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STANDING COMMITTEE ON
COAL AND STEEL
(2015-2016)
SIXTEENTH LOK SABHA

MINISTRY OF MINES

DEMANDS FOR GRANTS
(2016-17)

NINETEENTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI
MAY, 2016/VAISAKHA, 1938 (SAKA)

EIGHTH REPORT

STANDING COMMITTEE ON
COAL AND STEEL
(2015-16)

SIXTEENTH LOK SABHA

MINISTRY OF MINES

DEMANDS FOR GRANTS
(2016-17)



Presented to Lok Sabha on 02.05.2016
Laid in Rajya Sabha on 02.05.2016

LOK SABHA SECRETARIAT
NEW DELHI
MAY, 2016/ VAISAKHA, 1938 (SAKA)

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(i)

**COMPOSITION OF THE STANDING COMMITTEE ON
COAL AND STEEL(2015-16)**

Shri Rakesh Singh - Chairperson

Name of the Member

Lok Sabha

2. Shri A Arunmozhithevan
3. Shri Kalyan Banerjee
4. Shrimati Jyoti Dhurve
5. Shri Godam Nagesh
6. Shri Faggan Singh Kulaste
7. Shri Shailesh Kumar
8. Dr. Banshilal Mahato
9. Shri Devji Mansingram Patel
10. Shrimati Riti Pathak
11. Shrimati Ranjit Ranjan
12. Dr. Ravindra Kumar Ray
13. Shri Neiphiu Rio
14. Shri Tamradhwaj Sahu
15. Shri Tathagata Satpathy
16. Shri Janardan Singh "Sigriwal"
17. Shri Pashupati Nath Singh
18. Shri Rama Kishore Singh
19. Shri Sunil Kumar Singh
20. Shri Sushil Kumar Singh
21. Shri Krupal Balaji Tumane

Rajya Sabha

22. Shri M.J. Akbar
23. Shri Ali Anwar Ansari
24. Dr. Pradeep Kumar Balmuchu
25. Shri Md. Nadimul Haque
26. Shri B.K Hariprasad
27. Dr. Satyanarayan Jatiya
28. Shri Jugul Kishore
29. Shri Avinash Pande
30. Shri Sanjay Raut
31. Shri Dilip Kumar Tirkey

(ii)

SECRETARIAT

- | | | | |
|----|-------------------------|---|---------------------|
| 1. | Shri U.B.S. Negi | - | Joint Secretary |
| 2. | Shri Ajay Kumar Garg | - | Director |
| 3. | Shri Shri Arvind Sharma | - | Additional Director |
| 4. | Smt. Madhu Tandon | - | Sr. Committee |
- Assistant

(iii)

INTRODUCTION

I, the Chairperson, Standing Committee on Coal and Steel having been authorized by the Committee to present the Report on their behalf, present this Nineteenth Report (Sixteenth Lok Sabha) on Demands for Grants (2016-17) relating to the Ministry of Mines.

2. The Demands for Grants of the Ministry of Mines were laid on the Table of the House on 16.03.2016. Under rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Coal and Steel are required to consider the Demands for Grants of Ministries under their jurisdiction and make Report on the same to both the Houses of Parliament.

3. The Committee took evidence of the representatives of the Ministry of Mines on 28th March, 2016.

4. The Report was considered and adopted by the Committee at their sitting held on 28.04.2016.

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

6. The Committee place on record their profound appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

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

**NEW DELHI;
28 April, 2016
08 Vaisakha, 1938 (Saka)**

**RAKESH SINGH
Chairperson,
Standing Committee on Coal and Steel**

(iv)

REPORT
PART-I
CHAPTER-I
INTRODUCTORY

Minerals are valuable natural resources. They constitute the vital raw materials for many basic industries and are a major resource for development. The history of mineral extraction in India dates back to the days of the Harappan civilization. The wide availability of the minerals provides a base for the growth and development of the mining sector in India.

