite the completion of all ongoing

S&T projects. The Committee, were, however, concerned to note that some S&T projects which were conceived during XIth Plan will continue during XIIth Plan despite the Project Evaluation and Review Committee in place to review and monitor the progress of S&T Projects. The Committee, therefore, would like the Ministry to draw a time table for the completion of the S&T projects to derive benefits therefrom by making the Project Evaluation and Review Committee result oriented. The Committee would like to be apprised of the status of all the ongoing S&T Projects.

6. The Ministry in their Action Taken Reply have furnished as follows:-

"Science & Technology Programme (S&T): The Project from S&T/R&D institutions etc. are considered for financial assistance under S&T programme of this Ministry with a view to encourage Research and Development. The projects are approved by the Standing Scientific Advisory Group (SSAG) consequent upon recommendation of the Projects Evaluation and Recommendation Committee (PERC) for a duration of two or three years. Progress of projects is continuously monitored by the PERC of the SSAG. However, with a view to strengthen the review and monitoring module, a new S&T scheme had been put in place of the old scheme. For this, an SFC note has been circulated. The details of all the ongoing S&T projects is given in Annexure-I."

7. The Committee had observed that Science and Technology Programme of the Ministry of Mines were approved by the Standing Scientific Advisory Group of the Ministry under the chairmanship of Secretary, Mines. A Project Evaluation and Review Committee (PERC) was put in place which was mandated besides other functions to review and monitor the progress of these projects periodically. While observing that 15 S&T projects approved during 11th Plan were spilled over to 12th Plan, the Committee had desired that Ministry of Mines should draw a time table for completion of S&T projects to derive benefits therefrom. Although, in their Action Taken Replies, the Ministry of Mines have informed the Committee

that with a view to strengthen the review and monitoring module of S&T Projects , a new Scheme has been put in place of the old scheme, the Committee note that the details of the same has not been furnished. The Committee would, therefore, like to be apprised of details of this new Scheme and at the same time desire that these new schemes/steps taken by the Ministry should also be reflected in their Annual Report/Outcome Budget for the next year.

RESTRUCTURING PROPOSAL OF IBM

Recommendation Serial No.7

8. The Committee had been given to understand that IBM Review and Restructuring Committee has proposed human resources development to the tune of additional 933 posts and infrastructure development like creation of new offices, new environmental laboratories, Training Centres etc. The Standing Finance Committee(SFC) note along with Detailed Project Report for implementation of recommendations with financial implications have been prepared for obtaining approval of concerned arms of Government viz. Cabinet, Ministry of Finance and Planning Commission. As restructuring was aimed at maximizing its capabilities in the area of mineral sector, it was imperative that the restructuring proposal was approved at the earliest. Since obtaining approval from different wings of the Government was a very cumbersome and long drawn process, the Committee would liked the Ministry to draw up a time frame for the expeditious approval of restructuring proposal of IBM. The Committee would like to be informed of the progress in the matter.

9. The Ministry in their written reply furnished as under:-

"Indian Bureau of Mines (IBM): The recommendations of the Committee have been accepted by Government and the recommendations are in the process of being implemented.

The Committee had made 73 major recommendations for overall restructuring of the IBM including creation of additional 933 posts and infrastructure development like opening of new offices, new

environmental laboratories, training centers, etc. Out of 73 major recommendations, 47 recommendations are having financial implications. Therefore, SFC note along with DPR and Cabinet Note for implementation of 47 financial implications recommendations is under consideration of Ministry.

Out of remaining 26 non-financial recommendations, 11 have been implemented and 5 are under consideration of the Ministry. Remaining 10 recommendations, which have no financial implication, will be implemented in the current year 2013-14."

10. The Committee are constrained to note that though they had recommended the Ministry of Mines/IBM to draw up a time frame for the expeditious approval of restructuring proposal of IBM and have desired to be informed of the progress in the matter, the Ministry of Mines in their action taken reply have repeated the same information as was furnished by them during examination of Demands for Grants (2013-14). While deploring the casual approach of the Ministry of Mines in furnishing action taken replies, the Committee expect the Government to be more sincere and careful in responding to the Committee's recommendations. The Committee, therefore, reiterate their earlier recommendation and desire the Ministry to draw up a time frame for the expeditious approval of restructuring proposal of IBM and inform them the latest progress made in the matter.

INVESTMENT IN HINDUSTAN COPPER LTD.

Recommendation Serial No.8

11. The Committee noted that the BE Plan Outlay of Hindustan Copper Ltd. (HCL) for financial year 2011-12 was proposed as Rs 297.00 crore which was later pruned down at RE to Rs 140.82 crore against which expenditure incurred was Rs 155.74 crore. The company had revised its plan expenditure for 2012-13 at RE stage to Rs. 292.99 crore from Rs 341.14 crore at BE stage. The plan expenditure had been reduced on account of reduction of expenditure under mine expansion head. Now an increased outlay of Rs.

688.77 crore had been proposed by HCL for the year 2013-14. On a perusal of physical and financial performance of the company during the last three years, the Committee observe that while the ore production was higher during 2012-13 as compared to 2011-12, the metal in-concentrate during 2012-13 at 30000 MT are below the actual of 31683 MT and 31378 MT during 2010-11 and 2011-12 respectively. The production of cathode during 2012-13 at 24000 MT was also much below the actual of 28358 MT during 2011-12. Further, the Committee noted that the turnover of the company from Rs. 1638 crore during 2011-12 has declined to Rs. 1411.17 crore during 2012-13 (anticipated). Similarly, profit before tax of the company was expected to be Rs. 344.92 crore during 2012-13 as compared to Rs. 472.92 crore during 2011-12. Delay in start of work of Malanjkhand, Chapri Sidheswar and Rakha mine projects due to delayed environmental clearances from Ministry of Environment & Forests (MoEF) and finalization of tender for Kolihan mine project are the main reasons cited by Ministry of Mines for reduction of plan outlay for 2012-13. Taking note of the low achievement of physical and financial targets by HCL during 2012-13, the Committee desired that corrective measures be taken by Ministry of Mines/HCL to improve the performance of the company to ensure that Plan Outlays of Rs. 688.37 crore including Rs.570.37 crore for mine expansion were fully utilised during 2013-14.

12. The Ministry in their written reply furnished as under:-

"Hindustan Copper Limited (HCL): The details of the plan outlay from the year 2011-12 and 2012-13 are given below:

(Rs in crore)

Particular	2011-12			2012-13			2013-14
	BE	RE	Actual	BE	RE	Actual	BE
Replacement & Renewals	23.00	23.00	26.13	38.00	38.00	19.40	38.00
Mine development	85.00	85.00	95.98	85.00	85.00	185.56	70.00
Mine expansion	189.00	32.82	33.63	208.14	159.99	55.32	570.37
Green field exploration	nil	nil	nil	10.00	10.00	Nil	10.00
Total	297.00	140.82	155.74	341.14	292.99	260.28	688.37

2. During the year 2012-13, Company has achieved turnover of Rs.1457.26 crore, profit before tax is Rs.403.61 crore (121% of target) and profit after tax is Rs.355.64 crore which is highest ever since inception of the Company. The Company has taken corrective measures to improve the performance of the Company in financial year 2013-14. Physical performance of the Company during the current year has shown increasing trend. During the period April-May'13, Ore production is 100% of the target and is 115% compared to corresponding period of the last year; MIC production is 90% of the target and is 119% compared to corresponding period of the last year.

3. The Company has made a comprehensive Replacement & Renewal (R&R) plan for the year 2013-14 to improve the reliability and availability of the equipment deployed in both underground and open cast mines. An amount of Rs.38.00 crore has been allocated by the Company under Renewal and Replacement head.

4. A planned shutdown of ICC smelter and refinery plant has been undertaken from 1.5.2013 to reline the entire refractory of the furnace and other related works to improve the performance of the smelter & refinery plant.

5. During the year, steps have been taken to improve the availability of the cathode by tolling of cathode of outside agency and purchase of cathode from the market.

6. In regards to mine expansion project, the Ministry of Environment & Forests has granted Environment Clearance for Malanjkhand underground mine project on 17.6.2013 which accounts for 54% of the total outlay for mine expansion."

13. On a perusal of physical and financial performance of Hindustan Copper Limited(HCL), the Committee inter-alia had observed that delay in start of work of Malanjkhand, Chapri Sidheswar and Rakha mine projects due to delayed environmental clearances from Ministry of Environment & Forests (MoEF) and finalization of tender for Kolihan mine project were the main reasons for reduction of plan outlay of the Company for the year 2012-13. Although, the Committee had desired the Ministry of Mines/HCL to take corrective measures to improve the performance to ensure that plan outlays of Rs. 570.37 crore for mines expansion plan are fully utilized during 2013-14, reply of the Ministry is silent about progress

of the work at Chapri Sidheswar and Rakha Mines which were reportedly held up due to detailed environmental clearances. The Committee would, therefore, like to be apprised of the present status of these two projects so that plan funds for mine expansion programme are fully utilized during the year 2013-14.

National Aluminium Company Ltd.(NALCO)

Recommendation Serial No.9

14. The Committee observed that during the last four years, NALCO has failed miserably to utilize its Plan Outlays as during 2009-10, against Budget Estimates of Rs. 1391 crore, the actual expenditure was Rs. 693 crore. Similarly, the Plan Outlays during 2010-11 and 2011-12 were Rs. 1389 crore and 1057 crore respectively against the actual expenditure of Rs. 663 crore and Rs. 801 crore. The Committee were unhappy to note that against Plan Outlay of Rs. 2343 crore for NALCO during 2012-13 and revised estimates of Rs. 1010 crore, the actual utilization upto February, 2013 is just Rs. 618 crore and anticipated expenditure during the year was likely to be Rs. 838 crore. The Committee were happy to note that all segments of 2nd phase expansion programme of NALCO had been commissioned and out of the total commitment of Rs. 4299 crore, a sum of Rs.4202 had been spent with expected saving to the tune of Rs. 100 crore. Similarly, for Up-gradation of Alumina Plant, against the projected cost of Rs. 409 crore, the project was expected to be completed with utilization of Rs. 344 crore resulting in saving of Rs. 65 crore. While appreciating the savings made by NALCO for implementation of these 2 projects, the Committee were apprehensive of utilization of Plan Outlays of Rs. 1734 crore for the year 2013-14 pending resolving of the Pottangi Mines issue with State Government of Odisha, non-finalization of 22 KA upgradation of smelter, 2x250 mw Captive Power Plant at Angul. The committee also deprecated the delay in Utkal e-Coal Mine which was reported to be held up since the forest clearance for the project was yet to be issued because the forest right certificate was yet to be issued

by District authorities for the left out land, there had been a hold by the State Govt. vide letter dated 24.02.2012 on land acquisition till finalization of the comprehensive master plan of all the coal blocks in the Talcher region and NALCO was unable to commence any field activity in absence of land possession and forest clearance. Taking note of under-utilization of Plan Outlays by NALCO during the last 4 years, the Committee strongly urged the ministry to review the methodology adopted by NALCO for setting up annual financial targets and ensured that real and achievable financial targets were set.

15. The Ministry in their written reply furnished as under:-

"National Aluminium Company Limited (NALCO): Company shares its concern with the Committee's observation regarding the progress of various projects. Project planning and execution is a dynamic activity and day to day process. Progress of the projects under discussion are being monitored continuously. Status of the projects in the observation is as under:-

1. Pottangi Mines and 5th stream Refinery- (Projected outlay Rs.3.00 crore)

The Company has received the in-principle approval of the State Government with certain conditions to which the Company has agreed and communicated the matter to the Government of Odisha (GoO). GoO has been requested for early grant of the mining lease.

The progress of the plan is dependent on the grant of mining lease, which is being followed up. In the meantime, the Company has gone ahead for preparation of DPR for 5th stream of refinery.

2. 220 KA up-gradation of smelter (Rs.22.00 crore) and 2x250 MW Captive power plant (Rs.5.00 crore)

Continuous development of technology has impacted the progress of the two schemes. The two projects complement to each other. Company has made preliminary progress in the these projects, which is as under

2X250 MW Power Plan at CPP:

- i. Aviation clearance for construction of chimney has been obtained.
- ii. Final report on power system study has been submitted.

- iii. Application for acquiring new coal blocks submitted to Ministry of Coal.
- iv. Term of reference (TOR) for environmental clearance issued by M/o Environment & Forests.

Further progress and final capacity will be decided based on study being made for a decision for upgrading amperage in smelter.

220KA amperage increase at Smelter:

- i. The project was planned to enhance current amperage to 220 KA at an outlay of Rs.900.00 crore and the capacity of plant will be enhanced by 1.07 LTPA to 5.67 LTPA from the existing capacity of 4.60 LTPA.
- ii. Environmental clearance is in pipeline. The consultant has submitted the draft Environment Impact Assessment (EIA) report.
- iii. Approval sought from the Competent Authority for submission of EIA report & executive summary report to OSPCB.

Presentation made to EAC for extension of TOR for completion of formalities regarding environmental clearance. The proposal for extension of TOR approved by EAC.

Board of the Company has asked to carry out the cost benefit analysis of increasing amperage of Pot line 2, 3 and 4 upto 195KA initially and upto 220KA in second stage.

The Board has also advised for a comprehensive study for higher amperage i.e. 400 KA or above after dismantling the existing set up partially or fully vis-à-vis raising amperage to 195 / 220 KA. The same is under examination.

Both the projects are under review and the progress is dependant of technical outcome. As such, the sum proposed under the head is Rs.27.00 crore is negligible in comparison to the overall budget allocation for the year.

3. Utkal-E coal block (Rs.65.00 crore)

- a. Delay in achieving forest clearance for Utkal-E is due to the external factors beyond the control of the Company. Forest diversion proposal of Utkal-E is pending with Deptt. of Forest & Environment, Govt. of Odisha since September, 2010 due to non-availability of forest right certificate for 28.6095 Ha. of forest land.

NALCO has already received the forest right certificate for 169.1779 Ha. out of total 197.787 Ha. Pallisabha was held on

April, 2013 for balance, but signed resolution is yet to be received. Continuous follow-up is being carried out with District Authority and State Govt. officials for expediting stage-I forest clearance process.

- b.** There is a 'hold' order by the State Authorities vide letter dated 24.02.2012 on land acquisition of coal block. NALCO represented against the same in various forum of State Govt. Till date, no reply has been received from the State Authorities. The disbursement of fund among land owners is in progress.

Methodology adopted for Setting Targets

Planning of the expenditure

- I.** The plan outlay projections are finalized by the Project/Unit field personnel who give a realistic financial projection after reviewing the status of each Scheme.
- II.** The financial projection received are compiled centrally at the corporate office and after elaborate discussion at appropriate levels only those targets that are prima facie achievable are considered for projection.
- III.** The Financial targets are finalized and the same is put-up to Board for approval.
- IV.** The plan outlay proposal submitted to Ministry generally after approval of the Board and communicated to the executing department well in advance before beginning of the plan period.

Execution and Monitoring

- I.** Company has a dedicated project and production Departments at the corporate office and units with technical personnel to monitor the project execution on a continuous basis. For new projects, a Business development cell, manned by experienced personnel, monitors the projects.
- II.** During every month, reviews of the projects are done at complex level and centrally at corporate level.
- III.** Concerned Directors/CMD take a stock of the physical and financial progress of all the projects on monthly basis to sort out bottlenecks and hurdles, if any.
- IV.** This process of plan expenditure projection & Monitoring has been in practice for quite some time and has its own checks and balances.
- V.** The monitoring system is being further strengthened through suitable guidelines from time to time.

The Company reiterates its commitment for achievement of the Plan Outlay 2013-14."

16. While observing that National Aluminium Company Ltd. has miserably failed to utilize its plan outlays during the last 3 years, the Committee were apprehensive of utilization of plan outlays of Rs. 1734 crores for the year 2013-14 by the Company. To the Committee's recommendation that the Ministry should review the present methodology adopted by NALCO for setting up annual financial targets and ensure that real and achievable financial targets be set by the company, the Ministry of Mines have informed the Committee that the project planning and execution is a dynamic activity and the progress of projects under reference viz. Pottangi Mines, upgradation of smelter, Utkal-E Coal Block, etc. are being monitored continuously. As regards the execution and monitoring, the Ministry of Mines have stated that the concerned Directors/CMDs take a stock of physical and financial progress of all the projects on monthly basis to remove bottlenecks and hurdles. In view of the inordinate delay in execution of Pottangi Mines, 220 KA upgradation of smelter, opening of Utkal-E Coal Blocks, the Committee would like to be informed of the monthly review meetings and decisions taken at such meetings by concerned Directors/CMDs to ensure timely execution of these projects.

Recommendation Serial No.10

17. As regards the utilization of funds under Addition, Modification & Replacement (AMR) Scheme of NALCO, the Committee found that the scheme had direct bearing on the operation of the company resulting in its over all capacity utilization and financial capacity. The Committee were, however, perturbed to note that against the allocated funds of Rs. 356 crore and Rs. 346 crore during 2010-11 and 2011-12 respectively, the actual utilization were Rs. 306 crore and 287 crore only. During 2012-13, against Plan Outlays of Rs. 416 crore for AMR Scheme, only Rs. 245 crore could be spent by February, 2013. Although, the Government had cited the reasons

such as delay in the execution primarily in lean slurry project (Apprx. Rs. 182 crore) and 4th Ash pond construction (Rs. 22 crore) on account of environmental clearance issue, local law and order situation, etc., the Committee would like the Ministry/NALCO to continuously monitor such ongoing schemes to ensure utilization of entire funds allocated. The Committee expected that elaborate steps would be taken by the Ministry of Mines/NALCO to fully utilize the funds of Rs. 400 crore allocated for AMR Scheme to be fully utilized during the financial year 2013-14.

18. The Ministry in their written reply furnished as under:-

"National Aluminium Company Limited (NALCO): The Physical target vis-à-vis achievement for the last three years and approved Plan outlay for AMR vis-à-vis the achievement are as under:-

1. Achievement of Physical target vis-à-vis achievement.

Table 3 : Physical Targets and Achievements of AMR Scheme

S. No.	Product	2010-11			2011-12			2012-13		
		MOU	Actual	Achievement %	MOU	Actual	Achievement %	MOU	Actual	Achievement %
1	Bauxite Lakh MT	49.80	48.24	97%	60.00	50.03	83%	61.50	54.19	88%
2	Alumina Hydrate Lakh MT	16.45	15.56	95%	20.00	16.87	84%	20.50	18.02	88%
3	Power MU	7,515	6,608	88%	7,160	6,200	87%	6,540	6,076	93%
4	Cast Metal MT	4.35	4.44	102%	4.38	4.13	94%	4.30	4.03	94%

- I. Even though there is shortfall in achievement of the target set for AMR, it may be mentioned that, it has not impacted the operation of the Company. The shortfall in physical performance during last three years vis-à-vis target was primarily due to delay in commissioning of 2nd phase expansion project at mines & refinery complex.
- II. Lower power generation in CPP is due to short supply of linkage coal by MCL which led to shut down of 120 pots of smelter plant during 2011-12. The situation has not yet improved. In addition there is a general delay in execution of ash evacuation and disposal system. This has led to a planned reduction in metal production during 2011-12 and 2012-13.

2. Achievement of Financial target of AMR.

Table 4 : Financial Achievement of AMR Scheme

S. No.	Schemes	2010-11		2011-12		2012-13	
		Plan	Actual	Plan	Actual	Plan	Actual
1	Addition, Modification & Replacement (AMR)	356	306	346	287	416	310
	Achievement %	86		83		75	

The company is facing hurdle in achieving the targets of the following heads of AMR, which has a bearing on the operation of the Company:-

- i. Lean slurry system of ash transport.
- ii. Construction of the 4th Ash pond.
- iii. Rise of Dyke height of the existing Ash pond.

The delay in achievement of the targets of these projects is mainly due to issues related to statutory clearance, court order and local interference in execution of the work. However, the Company is taking all possible measures to ensure meeting the targets as scheduled. These projects are very closely monitored at the top level. State Govt. authorities are being persuaded to intervene to ensure smooth execution, whenever situation warrants.

During the plan year 2013-14, company has initiated following steps in production units of NALCO for ensuring the achievement of AMR target on an overall basis.

- I. The AMR expenditures are being monitored on monthly basis by all the Units along with finance department.
- II. Apart from Site the AMR review is being done at corporate level.
- III. Dedicated AMR groups have been formed with assigned responsibility at each production units. With stringent monitoring mechanism, we expect to meet the target set for FY 2013-14 targets as scheduled."

19. While observing under-utilization of funds under Addition, Modification and Replacement (AMR) Scheme of NALCO, the Committee had desired the Ministry of Mines/NALCO to ensure full utilization of funds of Rs. 400 crores earmarked during the year 2013-14. The Committee have been given to understand that the

company is facing hurdle in achieving the targets of the following head of the AMR which has a bearing on the operation of the company:-

- i. Lean slurry system of ash transport.**
- iv. Construction of the 4th Ash pond.**
- v. Rise of Dyke height of the existing Ash pond.**

The Committee expect the Government/NALCO to resolve the issue like statutory clearances, local interference, etc. that had affected the utilization of financial outlays of AMR schemes under various heads.

20. The Committee are, however, concerned to note the lower power generation in captive power plant of NALCO due to short supply of linkage coal by Mahanadi Coalfields Ltd. that has led to shut down of 120 pots on smelter plants during 2011-12 and the situation has not yet improved. The Committee would, therefore, like the Ministry of Mines to take up the matter at appropriate level in the government to ensure supply of coal linkage by Mahanadi Coalfields Ltd. and apprise them the present status of the same.

Recommendation Serial No.11

21. The Committee also took note of several diversifications and joint venture projects being undertaken by NALCO like wind power generation Nuclear power plant in joint venture with NPCIL, Alumina Refinery project in Gujarat , Solar Power Plant in Rajasthan, etc. Out of a total Plan Outlays of Rs. 1737 crore for NALCO during 2013-14, Rs. 1140 crore were allocated to these new Greenfield projects being implemented by NALCO with Rs. 206 crore in wind and solar projects and Rs. 894 crore in Nuclear Power Plant. Although, the Committee were not averse to diversification Plan of NALCO, a 'Navratna' company, the Committee had serious doubt of the optimistic plan

of NALCO to invest during 2013-14, as there was 'NIL' investment during 2012-13 against the Plan Outlays of Rs. 1182 crore for these projects. Impliedly, these Greenfield projects were not seriously and diligently pursued by NALCO leaving huge outlay unspent, the Committee felt. The Committee would, therefore, like to impress upon the Ministry/NALCO to ensure the utilization of earmarked funds for these Greenfield projects during the current financial year by taking corrective measures following strict monitoring. The Committee would also like to be apprised of the action plan to utilize the funds allocated for these projects/schemes.

22. The Ministry in their written reply furnished as under:-

"National Aluminium Company Limited (NALCO): A sum of Rs.153.30 crore has been spent during 2012-13 towards identified Green field projects. The actual achievement is 68% of the RE target and 13% of the BE target.

Table 5 : Green field projects during 2012-13

(Rs. crore)

Schemes	BE 12-13	RE 12-13	Achievement
Green field project	1182	226	153.30

It may please be noted that in the BE projection of Rs.1182.00 crore, a sum of Rs.1000.00 crore was projected by the company towards equity contribution to the JV with NPCIL for company's venture into the Nuclear power sector. During the RE stage, it was understood that due to regulatory hurdle, NALCO, as a JV company, may not be permitted to invest the projected sum in the nuclear power project during the year. Accordingly, the plan projection was scaled down appropriately during the RE stage.

The Ministry and Company has been taken up the matter with the Department of Atomic Energy and PMO to obtain regulatory approval for the proposed investment.

The action plans to achieve the target set for Greenfield projects for 2013-14 is as under:-

(Table 6)

S. No.	Description	Plan outlay 2013-14 (Rs. Crore)	Action plan
1	Smelter & Refinery Project-Gujarat	27	<p>1. Draft DPR received from MECON during April, 2013 for Alumina Refinery Project in Bhuj, Gujarat is under finalisation.</p> <p>2. Based on a high level meeting held between NALCO & GMDC, NALCO has received a renewed commitment on Bauxite, Jetty and Power required for the Gujarat refinery project from GMDC.</p> <p>3. A meeting held between NALCO, GMDC, MECON and Adani Port in connection with use of Mundra port for inward and outbound Logistic solutions.</p> <p>4. Since the investment in Gujarat Refinery is a major investment, the company is scrutinising the details and it is expected that upon the finalisation of the DPR the further project activities will roll forward.</p>
2	Nuclear Power Plant in JV with NPCIL	894	<p>1. A JV Company "NPCIL NALCO POWER COMPANY LTD" has been formed in March, 2012. NALCO's Board has already approved the equity contribution to take up establishment of Kakrapar 3&4 nuclear power plant. As per the JV Agreement, NALCO shall hold 49% equity in the JV, which corresponds to Rs 1685 crore.</p> <p>2. As initial investment in JV, NALCO Board in August, 2011 has approved 26% equity contribution amounting to Rs. 894 crore. Payment of this amount to the JV Company is held up as the approval by Govt. of India for contribution by NALCO, is awaited.</p> <p>3. The matter is being pursued with Department of Atomic Energy and PMO. A comprehensive amendment of the Atomic Energy Act, 1962 to facilitate the process for the JV Company is under active consideration of the Govt.</p> <p>4. Meanwhile, the project execution is going on in full swing. No sooner, the approval is accorded, the equity contribution of Rs. 894 crore will be made.</p>
3	Wind Power Plant-II	71	<p>1. Order placed in December, 2012 for Supply, Erection, Commissioning, Operation and Maintenance of 47.6 MW Wind Power Plant-II in Jaisalmer, Rajasthan at an investment of Rs 284 crore.</p> <p>2. Work has commenced at site. Project is likely to be completed by August, 2013. The projected investment target is expected to be achieved.</p>

4	Wind Power Plant -III (Damanjodi)	24	<ol style="list-style-type: none"> 1. The draft DPR report submitted by the consultant, is being examined. 2. Power evacuation arrangement /infrastructure and statutory compliances being reviewed. 3. The expenditure will materialise after the investment decision is taken.
5	Solar Power Project	111	<ol style="list-style-type: none"> 1. A proposal for Solar Power Plant was registered with Rajasthan Renewable Energy Corporation Ltd (RRECL) and the same was approved by State Level Screening Committee (SLSC), Rajasthan in August, 2012. 2. The primary objective for setting up the solar power plant is to fulfill the Renewable Purchase Obligation (RPO). 3. As per the judgment of Appellate Tribunal for Electricity in January, 2013, the solar RPO of NALCO can be compensated by the surplus cogeneration power produced at Damanjodi after meeting its RPO with regard to cogeneration. In this scenario the requirement of the project is being reviewed.
6	Other misc projects	13	The sum of Rs. 13 crore was proposed by the company for preparation of DPR, site selection and other pre-project activities.
	Total	1140	

The sum will be spent, as the project team is working seamlessly to achieve the target set for the Greenfield projects for the year 2013-14."

23. The Committee had recommended that NALCO should utilize the earmarked funds for Greenfields Projects like Wind Power Generator, Nuclear Power Plant, Alumina Refinery project and solar power plant by taking corrective measures followed by strict monitoring of these projects. The Committee are, however, surprised to note that although a comprehensive amendment of the Atomic Energy Act, 1962 is required to facilitate the process for Joint Venture Company and the matter is still under consideration by the Government, NALCO has made a provision of equity contribution of Rs. 894 crore during the year 2013-14. The Committee would like to be apprised of the reasons for allocation of Rs. 894 crore for Nuclear

Power Plant, though amendment is yet to be carried out in Atomic Energy Act, 1962.

24. The Committee are further dismayed to note that although Action Taken Reply by the Government were furnished by the Ministry vide their O.M. dated 2nd August, 2013, the Government have failed to provide latest report of the Wind Power Plant-II in Jaisalmer, Rajasthan at an estimated investment of Rs. 284 crore which is reported to be completed by August, 2013. The Committee would, therefore, like to be informed of the latest status of the project.

CHAPTER –II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Science and Technology (S&T) Programme

Recommendation Serial No.3

The Committee note that Science and Technology Programme of the Ministry of Mines initiated in the year 1978 covers disciplines of geology, exploration, mining, bioleaching, beneficiation, rock mechanics and ground control, non-ferrous metallurgy and environmental issues relating to mining and metallurgy. The project proposals from S&T/R&D institutions are considered for financial assistance for applied research in these areas. The S&T projects are approved by the Standing Scientific Advisory Group (SSAG) of the Ministry under the Chairmanship of the Secretary (Mines). A Project Evaluation and Review Committee (PERC) has been put in place in the Ministry which has been mandated besides other functions to review and monitor the progress of projects periodically. The Committee note that 15 S&T Projects which were approved during XIth Plan have spilled over to XIIth Plan and 17 projects have been approved for taking up during the year 2013-14. The Committee feel that with a view to encourage research and development of indigenous technology in the mineral and non-ferrous metal sector, there is an imperative need to expedite the completion of all ongoing S&T projects. The Committee, are, however, concerned to note that some S&T projects which were conceived during XIth Plan will continue during XIIth Plan despite the Project Evaluation and Review Committee in place to review and monitor the progress of S&T Projects. The Committee, therefore, would like the Ministry to draw a time table for the completion of the S&T projects to derive benefits therefrom by making the Project Evaluation and Review Committee result oriented. The Committee would like to be apprised of the status of all the ongoing S&T Projects.

Action Taken

Science & Technology Programme (S&T): The Project from S&T/R&D institutions etc. are considered for financial assistance under S&T programme of this Ministry with a view to encourage Research and Development. The projects are approved by the Standing Scientific Advisory Group (SSAG) consequent upon recommendation of the Projects Evaluation and Recommendation Committee (PERC) for a duration of two or three years. Progress of projects is continuously monitored by the PERC of the SSAG. However, with a view to strengthen the review and monitoring module, a new S&T scheme had been put in place of the old scheme. For this, an SFC note has been circulated. The details of all the ongoing S&T projects is given in Annexure.

[Ministry of Mines, O.M. No. 5(1)/2013-IF dated 02.08.2013]

Comments of the Committee

(Please see para 7 of Chapter I of the Report)

Indian Bureau of Mines (IBM)

Recommendation Serial No.6

The Committee observe that Indian 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. The Committee note that IBM has utilized Rs. 20.12 crore of the Plan upto February, 2013 against the BE and RE of Rs. 24 crore. The Committee are informed that IBM is presently carrying out the 6 schemes namely 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, Computerized Online Register of Mining Tenements System, Capacity Building of State Governments - Development & Implementation of Ore Accounting Software by NIC. Although IBM has proposed an Annual Plan of Rs. 61.61 crore only, Rs. 49.00 crore sanctioned are reported to be not sufficient as it will hamper the Schemes like Inspection of Mines for Scientific and Systematic Mining, Mineral Conservation and Mines Environment, and Computerized Online Register of Mining Tenements System. Taking note of the insufficient funds made available to IBM due to which the organisation would not be able to perform its primary responsibilities, the Committee, recommend that the Ministry of Mines should review the same and take necessary steps to ensure that adequate funds are made available to them for effective implementation of their ongoing schemes and the Planning Commission and the Ministry of Finance should be approached with proper justification.

Action Taken

Indian Bureau of Mines (IBM): The IBM has utilized Rs.21.33 crore of the Plan during 2012-13 against the BE and RE of Rs.24.00 crore and FE of Rs.21.38 crore. As already mentioned in Reply to Para 4 above, the funds allotted during 2013-14 are sufficient to meet the requirement of the current financial year but considering the aspects of part implementation of the recommendations of the report of the "Committee for Review and Restructuring of the functions and role of IBM", Mining Tenement System and for taking pro-active measures for prevention of illegal mining, IBM's requirement of funds during entire XII Plan period is Rs.367.84 crore against the sanctioned Plan outlay of Rs.228.53 crore for Plan Schemes including the fund for construction.

National Aluminium Company Ltd.(NALCO)

Recommendation Serial No.9

The Committee observe that during the last four years, NALCO has failed miserably to utilize its Plan Outlays as during 2009-10, against Budget Estimates of Rs. 1391 crore, the actual expenditure was Rs. 693 crore. Similarly, the Plan Outlays during 2010-11 and 2011-12 were Rs. 1389 crore and 1057 crore respectively against the actual expenditure of Rs. 663 crore and Rs. 801 crore. The Committee are unhappy to note that against Plan Outlay of Rs. 2343 crore for NALCO during 2012-13 and revised estimates of Rs. 1010 crore, the actual utilization upto February, 2013 is just Rs. 618 crore and anticipated expenditure during the year is likely to be Rs. 838 crore. The Committee are, however, happy to note that all segments of 2nd phase expansion programme of NALCO has been commissioned and out of the total commitment of Rs. 4299 crore, a sum of Rs.4202 has been spent with expected saving to the tune of Rs. 100 crore. Similarly, for Upgradation of Alumina Plant, against the projected cost of Rs. 409 crore, the project is expected to be completed with utilization of Rs. 344 crore resulting in saving of Rs. 65 crore. While appreciating the savings made by NALCO for implementation of these 2 projects, the Committee are apprehensive of utilization of Plan Outlays of Rs. 1734 crore for the year 2013-14 pending resolving of the Pottangi Mines issue with State Government of Odisha, non-finalization of 22 KA upgradation of smelter, 2x250 mw Captive Power Plant at Angul. The committee also deprecate the delay in Utkal e-Coal Mine which is reported to be held up since the forest clearance for the project is yet to be issued because the forest right certificate is yet to be issued by District authorities for the left out land, there has been a hold by the State Govt. vide letter dated 24.02.2012 on land acquisition till finalization of the comprehensive master plan of all the coal blocks in the Talcher region and NALCO is unable to commence any field activity in absence of land possession and forest clearance. Taking note of under-utilization of Plan Outlays by NALCO during the last 4 years, the Committee strongly urge the ministry to review the methodology adopted by NALCO for setting up annual financial targets and ensure that real and achievable financial targets are set.

Action Taken

National Aluminium Company Limited (NALCO): Company shares its concern with the Committee's observation regarding the progress of various projects. Project planning and execution is a dynamic activity and day to day process. Progress of the projects under discussion are being monitored continuously. Status of the projects in the observation is as under:-

2. Pottangi Mines and 5th stream Refinery- (Projected outlay Rs.3.00 crore)

The Company has received the in-principle approval of the State Government with certain conditions to which the Company has agreed and

communicated the matter to the Government of Odisha (GoO). GoO has been requested for early grant of the mining lease.

The progress of the plan is dependent on the grant of mining lease, which is being followed up. In the meantime, the Company has gone ahead for preparation of DPR for 5th stream of refinery.

2. 220 KA up-gradation of smelter (Rs.22.00 crore) and 2x250 MW Captive power plant (Rs.5.00 crore)

Continuous development of technology has impacted the progress of the two schemes. The two projects complement to each other. Company has made preliminary progress in the these projects, which is as under

2X250 MW Power Plan at CPP:

- i.** Aviation clearance for construction of chimney has been obtained.
- ii.** Final report on power system study has been submitted.
- iii.** Application for acquiring new coal blocks submitted to Ministry of Coal.
- iv.** Term of reference (TOR) for environmental clearance issued by M/o Environment & Forests.

Further progress and final capacity will be decided based on study being made for a decision for upgrading amperage in smelter.

220KA amperage increase at Smelter:

- i.** The project was planned to enhance current amperage to 220 KA at an outlay of Rs.900.00 crore and the capacity of plant will be enhanced by 1.07 LTPA to 5.67 LTPA from the existing capacity of 4.60 LTPA.
- ii.** Environmental clearance is in pipeline. The consultant has submitted the draft Environment Impact Assessment (EIA) report.
- iii.** Approval sought from the Competent Authority for submission of EIA report & executive summary report to OSPCB.

Presentation made to EAC for extension of TOR for completion of formalities regarding environmental clearance. The proposal for extension of TOR approved by EAC.

Board of the Company has asked to carry out the cost benefit analysis of increasing amperage of Pot line 2, 3 and 4 upto 195KA initially and upto 220KA in second stage.

The Board has also advised for a comprehensive study for higher amperage i.e. 400 KA or above after dismantling the existing set up partially or fully vis-à-vis raising amperage to 195 / 220 KA. The same is under examination.

Both the projects are under review and the progress is dependant of technical outcome. As such, the sum proposed under the head is Rs.27.00 crore is negligible in comparison to the overall budget allocation for the year.

3. Utkal-E coal block (Rs.65.00 crore)

- a.** Delay in achieving forest clearance for Utkal-E is due to the external factors beyond the control of the Company. Forest diversion proposal of Utkal-E is pending with Deptt. of Forest & Environment, Govt. of Odisha since September, 2010 due to non-availability of forest right certificate for 28.6095 Ha. of forest land.

NALCO has already received the forest right certificate for 169.1779 Ha. out of total 197.787 Ha. Pallisabha was held on April, 2013 for balance, but signed resolution is yet to be received. Continuous follow-up is being carried out with District Authority and State Govt. officials for expediting stage-I forest clearance process.

- b.** There is a 'hold' order by the State Authorities vide letter dated 24.02.2012 on land acquisition of coal block. NALCO represented against the same in various forum of State Govt. Till date, no reply has been received from the State Authorities. The disbursement of fund among land owners is in progress.

Methodology adopted for Setting Targets

Planning of the expenditure

- I.** The plan outlay projections are finalized by the Project/Unit field personnel who give a realistic financial projection after reviewing the status of each Scheme.
- II.** The financial projection received are compiled centrally at the corporate office and after elaborate discussion at appropriate levels only those targets that are prima facie achievable are considered for projection.
- III.** The Financial targets are finalized and the same is put-up to Board for approval.
- IV.** The plan outlay proposal submitted to Ministry generally after approval of the Board and communicated to the executing department well in advance before beginning of the plan period.

Execution and Monitoring

- I.** Company has a dedicated project and production Departments at the corporate office and units with technical personnel to monitor the project execution on a continuous basis. For new projects, a Business development cell, manned by experienced personnel, monitors the projects.

- II.** During every month, reviews of the projects are done at complex level and centrally at corporate level.
- III.** Concerned Directors/CMD take a stock of the physical and financial progress of all the projects on monthly basis to sort out bottlenecks and hurdles, if any.
- IV.** This process of plan expenditure projection & Monitoring has been in practice for quite some time and has its own checks and balances.
- V.** The monitoring system is being further strengthened through suitable guidelines from time to time.

The Company reiterates its commitment for achievement of the Plan Outlay 2013-14.

[Ministry of Mines, O.M. No. 5(1)/2013-IF dated 02.08.2013]

Comments of the Committee

(Please see para 16 of Chapter I of the Report)

Recommendation Serial No.10

As regards the utilization of funds under Addition, Modification & Replacement (AMR) Scheme of NALCO, the Committee find that the scheme has direct bearing on the operation of the company resulting in its over all capacity utilization and financial capacity. The Committee are, however, perturbed to note that against the allocated funds of Rs. 356 crore and Rs. 346 crore during 2010-11 and 2011-12 respectively, the actual utilization were Rs. 306 crore and 287 crore only. During 2012-13, against Plan Outlays of Rs. 416 crore for AMR Scheme, only Rs. 245 crore could be spent by February, 2013. Although, the Government have cited the reasons such as delay in the execution primarily in lean slurry project (Apprx. Rs. 182 crore) and 4th Ash pond construction (Rs. 22 crore) on account of environmental clearance issue, local law and order situation, etc., the Committee would like the Ministry/NALCO to continuously monitor such ongoing schemes to ensure utilization of entire funds allocated. The Committee expect that elaborate steps would be taken by the Ministry of Mines/NALCO to fully utilize the funds of Rs. 400 crore allocated for AMR Scheme to be fully utilized during the financial year 2013-14.

Action Taken

National Aluminium Company Limited (NALCO): The Physical target vis-à-vis achievement for the last three years and approved Plan outlay for AMR vis-à-vis the achievement are as under:-

1. Achievement of Physical target vis-à-vis achievement.

Table 3 : Physical Targets and Achievements of AMR Scheme

S. No.	Product	2010-11	2011-12	2012-13

		MOU	Actual	Achievement %	MOU	Actual	Achievement %	MOU	Actual	Achievement %
1	Bauxite Lakh MT	49.80	48.24	97%	60.00	50.03	83%	61.50	54.19	88%
2	Alumina Hydrate Lakh MT	16.45	15.56	95%	20.00	16.87	84%	20.50	18.02	88%
3	Power MU	7,515	6,608	88%	7,160	6,200	87%	6,540	6,076	93%
4	Cast Metal MT	4.35	4.44	102%	4.38	4.13	94%	4.30	4.03	94%

- III. Even though there is shortfall in achievement of the target set for AMR, it may be mentioned that, it has not impacted the operation of the Company. The shortfall in physical performance during last three years vis-à-vis target was primarily due to delay in commissioning of 2nd phase expansion project at mines & refinery complex.
- IV. Lower power generation in CPP is due to short supply of linkage coal by MCL which led to shut down of 120 pots of smelter plant during 2011-12. The situation has not yet improved. In addition there is a general delay in execution of ash evacuation and disposal system. This has led to a planned reduction in metal production during 2011-12 and 2012-13.

2. Achievement of Financial target of AMR.

Table 4 : Financial Achievement of AMR Scheme

S. No.	Schemes	2010-11		2011-12		2012-13	
		Plan	Actual	Plan	Actual	Plan	Actual
1	Addition, Modification & Replacement (AMR)	356	306	346	287	416	310
	Achievement %	86		83		75	

The company is facing hurdle in achieving the targets of the following heads of AMR, which has a bearing on the operation of the Company:-

- i. Lean slurry system of ash transport.
- vi. Construction of the 4th Ash pond.
- vii. Rise of Dyke height of the existing Ash pond.

The delay in achievement of the targets of these projects is mainly due to issues related to statutory clearance, court order and local interference in execution of the work. However, the Company is taking all possible measures to ensure meeting the targets as scheduled. These projects are very closely monitored at the top level. State Govt. authorities are being persuaded to intervene to ensure smooth execution, whenever situation warrants.

During the plan year 2013-14, company has initiated following steps in production units of NALCO for ensuring the achievement of AMR target on an overall basis.

- I. The AMR expenditures are being monitored on monthly basis by all the Units along with finance department.
- II. Apart from Site the AMR review is being done at corporate level.
- III. Dedicated AMR groups have been formed with assigned responsibility at each production units. With stringent monitoring mechanism, we expect to meet the target set for FY 2013-14 targets as scheduled.

[Ministry of Mines, O.M. No. 5(1)/2013-IF dated 02.08.2013]

Comments of the Committee

(Please see paras 19 & 20 of Chapter I of the Report)

Mineral Exploration Corporation Ltd.(MECL)

Recommendation Serial No.12

The Committee note that promotional mineral exploration programmes are being carried out by MECL on behalf of and funded by Ministry of Mines. The exploration schemes are prepared in conformity with the national priorities assigned by the different working groups on mineral exploration. The Committee, however, observe that against the Budgetary Support of Rs. 10.00 crore for promotional mineral exploration by MECL during 2012-13, the actual utilization was Rs. 8.50 crore. As regards the target and achievements of drilling and associated activities carried out by MECL, the Committee find that during 2010-11, against the target of 7000 metres, achievements were 4546 meters. During 2011-12, against the target of 6700 meters of drilling, the achievements were 4780 meters. Although, the Ministry/MECL have anticipated that reduced target of 6820 meters of drilling will be fully achieved during 2012-13, the Committee are constrained to observe that work on Nimi Limestone Project in Nagaland, Ajjanahali Gold in Tumkur, Karnataka and Pahardia gold, West Singhbhum in Jharkhand have not been completed. The Committee, therefore, recommend that these projects which will be continued during 2013-14 be completed during the current fiscal. The Committee are also unhappy to note that no advance action has been taken for 4 new projects namely Parasi East and Parasi West Gold, Ranchi, Jharkhand, Gold and Hanumalapura PGE, Devanagiri,

Karnataka, and Gurla (South), Copper, Bhilwara, Rajasthan as these are yet to be put up to Standing Committee of Promotional Projects for approval. While strongly recommending the Ministry of Mines/MECL to initiate advance action and seek necessary approval of SCPP for the new projects proposed to be taken in the next financial year, the Committee expect MECL to enhance its physical performance by taking up more mineral exploration programmes.

Action Taken

Mineral Exploration Corporation Limited (MECL): Efforts are always made to achieve the drilling targets fixed for the year. However, the shortfall in achieving physical targets arise sometimes due to unavoidable circumstances like heavy rains, want of forest clearance etc. During 2012-13, MECL could complete 6189 metres against the physical target of 6820 metres since:-

- (a) In Banera Block, District Bhilwara , Rajasthan, 360 metres of drilling involving in two boreholes falling in the cultivated land could not be taken up due to resistance by land owners. The Technical Sub Committee of 26th SCPP considered the status and impact of non drilling of these two boreholes on the final result of exploration and has agreed for the closure of exploration in Banera Block.
- (b) The Field activities of Nimi-pyakatsu block, district Kiphire, Nagaland for limestone were affected by heavy rains during working seasons and suspension of work during monsoon. Since DGM has expressed their inability to complete the proposed 1000 m due to inaccessibility of borehole locations, Technical Sub Committee of 26th SCPP considered this aspect & recommended for concluding the exploration at the earliest and submit the geological report accordingly. This project is thus expected to be concluded soon.

2. As far as Ajjanahalli Gold Project in Tumkur, Karnataka and Pahardia Gold Project, West Singhbhum in Jharkhand are concerned, the status is as under:-

- (i) Ajjanahalli East Block(A), district Tumkur, Karnataka was approved in 26th SCPP meeting held on 5th February, 2013. The exploration work was commenced in February, 2013 itself and 6 boreholes initially permitted by forest department have been drilled. Efforts were being made to complete the project within time and till 31st May 2013, 1660 m out of 4225 m was drilled. However, the exploration work has to be suspended temporarily as forest clearance of remaining 13 boreholes is awaited from the Forest Department. MECL is continuously pursuing the matter for forest clearance for remaining 13 boreholes with Government of Karnataka
- (ii) In Pahardia Block also, exploration commenced in the month of March, 2013 soon after approval of exploration proposal by SCPP on 5th February, 2013 in spite of adverse law and order condition as this

block is infested with Naxal Activity and dense forest cover. The work is under progress and till 31st May 2013, 791 m out of 2430 m is completed.

3. In so far advance action for new projects is concerned, it has already been taken. Four new proposals for promotional exploration projects namely Parasi (East) and Parasi (West) both for Gold, in district Ranchi, Jharkhand, Gurla (South) for Pb-Zn in district Bhilwara, Rajasthan and Lumthalary for limestone in district Jaintia Hills, Meghalaya have been approved in Technical Sub-Committee of 27th SCPP held on 30th May, 2013 at Nagpur

4. It is submitted that physical performance of promotional exploration programme by MECL has been stepped up to achieve targets and the funds allocated by Ministry of Mines, Govt. of India, will be fully utilised in current year.

[Ministry of Mines, O.M. No. 5(1)/2013-IF dated 02.08.2013]

CHAPTER – III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT’S REPLIES

-NIL-

CHAPTER – IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Utilization of Plan Outlays

Recommendation Serial No.1

The Committee observe that against the Budget Estimates and Revised Estimates of Rs. 1589.42 crore and Rs. 1942.24 crore respectively of the Ministry of Mines during 2011-12, the actuals were only Rs. 1341.53 crore. Again during 2012-13, the Budget Estimates of Rs. 2942.64 crore were drastically reduced to Rs. 1654.08 crore and the actual utilization during this period (upto December, 2012) were reported to be Rs. 935.95 crore. The Committee are dismayed to note that there was drastic reduction in Plan outlay of NALCO from Rs. 1333 crore (RE) to Rs. 802 crore during 2011-12. Further, during 2012-13, against BE and RE of Rs. 2343 crore and Rs. 1020 crore respectively, the actuals (upto December, 2012) were only Rs. 528.70 crore which is only 51.83% of RE. Similarly, against the Annual plan of Rs. 297.00 crore for HCL during 2011-12, the actual were Rs. 155.74 crore and during 2012-13 against BE of Rs. 341.14 crore, the actual upto December, 2012 were Rs. 154.11 crore. The Annual Plan of HCL has now been pegged at Rs. 688.37 crore for 2013-14. The Committee are, concerned to note underutilization of Annual Plan funds by PSUs and attached offices under the Ministry of Mines which does not augur well. While emphasizing the need for taking corrective measures by identifying the constraints affecting the implementation of projects/schemes, by the Ministry/PSUs/attached offices, the Committee expect that enhanced Plan Outlays of Rs. 2919.12 crore for the year 2013-14 will be fully utilized.

Action Taken

Geological Survey of India (GSI): The scenario of the Plan Fund utilization during the financial years 2011-12 and 2012-13 is shown below:

(Rs. in crore)					
FY	BE	RE	Actual	%of utilisation of Fund	Remarks
2011-12	181.00	342.36	339.30	99.11	Almost the entire Plan Funds were utilised.
2012-13	194.00	283.59	271.58	95.75	

During the FY 2011-12 and FY 2012-13, almost the entire Plan Funds were utilised for the activities of GSI. The same spirit will be maintained in future also.

GSI has been taking utmost care for utilization of the allotted Plan fund in various schemes/projects and for that GSI takes up comprehensive appraisal programme to examine the impact of the long-term Plan programme such as Five Year Plan at its various phases of implementation. Time to time department takes up the assessment of possibility of reaching the objectives of the Five Year Plan by observing the progress so far made and also identifies its zone of weakness in Plan performance and accordingly the mid-course corrections are being taken up in the implementation of the plan by evolving appropriate modifications in Policy Measures/Plan Strategies/Schemes and Programmes. Several monitoring mechanisms are already in place. Constant in-house monitoring of the activities through regular Ministry level review meetings with the Department, stage reviews and term reviews besides regular departmental supervision provide a time-tested mechanism for imparting mid-course corrections. The GSI implements the various planned programmes through its team of highly skilled and professionally competent scientific workforce, keeping in view the objectives and priorities of the Government and department. The Ministry of Mines also from time to time monitors the progress during the regular reviews, interactions with the Planning Commission, Parliamentary Standing and Consultative Committees etc., and provides guidelines in the activity domains of GSI.

GSI has two Committees viz. Plan Programme Review Committee (PPRC) and Central Procurement Management Committee (CPMC) to monitor its modernization programmes. Plan Programme Review Committee (PPRC) meetings are held periodically under the chairmanship of DG, GSI, for assessment of the procurement of equipments, whereas, Central Procurement Management Committee (CPMC) meetings are held within GSI under the Chairmanship of Sr. Dy. DG, GSI, to prioritize/monitor followed by approval of the major procurements of GSI.

In order to execute the schemes, following areas have been identified for taking corrective measures by identifying the constraints affecting the implementation of projects/schemes. In certain cases, Ministry/Parliamentary Standing Committee are approached for relaxation or exemption of FRBM Act:

- In order to ensure the optimum utilisation of allotted budget under the scheme Modernisation & Replacement, several administrative steps have been initiated such as decentralisation of the procurement action to the concerned regional offices and streamlining the procedures, etc.
- GSI carries out its activities under the schemes during the field season which is conducive for field work and hence the activities of GSI cannot be compared with those of other corporate bodies or Public Sector Enterprises. GSI carries out its work mainly during the Field Season from October to March when the weather is favourable for field work and during this period the major expenditure is incurred. Hence, the relaxation in FRBM Act in case of GSI may be considered.

Indian Bureau of Mines (IBM): Plan budget and expenditure of IBM for 2011-12 and 2012-13 are given in the following table. The Plan expenditure has been less than the Budget Estimates as well as RE primarily due to non-

utilization of Tribal Sub-Plan funds. However, concerted efforts are being made to utilise the funds during 2013-14.

(Rs in crores)					
Year	Plan	Budget Estimates	Revised Estimates	Actual Expr.	% of utilization of fund
2011-12	Plan	22.00	22.00	19.12	87
2012-13	Plan	24.00	24.00	21.33	89

Mineral Exploration Corporation Limited (MECL): During the financial year 2011-12, a Plan outlay of Rs.8.00 crore was provided to the MECL for Promotional Mineral Exploration Programmes on behalf of Ministry of Mines. The amount was fully utilized during the year.

For Promotional Mineral Exploration Programmes on behalf of Ministry of Mines, an outlay of Rs.10.00 crore was allocated at B.E. stage for the year 2012-13. Keeping in view the on-going exploration projects and schemes for approval in pipeline, outlay was revised to Rs.8.50 crore which was fully utilized during the year.

National Aluminium Company Limited (NALCO): Comparative Statement showing plan outlay (BE) for 2011-12, RE 2011-12 and actual expenditure of National Aluminium Company Ltd. (NALCO) is as under:-

Table 1 : Plan Outlay 2011-12

(Rs. in crore)				
Sl.	Particulars	BE 2011-12	RE 2011-12	Actual 2011-12
1	Phase II Expansion	180	250	205
2	Up gradation of Alumina Plant	162	81	117
3	Pottangi Mine	1	1	0.08
4	Phase – III expansion- 5 th stream Refinery	2	2	0
5	220KA Up-gradation of Smelter	40	4	0
6	2 x 250 Captive Power Plant	0	1	0
7	Coal Mine – Utkal- E	94	37	15
8	Wind Power Plant – I	200	200	22.73
9	Green field projects	32	457	154
10	Addition/Modifications/ Replacement (AMR)	346	300	287.26
	Total	1,057	1,333	801.07

From the above, it is apparent that major shortfall in plan expenditure was in Green field projects i.e JV with NPCIL, New Smelter and refinery plant in Gujarat and other projects such as Wind Power, Utkal-E Coal, where the

constraints were beyond the control of the Company. Overall expenditure for projects was 60% of RE and 76% of BE 2011-12, respectively.

The major shortfall in projects was also attributable to constraints like failure of contractors, delay in receiving statutory clearances, forest clearance and meeting the criteria set through various guidelines. For the 2nd Phase expansion, achievement is 114% of BE target, whereas in the 4th Stream Up-gradation Project of Refinery, expenditure is also more than 100% of the RE target.

Progress of individual projects during the year and reasons for shortfall are as under:-

1. 2nd Phase expansion

All segments of the project are commissioned. Production started with aluminium smelter commissioning in December, 2009, and captive power plant in August, 2009 (one unit) and August, 2010 (2nd unit). The commissioning of alumina refinery at mines and refinery complex achieved in June, 2011. The cumulative actual expenditure for the 2nd phase expansion till March-2012 was Rs.4167.00 crore i.e 97% of against commitment of Rs.4299.00 crore and revised approved project cost of Rs.4403.00 crore.

The achievement of the Plan head (Rs.205.00 crore) is 114% against BE (Rs.180.00 crore) and 82% against RE (Rs.250.00 crore). The lesser utilization in comparison to RE is due to anticipated savings in the project which may crystallize towards the end of the project.

2. Up-gradation of Refinery

The on-going brown field project has an approved outlay of Rs.409.00 crore. The overall physical progress as of March, 2012 was 81%. The environmental clearance from Ministry of Environment & Forests (MoEF) was received in May, 2010 after which the construction activities could pick up. Commissioning of the project has been started since December, 2012.

The achievement of the Plan head is 144% (Rs. 117 crore) against RE (Rs. 81 crore) and 72% (Rs. 162 crore) against BE. The company also anticipates saving in the project which would materialize towards the end of the project.

3. Pottangi Bauxite Mines

The Pottangi mines project envisaged development of the Pottangi Bauxite Mine in Koraput district and adding of another stream of Alumina (5th stream) to the existing production facility.

A token amount of Rs.1.00 crore was approved for expenditure pending mining lease approval. Imposition of stringent conditions by Odisha Govt. towards Periphery Development/Corporate Social Responsibility (CSR)

issues has been taken up by NALCO.

Pending recommendation of the Government of Odisha for grant of the Mining lease in favour of NALCO, only Rs.0.08 crore of the projected RE/BE amount of Rs.1.00 crore could be spent.

4. 5th stream at Alumina Refinery

The project is linked to allotment of Pottangi bauxite deposit in favour of NALCO. In May, 2012 Govt. of Odisha has communicated their conditional consent for prior approval of mining lease of Pottangi. NALCO has agreed to the conditions of Govt. of Odisha for increasing the CSR allocation to 3% from present 2%. Further, the DPR is under finalization for the new alumina stream of capacity 1 million.

A sum of Rs.2.00 crore was provided to be spent during BE and RE 2011-12, the item could not be spent due to the aforesaid reason.

5. 220KA Up-gradation Smelter

The up-gradation of capacity of aluminium smelter from existing 4.60 lakh tonnes per annum (LTPA) by 1.07 LTPA (i.e. upto 5.67 LTPA) is envisaged through increase of amperage of pot lines from 180KA to 220KA.

The embargo by MOEF/ Pollution Control Board for Angul-Talcher region based on 'Comprehensive Environmental Pollution Index (CEPI)', which has since been lifted from March, 2011 is one of the major reasons for shortfall in expenditure.

The projected sum of Rs.40.00 crore could not be spent, which was scaled down to Rs. 4 crore during RE. Due to non-finalization of technology and poor progress of the project the projected RE could not be utilized.

In the meanwhile, in the 262nd Board meeting held in August, 2012, the Board asked to carry out the cost benefit analysis of increasing amperage of pot lines 2, 3 and 4 upto 195kA initially and upto 220kA in second stage. The committee has also to study for higher amperage i.e 400 kA or above in pot line-I after dismantling the existing set up. Up-gradation to higher Amperage and other options are being deliberated in the Board. All activities pertaining to 220KA programme have been kept on hold till the clearance from Board.

6. Project- 2X 250MW

The embargo by MoEF/ Pollution Control Board on Angul - Talcher region based on 'Comprehensive Environmental Pollution Index' is the major reason for less expenditure in 2X 250MW units at CPP, Angul. However, the embargo has since been lifted w.e.f. 31st March, 2011.

Project cost has been estimated Rs.2522.46 crore (as per DPR cost estimate based on August, 2009 price level). Due to proposed revision in amperage for 220KA Up-gradation project in smelter and uncertainty in Coal linkage, the projected sum of Rs.1 crore during RE could not be spent.

7. Utkal-E, Coal Mines

Overall expenditure for the project is 16% of BE and 41% of RE 2011-12. Frequent postponement of the State Govt.'s RPDAC meeting for finalisation of land rate for procurement of private land, delay in getting environmental clearance and mining lease approval are major reasons for shortfall in expenditure. The environmental clearance was received in December, 2009, after which only the activities picked up. RPDAC sub-committee in its meeting dated 07/02/2011 has finalized the rate of private land covering 05 villages.

Major activities pending as on the end of 2011-12:

Disbursement of payment among land owners for acquisition of private land in mining lease area.

Transfer of lease deed for Revenue Land in favour of NALCO

Grant of Stage-I & II Forest Clearance

Approval of mine closure plan by M/o Coal, Govt. of India

Construction of approach road linking to State Highway-63

Signing of mining lease deed with State Govt.

Accordingly, a majority of the pending activities are dependent on statutory clearances, which is beyond the control of NALCO. Due to the slow pace of progress, the approved sum of Rs.94.00 crore was reduced to Rs.37.00 crore in the RE stage against which a sum of Rs.15.00 crore could be spent.

8. Wind power plant

The wind farm project has been committed during 2011 and the procurement orders for the project have been placed in June, 2011, at Rs.274.00 crore. Due to delayed receipt of the environmental clearance, the Plan outlay could not be spent during 2011-12. A sum of Rs.22.73 crore could be spent against the projected BE of Rs.200.00 crore. However, works of the plant started picking up during 2012, with a total expenditure of Rs.246.00 crore. The plant was later commissioned in December, 2012.

9. Greenfield Project

In order to add value to the surplus alumina and to diversify into other metal as well as energy sector, the Company has taken up business development initiatives through green field investment. Several alternatives were pursued by the Company and the major ones out of them are as under:

- a.** Joint venture with NPCIL for generation of nuclear power (1400 MW).

- b. Green field aluminium smelter and power plant in Indonesia.
- c. Green field aluminium smelter and power plant in Odisha/Chhattisgarh.
- d. Green field Wind power project.
- e. Green field bauxite mine and alumina refinery in Andhra Pradesh.

Delay in getting approval from Central Govt for JV with NPCIL towards 49% equity participation in Kakrapar, Gujarat for 2X700MW nuclear power project, shelving of Indonesia project due to constraint in long term coal supply agreement and Naxalite activities in Andhra Pradesh are the major reasons for shortfall in expenditure.

10. AMR Projects

AMR project consists of major/minor replacement and modernization of the existing plant machinery which consists of hundreds of small and medium replacements/modernization. Some of the projects such as Bauxite logistic system in Mine, Red mud pond and slurry disposal system in refinery, Alumina storage system in Smelter and Ash pond, Lean slurry system and as pond in CPP showed lesser progress than projected.

A sum of Rs.346.00 crore was projected during BE 2011-12 which was reduced to Rs.300.00 crore during RE against which a sum of Rs.287.00 crore was spent, which is 96% of the RE target.

Comparative Statement showing Plan outlay (BE) for 2012-13, RE 2012-13 and actual expenditure of National Aluminium Company Ltd. (NALCO) is as under:-

Table 2 : Plan Outlay 2012-13

Sl.	Particulars	(Rs. in crore)		
		BE 2012-13	RE 2012-13	Actual 12-13
1	Phase II Expansion	191	90	35.30
2	Up gradation of Alumina Plant	160	95	115.89
3	Pottangi Mine & 5 th Stream	6	2	0.13
4	220KA Up-gradation of Smelter	100	6	0
5	2 x 250 Captive Power Plant	15	1	0
6	Coal Mine – Utkal- E	198	24	17.91
7	Wind Power Plant – I	75	244	246.35
8	Green field projects	1,182	226	153.3
9	Addition/Modifications/ Replacement (AMR)	416	322	309.92
	Total	2,343	1010	878.80

Though the BE was projected as Rs.2343.00 crore for 2012-13, during the RE stage a reassessment of the status was made and the projection was

reduced to Rs.1010.00 crore. Against the RE projection, a sum of Rs.878.80 could be spent. The reasons for shortfall are as follows:-

1. Phase – II Expansion

A sum of Rs.4167.00 crore was spent till 2011-12 against the project cost of Rs.4403.00 crore. For the year 2012-13, the BE projection was Rs.191.00 crore. However, as it was expected that there would be a saving to the extent of Rs.100 crore (approx), the projection was revised to Rs.90.00 crore in the RE stage. However, the actual expenditure was Rs.35.30 crore due to delay in contract closing and subsequent withholding of last 10% of contract value etc.

2. Up- gradation of Alumina Plant

A savings of Rs.65.00 crore was expected in the project, considering the expected completion cost of Rs.344.00 crore against approved cost of Rs.409.00 crore. Accordingly, the Plan outlay was revised to Rs.95.00 crore from the BE projected figure of Rs.160.00 crore. However, the actual expenditure is Rs.115.89 crore which is more than the RE target.

3. Pottangi Mine & 5th Stream Refinery

The recommendation of the Government of Odisha for the mining lease was not received during the expected time, resulting in a slowdown of the projected activities. Accordingly, the Plan outlay was reduced to Rs.2.00 crore (towards preparation of DPR for 5th stream Refinery, which is underway) against the earlier figure of Rs.6.00 crore. No sum is spent against this head as the mining lease is yet to be received and DPR is delayed.

4. 220 KA Up gradation of Smelter

In the 262nd Board meeting held in August, 2012, Board asked to carry out the cost benefit analysis of increasing amperage of pot line 2, 3 and 4 upto 195KA initially and upto 220KA in second stage. The Committee has also to study for higher amperage i.e. 400 KA or above in pot line-I after dismantling the existing set up. All activities pertaining to 220KA program have been kept on hold till the clearance from Board.

The decision for revisiting the earlier proposal with different options of higher amperage pots made the target set in BE un-achievable, hence the Plan outlay was revised to Rs.6.00 crore from the earlier projected figure of Rs.100.00 crore. Pending the review, no expenditure could be incurred.

5. 2 x 250 MW CPP

Considering the review in the Plan for 220KA Up-gradation for pot line as explained above and also simultaneous review for resizing of power plant,

it was felt that the proposed expenditure cannot be achieved. Accordingly, the Plan projection was revised to Rs.1.00 crore from the earlier projected figure of Rs.15.00 crore. Due to pending review, no expenditure could be incurred.

6. Utkal – E Coal Mines

Although the Company has incurred an expenditure of Rs.118.00 crore till end of FY 2012-13, there has been delay in the progress of the project for various reasons as under:

- (a)** The forest clearance for the project is still pending, due to the forest right certificate is yet to be issued by District authorities for the left out land as the Gramsabha could not be held.
- (b)** There has been a hold by the State Govt. vide letter dated 24.02.2012 on land acquisition till finalization of the comprehensive master plan of all the coal blocks in the Talcher region.
- (c)** NALCO is unable to commence any field activity in absence of land possession and forest clearance. Further, the disbursement by State Govt. for acquisition of Pvt. land has not been completed and Govt. land has also not been transferred to the Company.

Notwithstanding the same, NALCO has appointed an agency for the construction of R&R Colony and pursuing with the authorities to enable commencement of the construction activities.

Accordingly, the Plan outlay has been reduced to Rs.24.00 crore for the year. A sum of Rs.17.91 crore could be spent which is 75% of the RE target.

7. Wind power plant - I

The project has been completed and commissioned, the expenditure of Rs. 246.35 crore is above the BE/RE targets during the financial year.

8. Other Greenfield Project

- a.** The major reason of scaling down of the BE provision of Rs.1182.00 crore to Rs.226.00 crore at RE stage is due to deferment of the contribution to JV with NPCIL. It may please be noted that due to regulatory hurdle, the Company could not invest Rs.1000.00 crore projected in the BE 2012-13, in the proposed JV and the sum is deferred to the year 2013-14.
- b.** Provision for the Andhra bauxite project was scaled down as it was not possible to carry out prospect the mine development due to advice of Central Govt. citing tribal sentiments.
- c.** Indonesia smelter and power project also shelved due to constraint in long term coal supply agreement.

- d. Company made provision of Rs.212.00 crore for Wind power plant-II in Jaisalmer, Rajasthan during RE 2012-13, against which only Rs.153.00 crore could be spent.

Against the RE target of Rs.226.00 crore, a sum of Rs.153.30 crore could be spent by the Company primarily towards Wind power plant.

9. AMR Projects:

The Plan outlay was revised to Rs.322.00 crore during RE from earlier projected Rs.416.00 crore in BE, as there was delay in the execution primarily in lean slurry project (Apprx. Rs.182.00 crore) and 4th Ash pond construction (Rs.22.00 crore) on account of environmental clearance issue, local law and order situation, Court intervention, etc.

A sum of Rs.309.92 crore was spent on AMR head during the year which is 96% of the RE target.

The Company takes note of the Committee regarding project implementation. Taking into account, the importance of growth and timely execution of projects, requisite manpower having best of technical expertise have been put in place. Majority of the projects undertaken during the 11th Plan period are either commissioned or nearing to the commissioning.

Further, the projects are being monitored and guided at the highest authority of Ministry and NALCO. The projects under execution, including various modernization programmes, are being closely monitored. Given the stated facts, Company expects to achieve the target set for 2013-14.

Hindustan Copper Limited (HCL): The entire Plan outlay of the Company was funded through internal accruals of the Company and no budgetary support has been sought by the Company. The details of the Plan outlay from the year 2011-12 and 2012-13 are given below:

(Rs.

In Crore)

Particular	2011-12			2012-13			2013-14
	BE	RE	Actual	BE	RE	Actual	BE
Replacement & Renewals	23.00	23.00	26.13	38.00	38.00	19.40	38.00
Mine development	85.00	85.00	95.98	85.00	85.00	185.56	70.00
Mine expansion	189.00	32.82	33.63	208.14	159.99	55.32	570.37
Green field exploration	nil	nil	nil	10.00	10.00	Nil	10.00
Total	297.00	140.82	155.74	341.14	292.99	260.28	688.37

2. During the year 2011-12, there was a shortfall of Rs.141.26 crore in the Plan expenditure. This shortfall was primarily on account of delay in finalization of some of the tender cases on account of litigation. There has been delay in obtaining environment clearance for Malanjkhanda project. As a result, mobilization could not be completed as planned at BE stage resulting in lower capital expenditure in project execution.

3. During 2012-13, the actual utilisation of Plan fund by HCL was Rs.260.28 crore as against Rs.292.99 crore at RE level. The shortfall was due to less expenditure in mine expansion which was mainly on account of delay in receiving environmental clearance and litigation in one project resulting in delay in finalization of Mine Expansion contracts.

4. During the year 2013-14, the Plan outlay of the company is Rs.688.37 crores. The major portion of the Plan expenditure for the year 2013-14 is under the mine expansion projects.

5. The major constraints affecting the mine expansion projects were delay in receiving environmental clearance and litigation in one project resulting in delay in finalization of Mine Expansion contracts. The Company attaches great importance to the speedy implementation of its mine expansion projects. Environment Clearances (EC) are vigorously pursued with the concerned Ministry and Departments. Monthly review of the progress vis-à-vis targets set out for the expansion projects are taken at the level of Corporate Office (CMD and Director, Mining).

6. In regards to EC of Malanjkhanda Underground project, which is a flagship project of the Company, Ministry of Environment & Forests has granted EC vide its letter dated 17.6.2013 and work at site will commence after the approval of the Standing Committee of National Board for Wildlife under the Wildlife (Protection) Act, 1972. Similarly, the litigation of Rakha Mine has been resolved and Letter of Intent (LoI) has been issued to the L-1 party on 02.07.2013.

7. At present, out of eight mine expansion projects, the work at site has commenced in four projects and it is expected that work will commence in three more projects during the year 2013-14.

Science & Technology Programme (S&T): The Ministry provides grants to autonomous bodies under the scheme Science and Technology Programmes. In the financial years 2011-12 and 2012-13, the grants of Rs.3.00 crore and Rs.4.00 crore respectively provided under the scheme which were fully utilized. Efforts are being made to fully utilize the allocated Plan outlay for the year 2013-14.

[Ministry of Mines, O.M. No. 5(1)/2013-IF dated 02.08.2013]

Recommendation Serial No.7

The Committee have been given to understand that IBM Review and Restructuring Committee has proposed human resources development to the tune of additional 933 posts and infrastructure development like creation of new offices, new environmental laboratories, Training Centres etc. The Standing Finance Committee(SFC) note along with Detailed Project Report for implementation of recommendations with financial implications have been prepared for obtaining approval of concerned arms of Government viz. Cabinet, Ministry of Finance and Planning Commission. As restructuring is aimed at maximizing its capabilities in the area of mineral sector, it is imperative that the restructuring proposal is approved at the earliest. Since obtaining approval from different wings of the Government is a very cumbersome and long drawn process, the Committee would like the Ministry to draw up a time frame for the expeditious approval of restructuring proposal of IBM. The Committee would like to be informed of the progress in the matter.

Action Taken

Indian Bureau of Mines (IBM): The recommendations of the Committee have been accepted by Government and the recommendations are in the process of being implemented.

The Committee had made 73 major recommendations for overall restructuring of the IBM including creation of additional 933 posts and infrastructure development like opening of new offices, new environmental laboratories, training centers, etc. Out of 73 major recommendations, 47 recommendations are having financial implications. Therefore, SFC note along with DPR and Cabinet Note for implementation of 47 financial implications recommendations is under consideration of Ministry.

Out of remaining 26 non-financial recommendations, 11 have been implemented and 5 are under consideration of the Ministry. Remaining 10 recommendations, which have no financial implication, will be implemented in the current year 2013-14.

[Ministry of Mines, O.M. No. 5(1)/2013-IF dated 02.08.2013]

Comments of the Committee

(Please see para 10 of Chapter I of the Report)

Investment in Hindustan Copper Ltd.

Recommendation Serial No.8

The Committee note that the BE Plan Outlay of Hindustan Copper Ltd. (HCL) for financial year 2011-12 was proposed as Rs 297.00 crore which was later pruned down at RE to Rs 140.82 crore against which expenditure incurred

was Rs 155.74 crore. The company has revised its plan expenditure for 2012-13 at RE stage to Rs. 292.99 crore from Rs 341.14 crore at BE stage. The plan expenditure has been reduced on account of reduction of expenditure under mine expansion head. Now an increased outlay of Rs. 688.77 crore has been proposed by HCL for the year 2013-14. On a perusal of physical and financial performance of the company during the last three years, the Committee observe that while the ore production was higher during 2012-13 as compared to 2011-12, the metal in-concentrate during 2012-13 at 30000 MT are below the actual of 31683 MT and 31378 MT during 2010-11 and 2011-12 respectively. The production of cathode during 2012-13 at 24000 MT was also much below the actual of 28358 MT during 2011-12. Further, the Committee note that the turnover of the company from Rs. 1638 crore during 2011-12 has declined to Rs. 1411.17 crore during 2012-13 (anticipated). Similarly, profit before tax of the company are expected to be Rs. 344.92 crore during 2012-13 as compared to Rs. 472.92 crore during 2011-12. Delay in start of work of Malanjkhand, Chapri Sidheswar and Rakha mine projects due to delayed environmental clearances from Ministry of Environment & Forests (MoEF) and finalization of tender for Kolihan mine project are the main reasons cited by Ministry of Mines for reduction of plan outlay for 2012-13. Taking note of the low achievement of physical and financial targets by HCL during 2012-13, the Committee desire that corrective measures be taken by Ministry of Mines/HCL to improve the performance of the company to ensure that Plan Outlays of Rs. 688.37 crore including Rs.570.37 crore for mine expansion are fully utilised during 2013-14.

Action Taken

Hindustan Copper Limited (HCL): The details of the plan outlay from the year 2011-12 and 2012-13 are given below:

Particular	2011-12			2012-13			2013-14
	BE	RE	Actual	BE	RE	Actual	BE
Replacement & Renewals	23.00	23.00	26.13	38.00	38.00	19.40	38.00
Mine development	85.00	85.00	95.98	85.00	85.00	185.56	70.00
Mine expansion	189.00	32.82	33.63	208.14	159.99	55.32	570.37
Green field exploration	nil	nil	nil	10.00	10.00	Nil	10.00
Total	297.00	140.82	155.74	341.14	292.99	260.28	688.37

2. During the year 2012-13, Company has achieved turnover of Rs.1457.26 crore, profit before tax is Rs.403.61 crore (121% of target) and profit after tax is Rs.355.64 crore which is highest ever since inception of

the Company. The Company has taken corrective measures to improve the performance of the Company in financial year 2013-14. Physical performance of the Company during the current year has shown increasing trend. During the period April-May'13, Ore production is 100% of the target and is 115% compared to corresponding period of the last year; MIC production is 90% of the target and is 119% compared to corresponding period of the last year.

3. The Company has made a comprehensive Replacement & Renewal (R&R) plan for the year 2013-14 to improve the reliability and availability of the equipment deployed in both underground and open cast mines. An amount of Rs.38.00 crore has been allocated by the Company under Renewal and Replacement head.

4. A planned shutdown of ICC smelter and refinery plant has been undertaken from 1.5.2013 to reline the entire refractory of the furnace and other related works to improve the performance of the smelter & refinery plant.

5. During the year, steps have been taken to improve the availability of the cathode by tolling of cathode of outside agency and purchase of cathode from the market.

6. In regards to mine expansion project, the Ministry of Environment & Forests has granted Environment Clearance for Malanjkhand underground mine project on 17.6.2013 which accounts for 54% of the total outlay for mine expansion.

[Ministry of Mines, O.M. No. 5(1)/2013-IF dated 02.08.2013]

Comments of the Committee

(Please see para 13 of Chapter I of the Report)

Recommendation Serial No.11

The Committee also take note of several diversifications and joint venture projects being undertaken by NALCO like wind power generation Nuclear power plant in joint venture with NPCIL, Alumina Refinery project in Gujarat , Solar Power Plant in Rajasthan, etc. Out of a total Plan Outlays of Rs. 1737 crore for NALCO during 2013-14, Rs. 1140 crore are allocated to these new Greenfield projects being implemented by NALCO with Rs. 206 crore in wind and solar projects and Rs. 894 crore in Nuclear Power Plant. Although, the Committee are not averse to diversification Plan of NALCO, a 'Navratna' company, the Committee have serious doubt of the optimistic plan of NALCO to invest during 2013-14, as there was 'NIL' investment during 2012-13 against the Plan Outlays of Rs. 1182 crore for these projects. Impliedly, these Greenfield projects were not seriously and diligently pursued by NALCO leaving huge outlay unspent, the Committee feel. The Committee would, therefore, like to impress upon the Ministry/NALCO to ensure the utilization of earmarked funds for these Greenfield projects during the

current financial year by taking corrective measures following strict monitoring. The Committee would also like to be apprised of the action plan to utilize the funds allocated for these projects/schemes.

Action Taken

National Aluminium Company Limited (NALCO): A sum of Rs.153.30 crore has been spent during 2012-13 towards identified Green field projects. The actual achievement is 68% of the RE target and 13% of the BE target.

Table 5 : Green field projects during 2012-13

Sl. No.	Schemes	BE 12-13	RE 12-13	Achievement
1	Green Field Project (Rs. crore)	1182	226	153.30

It may please be noted that in the BE projection of Rs.1182.00 crore, a sum of Rs.1000.00 crore was projected by the company towards equity contribution to the JV with NPCIL for company's venture into the Nuclear power sector. During the RE stage, it was understood that due to regulatory hurdle, NALCO, as a JV company, may not be permitted to invest the projected sum in the nuclear power project during the year. Accordingly, the plan projection was scaled down appropriately during the RE stage.

The Ministry and Company has been taken up the matter with the Department of Atomic Energy and PMO to obtain regulatory approval for the proposed investment.

The action plans to achieve the target set for Greenfield projects for 2013-14 is as under:-

(Table 6)

S. No.	Description	Plan outlay 2013-14 (Rs. Crore)	Action plan
1	Smelter & Refinery Project-Gujarat	27	1. Draft DPR received from MECON during April, 2013 for Alumina Refinery Project in Bhuj, Gujarat is under finalisation. 2. Based on a high level meeting held between NALCO & GMDC, NALCO has received a renewed commitment on Bauxite, Jetty and Power required for the Gujarat refinery project from GMDC. 3. A meeting held between NALCO, GMDC, MECON and Adani Port in connection with use of Mundra port for inward and outbound Logistic solutions. 4. Since the investment in Gujarat Refinery is a major investment, the company is scrutinising the details and it is expected

			that upon the finalisation of the DPR the further project activities will roll forward.
2	Nuclear Power Plant in JV with NPCIL	894	<p>1. A JV Company "NPCIL NALCO POWER COMPANY LTD" has been formed in March, 2012. NALCO's Board has already approved the equity contribution to take up establishment of Kakrapar 3&4 nuclear power plant. As per the JV Agreement, NALCO shall hold 49% equity in the JV, which corresponds to Rs 1685 crore.</p> <p>2. As initial investment in JV, NALCO Board in August, 2011 has approved 26% equity contribution amounting to Rs. 894 crore. Payment of this amount to the JV Company is held up as the approval by Govt. of India for contribution by NALCO, is awaited.</p> <p>3. The matter is being pursued with Department of Atomic Energy and PMO. A comprehensive amendment of the Atomic Energy Act, 1962 to facilitate the process for the JV Company is under active consideration of the Govt.</p> <p>4. Meanwhile, the project execution is going on in full swing. No sooner, the approval is accorded, the equity contribution of Rs. 894 crore will be made.</p>
3	Wind Power Plant-II	71	<p>1. Order placed in December, 2012 for Supply, Erection, Commissioning, Operation and Maintenance of 47.6 MW Wind Power Plant-II in Jaisalmer, Rajasthan at an investment of Rs 284 crore.</p> <p>2. Work has commenced at site. Project is likely to be completed by August, 2013. The projected investment target is expected to be achieved.</p>

4	Wind Power Plant –III (Damanjodi)	24	<p>1. The draft DPR report submitted by the consultant, is being examined.</p> <p>2. Power evacuation arrangement /infrastructure and statutory compliances being reviewed.</p> <p>3. The expenditure will materialise after the investment decision is taken.</p>
5	Solar Power Project	111	<p>1. A proposal for Solar Power Plant was registered with Rajasthan Renewable Energy Corporation Ltd (RRECL) and the same was approved by State Level Screening Committee (SLSC), Rajasthan in August, 2012.</p> <p>2. The primary objective for setting up the solar power plant is to fulfill the Renewable Purchase Obligation (RPO).</p> <p>3. As per the judgment of Appellate Tribunal for Electricity in January, 2013, the solar RPO of NALCO can be compensated by the surplus cogeneration power produced at Damanjodi after meeting its RPO with regard to cogeneration. In this scenario the requirement of the project is being reviewed.</p>
6	Other misc projects	13	The sum of Rs. 13 crore was proposed by the company for preparation of DPR, site selection and other pre-project activities.
	Total	1140	

The sum will be spent, as the project team is working seamlessly to achieve the target set for the Greenfield projects for the year 2013-14.

[Ministry of Mines, O.M. No. 5(1)/2013-IF dated 02.08.2013]

Comments of the Committee

(Please see paras 23 & 24 of Chapter I of the Report)

CHAPTER – V
OBSERVATIONS/RECOMMENDATION IN RESPECT OF WHICH FINAL
REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Annual Plan 2013-14 and Gross Budgetary Support

Recommendation Serial No.2

The committee observe that against the proposed Annual Plan of Rs. 3408.85 crore (IEBR component of Rs. 2452.12 crore and Rs. 956.73 crore of GBS) for the year 2013-14 of the Ministry of Mines, the Planning Commission has approved the Annual Outlays of Rs. 2919.12 crore (Rs. 2452.12 crore as IEBR and Rs. 467.00 crore of GBS). The Ministry of Mines have informed the Committee that Hon'ble Minister of Mines has requested Deputy Chairman, Planning Commission for XIIth Five Year Plan GBS enhancement keeping in view the mandated responsibilities of the Ministry. Further, Member Secretary, Planning Commission has also been requested for XIIth Five year Plan GBS enhancement atleast to the extent of Rs. 3365 crore. As the 6th installment of Ocean going Research Vessel (ORGV) is due in July, 2013, the Committee are hardly convinced of the reduction suggested by Planning Commission in the Annual Plan 2013-14 of the Ministry whereby GBS of only Rs. 467 crore was approved. The Committee, therefore, strongly feel that there should be higher allocation as payment of the 5th installment of Rs.131.00 crore & partial payment of 6th installment (balance available after deducting Rs.131 crore from Rs.213 crore) of OGRV were to be made by GSI. They, therefore, recommend the Ministry to again take up the matter with Planning Commission and Ministry of Finance for a realistic higher allocation for the Annual Plan, 2013-14.

Action Taken

Geological Survey of India (GSI): During FY 2013-14, GSI has proposed Rs.681.45 crore + Rs.110.00 crore for outsourcing projects under NGCM and NGPM under Plan head. The total Plan fund proposed by GSI including the Outsourcing Project of GSI amount to Rs.791.45 crores. However, an amount of Rs.392.00 crore has been granted as Ceiling of Plan Outlay to GSI. Out of Rs.392.00 crore, Rs.213.00 crore is earmarked under M&E head for ship payment and remaining Rs.179.00 crore [(Rs.392.00 crore – Rs.213.00 crore (ship) = Rs.179.00 crore] is available as Plan Outlay [GSI (Non NER – Rs.161.10 crore and NER-Rs.17.90 crore)]. The 5th Instalment of Ocean Going Research Vessel (OGRV), of Rs.128.06 crore has already been paid to M/S HHI, South Korea on 12th April, 2013. Therefore, Rs.85.00 crore [Rs.213.00 crore – Rs.128.00 crore = Rs.85.00 crore] is available under M&E Head from the existing allocated budget of GSI. The 6th and Final Instalment payment as per mutual agreement is to be made in two phases. The proposal has been accepted by M/s HHI without prejudice vide letter no.CEGO-07-02 dated 23.07.2013. Accordingly M/s HHI have raised an invoice amounting to USD 13,709,600 (Rs.85.00 crore @ Rs.62.00 for 1 USD) as the first phase payment at new milestone i.e. 'Conduct of Sea trial'. The further processing of first phase payment is in progress in order to make the payment on or before 3rd August, 2013 as per the terms and conditions of the Addendum signed by DG, GSI on 23.07.2013. The payment of the first phase can be made from the existing fund of GSI. As per the new terms and conditions of the Addendum GSI has to pay the remaining balance as delivery installment amounting to USD 15,632,900 (Rs.96.92 crore in the way described in the Contract well before 16th September, 2013. Additionally another Rs.6.00 crore shall be required to be paid as consultancy charges to both the Indian (M/S Shipping

Corporation of India) and foreign consultant (M/S Wartsila Ship Design, Norway). Thus, the total amount required for OGRV payment would be about Rs.103.00 crore. GSI appeals to the Ministry and the Parliamentary Standing Committee for the additional funds so that delivery of the OGRV R.V. Samudra Ratnakar can be affected in time and GSI is able to keep its international commitment. Regarding Geotechnical Vessel, EFC document followed by revised cost estimate have been submitted to Ministry. While this would be finalized, further fund will be required.

The Ministry is taking up the matter with the Ministry of Finance as well as the Planning Commission at supplementary stages for higher allocation for the Annual Plan 2013-14.

[Ministry of Mines, O.M. No. 5(1)/2013-IF dated 02.08.2013]

Gross Budgetary Support during XII Five Year Plan

Recommendation Serial No.4

The Committee note that the Gross Budgetary Support (GBS) of the Ministry of Mines is Rs. 2332.00 crore for XIIth Five year Plan which is hardly 50% of the proposed outlay of Rs. 4923.57 crore. The Committee feel that resultantly, the implementation of various schemes implemented by attached Subordinate office of Ministry of Mines would either suffer or stagger. In both the eventualities, the ultimate sufferer will be the developmental process of mineral sector. The Committee further note that keeping in line with the order of Apex Court and Report of Shah Commission on illegal mining, IBM has to develop a robust national mineral information system to curb the illegal mining activities. The project on Mining Tenement System (MTS) to enable grant of mineral concession speedily thereby eliminating inordinate delays have to be vigorously pursued. Since IBM Restructuring Committee Report and Detailed Project Report (DPR) for MTS has also been approved, the Committee feel that it is necessary that more funds are allocated to IBM during the XIIth Five Year Plan. The Committee further note that for developing deep sea mineral exploration capabilities, GSI with Cabinet approval has placed the order of acquisition of Ocean Going Research Vessel (OGRV) for which initial payments have been paid in the XIth Plan and the remaining major portion is required to be paid during XIIth Plan. The Committee strongly differ with the point put forward to them that the scope for providing additional resources in the course of Plan period will be considered and reviewed by Planning Commission at the time of Mid-term Review depending upon overall resources availability. The Committee feel that reduced budgetary support to the two organizations at this juncture, is bound to jeopardize the development of mineral sector in the country. The Committee, therefore, desire that sincere efforts should be made by the Ministry for getting allocation of additional funds at the supplementary/Revised Estimates stage and Planning Commission and Ministry of Finance be pursued to increase GBS to the IBM and GSI during 2013-14 and the XIIth Plan Period. The committee would like to be apprised of the outcome of the initiatives taken by the Ministry in this regard.

Action Taken

Geological Survey of India (GSI): The GSI had proposed a budget of Rs.4596.00 crore for the XII Plan but the Planning Commission has allotted Rs.2004.42 crore as the total budget of GSI for the XII Plan period. Accordingly the scheme-wise, component-wise and year-wise proposed Physical Targets as well as scheme-wise and year-wise proposed financial targets for the XII Plan by GSI are presented below:-

Scheme-wise, Component-wise and Year-wise Physical Targets[#] of GSI as per the XII PLAN Allocation

Schemes	2012-13	2013-14	2014-15	2015-16	2016-17	Total
I. Survey & Mapping						
Systematic Geological Mapping	800	800	800	800	1000	4200 sq. km.
Specialised Thematic Studies (in sq km) (1:25k)	16850	17750	16700	16850	11850	80,000 sq.km.
Geochemical Mapping(1:50k)	52500	51000	60000	60000	60000	2,83,500 sq.km.
Geophysical Mapping (in sq km) (1:50k)	28250	40000	51000	52000	52000	2,23,250 sq.km.
Multisensor Survey (in l km)	20000	25000	25000	25000	25000	1,20,000 lkm
Heliborne Surveys(in sq km)	5000	10000	10000	10000	10000	45000 sq.km.
II. Mineral Exploration (Non Coal minerals)						
Large Scale Mapping (1: 10,000 to 1:12,500) (in sq.km)	2500	3500	4000	4000	4000	18000 sq.km.
Detailed Mapping (in sq.km.)	40	40	40	40	40	200 sq.km.
Drilling (m.)	25000	25000	30000	35000	35000	150000 m
II. Mineral Exploration (Coal & Lignite)						
Large Scale Mapping (1: 10,000 to 1:12,500) (in sq.km)	80	83	100	100	100	463 sq.km
Drilling (m)	42000	45000	45000	45000	45000	2,22,000 m
III. Information Disseminations	30	30	40	50	50	200 items
IV. Special Investigation (including Antarctica items)	85	85	90	92	98	450 items
Research & Development	35	30	55	60	60	240 items
VI. Human Resources Development (No. of Courses)	70	75	75	65	65	350
VII. Modernisation & Replacement	Physical target amounting to a total of Rs.596.00 crore					
VIII. Tribal Area Sub-Plan	Welfare service amounting to a total of Rs.54.76 crore.					

[#] Actual target will be fixed depending upon the availability of the fund/grant.

Scheme-wise and Year-wise Financial Targets of GSI as per the XII PLAN Allocation

(Rs. in Crore)

	SCHEMES	2012-13	2013-14		2014-15	2015-16	2016-17	Total
		Actual Exp	Grant	Proposed	Projected	Projected	Projected	
1	Survey & Mapping	49.50	71.15	25.00	134.64	155.00	164.00	599.29
2	Mineral Exploration	25.16	26.25	3.00	40.49	65.00	87.00	246.90
3	Spl. Investigation & Antarctica Expd.	7.69	8.03		8.31	8.50	9.00	41.53
4	Research & Development	8.36	8.00	3.00	12.72	14.00	16.00	62.08
5	Information Dissemination	15.27	16.00	19.25	110.00	38.00	40.00	238.52
6	Human Resource Development	5.62	6.10		7.62	8.00	10.00	37.34
7	Modernisation & Replacement	152.48	249.31	103.52	30.20	30.01	30.48	596.00
8	Tribal Area sub Plan (TSP)	7.51	7.16		12.00	13.00	15.09	54.76
	Total	271.59	392.00	153.77	355.98	331.51	371.57	1876.42
	Construction Budget of GSI							128.00
	GRAND TOTAL							2004.42

This curtailment of Plan fund will put an immense impact on the activities of GSI. As a result the following procurement and outsourced items may not materialise during XII Plan though these are very important for the country

A. Impact on Operation

- (i) Regional Mineral Exploration: Less area will be covered including drilling
- (ii) Aerial Surveys both TOASS and Heliborne
- (iii) Outsourcing Items on
 - (a) National Geochemical Mapping (3,00,000 sq km area),
 - (b) National Geophysical Mapping (5,00,000 sq km area)
 - (c) National Aeromagnetic Mapping Programme

B. Impact on Modernization Programme of GSI

- (a) Geotechnical Vessel
- (b) Two Coastal Launches
- (c) Fixed Wing Aircraft with Time domain System
- (d) Some of the important Lab and Drilling items

C. Impact on Part of the Construction programme of GSI

GSI had proposed Rs.263.00 crore in the XII Plan for its Construction Projects (total 23 nos). However, due to curtailment of the Construction Budget from Rs.263.00 crore to Rs.128.00 crore only, the first four of the projects (shown in bold letters) mentioned below could be taken up and the rest have been kept in abeyance.

Projected construction work of GSI during XII Plan period (2012-17)

- 1. GSI, TI Complex at Bandladuga, Hyderabad**
- 2. Phase-II 'Lab Complex', Chemical Lab building, including Conference Hall, at RSAS, Vasudha Bhavan, GSI Complex at Bangalore.**
- 3. Office-cum-Lab. Complex for GSI at Shillong.**
- 4. Office Building including development of site and bulk services for GSI at Guindy, Chennai.**
- 5. Museum at Siwalik Fossil Park, Saketi, H. P.
- 6. Purchase of Land / Building for office at Guwahati.
- 7. Purchase of Land for office of OP: Jharkhand at Ranchi (ER)
- 8. Construction of Office at Gangtok for project Sikkim
- 9. Purchase of Land for office building for Op: Uttarakhand, State Unit at Dehradun.
- 10. Construction of compound wall beside the GSI Quarter, Hyderabad.
- 11. Purchase of land at Port Blair & Construction of the camp office
- 12. Residential Quarters at Lucknow
- 13. Residential Quarters and Hostel for trainees at Raipur, TI
- 14. Residential Complex for Op Jharkhand at Ranchi (ER)
- 15. Residential Quarters for Op: Uttarakhand at Dehradun
- 16. Purchase of Land for construction of Residential Quarters for Marine Wing Officers & Staff at Visakhapatnam

17. Construction of Residential Quarters for, Marine Wing Officers & Staff at Visakhapatnam.
18. Residential Quarters for Officers and staff at Trivandrum
19. Purchase of land for FTC of GSITI at Baula Mines, Orissa.
20. Repair and renovation of GSI Office at Transport Nagar, Jammu.
19. Miscellaneous small projects
20. Minor Works in Six Regions and Chq of GSI.
21. Requirements for Green Rating for Integrated Habitat Assessment (GRIHA – 3 Star) for GSI Complexes as per the Ministry of New and Renewable Energy Guidelines
22. To arrange provisions as per the guidelines of Ministry of Social Justice and Empowerment regarding United Nations Convention of the Rights of Persons with Disabilities (UNCRPD) with regard to making all GSI buildings accessible.
23. To provide retrofitting towards making All GSI buildings Earthquake resistant structures.

T O T A L Rs.263.00 crore

Indian Bureau of Mines (IBM): While proposing the XII Plan budgetary allocation, IBM had followed the guidelines of the Planning Commission to consider the 5%, 10% and 15% increase as compared to the previous plan period to have three scenarios of fund requirement and accordingly submitted the proposals in November 2011. IBM had proposed fund requirement of Rs.198.53 crore plus Rs.30.00 crore for construction, which has been allocated.

It may be noted that while preparing XII Plan budgetary requirements, the Report of the Committee for Review and Restructuring of the functions and role of IBM and actual Project cost of Mining Tenement System were not taken into consideration.

A SFC proposal requesting for enhanced allotment of funds for Mining Tenement System and according "in-principle" approval thereto has been submitted to Planning Commission. Another SFC proposal alongwith DPR and Cabinet Note for implementation of 47 recommendations, which have financial implications in relation to implementation of the recommendations of the Committee for Review and Restructuring of the functions and role of IBM is under consideration for obtaining "in-principle" approval from the Planning Commission. Hence, the Gross Budgetary Support (GBS) allocation of Rs.198.53 crores is not sufficient because of the following subsequent reasons:-

S. No	Reason	Requirements During	
		XII Plan	Annual Plan 2013-
.			

			14
1.	The report of the "Committee for Review and Restructuring of the functions and role of IBM" was submitted to the Government in May 2012. The Ministry has communicated IBM vide letter No.31/72/2009-M.III dated 10 th September, 2012 that the recommendations of the Committee have been accepted and directed to start the implementations of recommendations.	For part implementation of the recommendations, Rs.38.97 crore is required during XII Plan.	During 2013-14, Rs.4.85 crore is required for creation of posts and opening of new offices.
2.	The DPR for the Scheme "Computerised on-line Register of Mining Tenement System" was not finalised. During the meeting of the Core Committee held on 31.10.2012 under the Chairmanship of Secretary (Mines), the DPR for the project prepared by Consultant M/s Ernst & Young Pvt. Ltd was approved.	As against the proposal of Rs.5.53 crore as indicated in the XII Plan Document, the Project cost is Rs.96.40 crore as per approved DPR. Cost of the project as per the DPR is estimated as Rs.96.41crore as against Rs.21.03 crore estimated earlier. The modified scope of the project after DPR included many new modules, viz. Registration, Concession Management, Mining Plan/Scheme Of Mining, Approval, Mining Inspection, Revision Application, Mine Closure and Royalty Payment Services, etc. These being totally new modules, the cost of the project enhanced from Rs.21.03 crore to Rs.96.41 crore. A proposal along with copy of SFC was sent to Planning Commission for obtaining the in principle of the Project as the cost of the Project has increased with addition of new modules.	As per approved DPR, requirement for 2013-14 is Rs.20.62 crore

Therefore considering these aspects the revised plan budgetary requirement of IBM during the XII Plan period is Rs.367.84 crore + Rs.30.00

crore for construction and for Annual Plan 2013-14 is Rs.61.61 crore + Rs.5.00 crore for construction.

Ministry of Mines:- The Ministry has already taken up the matter with the Planning Commission for XII Five year Plan Allocation. Also, Ministry is taking up the matter with Ministry of Finance and Planning Commission to enhance the Annual Plan 2013-14 allocation. The matter will be reiterated during supplementaries/Revised Estimates.

[Ministry of Mines, O.M. No. 5(1)/2013-IF dated 02.08.2013]

Geological Survey of India(GSI)

Recommendation Serial No.5

The Committee are concerned to note that GSI has not been allocated sufficient funds to support its ongoing schemes/projects during 2013-14. The Committee have been given to understand that Rs. 266.04 crore will be the requirement of additional funds by GSI during 2013-14 against the allocated funds of Rs. 392 crore. What have shocked the Committee is that against an allocation of Rs. 71.15 crore for Survey and Mapping, GSI will require additional Rs. 53.10 crore during the year 2013-14. Similarly, for Information Dissemination and Modernization and Replacement Programme, additional amount of Rs. 53 crore and Rs. 145.28 crore has already been projected by Ministry of Mines/GSI against the approved outlays of Rs. 16.00 crore and Rs. 249.31 crore respectively. In view of the perspective plan on National Geophysical and National Geochemical Mapping based on the recommendation of Chawla Committee and McKinsey Report to complete the total committed area of 8.13 lakh sq km with an estimated expenditure of Rs.160 crore (Rs.20 crore for GSI Expenditure and Rs. 140 crore for outsourcing) and 8.13 lakh sq km with an estimated expenditure of 600 crore (Rs.158 crore for GSI Expenditure and Rs. 442 crore for outsourcing) respectively, the Committee are dismayed to note that out of total fund outlay of Rs.160 crore for National Geophysical Mapping (NGPM) during XIIth Plan period, only Rs. 30 crore has been allocated to this sub-head and out of total fund outlay of 600 crore for National Geochemical Mapping (NGCM) during XIIth Plan period, only a total of Rs. 155 crore has been allocated under this sub-head. The Committee further observe that with the present allocated funds for NGPM and NGCM programme, the GSI would cover the envisaged target of 2,23,250 and 2,83,500 sq. km. respectively only and there is no scope for taking any optimistic decision on carrying out the two programmes by outsourcing or by service contracts as envisaged in the original purpose for the XIIth Plan. The Committee, therefore, recommend the Ministry that the matter of inadequate funding for various schemes including Survey and Mapping, Modernization & Replacement, National Geophysical and National Geochemical Mapping be immediately taken up with Ministry of Finance and ensure timely and adequate funding so that XIIth Plan targets are accomplished.

Action Taken

Geological Survey of India(GSI): Reply already stated under Question No.4 above. Additional information is given below:

The break up of the fund allocation:

Scheme-wise and Component-wise Financial Targets of GSI as per XII Plan Allocation

(Rs in crore)

		SCHEME / COMPONENTS	Plan Outlay
I		SURVEY & MAPPING	
	a)	Geological Mapping (SGM & STM)	10.00
	b)	National Geochemical Mapping	155.00
	c)	National Geophysical Mapping	30.00
	d)	Multisensor Geophysical Survey (Heliborne & TOASS)	40.00
	e)	Marine & Coastal Survey	280.00
	f)	Geomorphological & Lineament Mapping	2.00
	g)	Hyperspectral Mapping	10.00
	h)	National Geophysical Data Repository	10.00
		Overhead Expenditure	62.29
		Total	599.29
II		MINERAL EXPLORATION	
	(a)	Energy & Non Energy	180.00
	(b)	National Drill Core Data Repository	5.00
		Overhead Expenditure	61.90
		Total	246.90
III		INFORMATION DISSEMINATION	
	(a)	Procurement and Maintenance of Soft and Hardware, OCBIS, Publication, Map Compilation & Printing	200.00
		Overhead Expenditure	38.52
		Total	238.52
IV		RESEARCH AND DEVELOPMENT	
	(a)	Fundamental Research , Centre of Excellence etc.	45.42
		Overhead Expenditure	16.66
		Total	62.08
V		SPECIAL INVESTIGATION & POLAR STUDIES	
	(a)	Eng. Geology, Landslide, Earthquake, Environmental, Glaciology & Polar Studies	35.00
		Overhead Expenditure	6.53
		Total	41.53
VI		HUMAN RESOURCE DEVELOPMENT	
	(a)	Training and Capacity Building, Centre of Excellence etc.	25.00

		Overhead Expenditure	12.34
		Total	37.34
VII		MODERNISATION & REPLACEMENT	
		Acquisition of Ocean Going Research Vessel, Lab and Drilling Equipment etc.	596.00
VIII		TRIBAL AREAS SUB-PLANS	54.76
		TOTAL	1876.42
		Construction Budget of GSI	128.00
		GRAND TOTAL	2004.42

Annual Plan of GSI for FY 2013-14

During FY 2013-14, GSI has proposed Rs.681.45 crore + Rs.110.00 crore for outsourcing projects under NGCM and NGPM under Plan head. The total Plan fund proposed by GSI, including the Outsourcing Project of GSI, amount to Rs.791.45 crore. However, an amount of Rs.392.00 crore has been granted as Plan Outlay to GSI. Out of Rs.392.00 crore, Rs.213.00 crore is earmarked under M&E head for ship payment and remaining Rs.179.00 crore [(Rs.392.00 crore – Rs.213.00 crore (ship) = Rs.179.00 crore] is available as Plan Outlay [GSI (Non NER – Rs.161.10 crore and NER-Rs.17.90 crore].

The present allocation will put an impact on payment of pending bills to Shipping Corporation of India (SCI), regular maintenance of existing vessel, maintenance of new Research Vessel, maintenance of aircraft and heliborne system, outsourcing and maintenance of field vehicle, preparation of geochemical samples (NGCM) etc. Hence, an additional amount of Rs.25.00 crore is required under Survey & Mapping head. Likewise, under Mineral Exploration Head an additional amount of Rs.3.00 crore is required for outsourcing of 10,000m drilling. The OCBIS (Phase III Portal development) is yet to be approved by the Govt., hence it is not proposed, however, under IT head Rs.18.75 crore is further required for augmentation of IT equipment and network system as an infrastructural development before implementation of OCBIS. Moreover, the present LAN (Local Area Network) equipments and video conferencing were installed in the year 2004 and have already reached to the end-of-life and end-of-support and for upgradation of unsupported OS (Operating System) and homogenization of platform for upcoming IPv6 and OCBIS. Fund flow is the most essential factor to cater to the emergent needs of the time bound programmes of GSI. The proposal in this regard is already sent to the Ministry. Further Rs.0.50 crore shall be required under O.A.E. head of Information Dissemination scheme for procurement of journals and books as well as for establishment of e-library soft copy conversion etc. The Supply and Material Head under Research & Development is mainly used for procurement of gadgets, chemical reagents laboratory materials etc. Under the Other Charges head of the same scheme important AMC's of sophisticated laboratory equipments are carried out. An

amount of Rs.2.00 crore has been proposed under Supply and Materials head and another Rs.1.00 crore has been proposed under 'OC' Head to carry out these works. Rs.0.52 crore have been proposed under Modernization & Replacement Scheme under Minor Works head for maintenance of Geological Galleries and re-construction of Earth Meteorite Gallery in Indian Museum, Kolkata. Indian Museum is going to celebrate 200 years in 2014 in which a modern Earth & Meteorite Gallery with a Gems Stone Section will be set up by GSI in Indian Museum, Kolkata. Indian Museum will provide 50% expenditure (Rs.0.52 crore) of total cost (Rs.1.04 crore) towards above set up and corresponding 50% will be supported by GSI (Rs.0.52 crores) as per decision taken up in course of several meetings between GSI and Indian Museum. Thus, an additional amount of Rs.0.52 crore has been proposed. The proposal for supplementary demand for grants in this regard is being processed for submission to the Ministry of Finance.

The outsourcing projects under NGCM and NGPM could not be taken up with the present allocation until and unless the projected (both in XII Plan Document of GSI and Annual Plan document of FY 2013-14) fund Rs110 crore is allocated during FY 2013-14.

Hence, for smooth functioning of the various activities projected in XII Plan as well as in Annual Plan FY 2013-14, apart from the presently allocated Plan budget of Rs.392.00 crore, an additional amount of Rs.153.77 crore [Rs.103.00 crore for OGRV - committed under M&E head + Rs.0.52 crore under Minor Works Head + Rs.25.00 crore under OC, Survey & Mapping + Rs.3.00 crore under OC, Mineral Exploration - committed + Rs.18.75 crore under IT (OE) + Rs.0.50 crore under O.A.E. head - committed + Rs.3.00 crore under R&D Supply and Materials & OC head is proposed. The Ministry of Finance will be approached for further financial support at later stage depending upon the progress of operational activities of GSI.

[Ministry of Mines, O.M. No. 5(1)/2013-IF dated 02.08.2013]

NEW DELHI;

___ December, 2013

___ Agrahayana, 1935 (Saka)

KALYAN BANERJEE

Chairman

Standing Committee on Coal and Steel

ANNEXURE- II

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND
STEEL HELD ON 10 DECEMBER, 2013 IN COMMITTEE ROOM 'E',
PARLIAMENT HOUSE ANNEXE, NEW DELHI.**

The Committee sat from 1530 hrs. to 1600 hrs.

PRESENT

Shri Kalyan Banerjee - Chairman

LOK SABHA

2. Shri Hansraj G. Ahir
3. Shri Ganeshrao Nagorao Dudhgaonkar
4. Shri Vishwa Mohan Kumar
5. Shri Yashbant N.S. Laguri
6. Shri Pakauri Lal
7. Shri K.R.G. Reddy
8. Shri Pashupati Nath Singh

RAJYA SABHA

9. Shri Ali Anwar Ansari
10. Shri T. Rathinavel
11. Shri Sanjay Raut

SECRETARIAT

1. Shri Arvind Sharma - Deputy Secretary

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

3. The Committee thereafter took up for consideration the following Draft Action Taken Reports:-

- | | | | | |
|-------|----|----|----|----|
| (i) | ** | ** | ** | ** |
| (ii) | ** | ** | ** | ** |
| (iii) | ** | ** | ** | ** |

- | | | | | |
|------|---|----|----|----|
| (iv) | ** | ** | ** | ** |
| (v) | Draft Action Taken Report on “Demands for Grants (2013-14)” relating to the Ministry of Mines | | | |
| (vi) | ** | ** | ** | ** |
4. The Committee adopted the Reports without any changes/modifications. The Committee then authorized the Chairman to finalise the Reports on the basis of factual verification from the concerned Ministry and present the same to both the Houses of Parliament.

The Committee then adjourned.

**Do not pertain to this Report.

ANNEXURE- III

(Vide Para IV of Introduction)

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THE THIRTY-FOURTH REPORT
OF THE STANDING COMMITTEE ON COAL AND STEEL**

I.	Total No. of Recommendations made	12
II.	Recommendations that have been accepted by the Government (<i>vide</i> recommendation at Sl. Nos. 3, 6, 9, 10 and 12)	05
	Percentage of total	42%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies(<i>vide</i> Recommendation at Sl. No. Nil)	00
	Percentage of total	0%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee (<i>vide</i> recommendation at Sl. Nos. 1, 7, 8 and 11)	04
	Percentage of total	33%
V.	Recommendations in respect of which final replies of the Government are still awaited (<i>vide</i> recommendation at Sl. Nos. 2, 4 and 5)	03
	Percentage of total	25%