1.2 The country is endowed with huge resources of many metallic and non-metallic minerals. Mining sector is an important segment of the Indian economy. Since Independence, there has been a pronounced growth in the mineral production both in terms of quantity and value. India produces as many as 89 minerals, which includes 4 fuel, 11 metallic, 49 non-metallic, 3 atomic and 22 minor minerals (including building and other materials).

1.3 The Ministry of Mines is responsible for survey and exploration and mining of all minerals, other than natural gas, petroleum, atomic minerals and coal; In the case of atomic minerals and coal, activities of the Ministry are limited to regional exploration. The Ministry is responsible for the administration of the Mines and Minerals (Development & Regulation) Act, 1957, (67 of 1957) and rules made there under in respect of all mines and minerals other than coal, natural gas and petroleum. The Ministry also administers the offshore Areas Mineral (Development & Regulation) Act, 2002 and rules made there under. A list of subjects allocated to the Ministry of Mines, attached office, subordinate office, Public Sector Undertakings and Autonomous Bodies under the administrative control of the Ministry is given below:-

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

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

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

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

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

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

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

1.7 In addition to the above, there is one registered Society, namely, the Non-ferrous Materials Technology Development Centre(NFTDC), Hyderabad which is a non-grant institution within the administrative purview of the Ministry of Mines.

1.8 The detailed Demands for Grants of the Ministry of Mines were presented to Lok Sabha on 16.03.2016. In the succeeding chapters, the Committee have analyzed the detailed Demands for Grants of the Ministry of Mines for the year 2016-17, utilization of Plan Outlays of attached/subordinate offices and Public Sector Undertakings under the administrative control of the Ministry during 2015-16, etc.

CHAPTER-II

ANALYSIS OF DEMANDS FOR GRANTS (2016-17)

The Ministry of Mines presented the detailed Demands for Grants No. 59 for the year 2016-17 to the Lok Sabha. The Demand includes provision for Plan and Non-Plan expenditure under Revenue and Capital Sections for the Ministry, its attached/subordinate offices and Public Sector Undertakings under its administrative control.

2.2 The total allocation for Demand for Grants for the year 2016-17 of Ministry of Mines is Rs.1213.49 crore consisting of Rs.570 crore under plan and Rs.643.49 crore under non-plan. This plan allocation is for different schemes of the Ministry of Mines being implemented by Geological Survey of India (GSI), Indian Bureau of Mines (IBM), Mineral Exploration Corporation Ltd. (MECL) and Science & Technology (S&T) programmes /other programmes. Similarly, the non-plan provision is for Secretariat proper, GSI, IBM, Bharat Gold Mines Ltd. (BGML) and autonomous bodies. The plan provision is almost the same as the allocation for the year 2014-15, 2015-16 whereas the non-plan has increased by 13% in the year 2016-17 as compared to year 2015-16. The major increase in the non-plan has been due to salaries and other nominal increases. The financial requirements for 2016-17 are given at **Annexure – I**

Summary of Demands for Grants

(Rs. crore)

Sl. No.	Name of the Organisation	2014-15		2015-16		2016-17	
		Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
1	Secretariat (Proper)	0.00	20.00	0.00	26.00	0.00	26.00
2	Geological Survey of India	483.70	455.92	462.58	489.45	480.00	547.44
3	Indian Bureau of Mines	53.00	53.52	53.00	54.83	47.23	54.00
4	Grants to MECL	10.00	0.00	40.00	0.00	29.15	0.00
5	Bharat Gold Mines Limited- Grants	0.00	1.50	0.00	2.70	0.00	3.00

6	S&T Programme/Other Programme (6.1 to 6.6)	20.30	6.32	15.00	12.15	13.62	13.05
6.1	NIRM	5.05	1.11	2.35	5.00	1.39	5.50
6.2	NIMH	1.25	1.60	0.75	1.80	0.24	1.50
6.3	JNARDDC	7.40	2.76	4.60	4.40	3.99	5.00
6.4	IC	0.00	0.25	0.00	0.30	0.00	0.30
6.5	NMA	0.00	0.60	0.00	0.65	0.00	0.75
6.6	Other Research Programme	6.60	0.00	7.30	0.00	8.00	0.00
	Total	567.00	537.26	570.58	585.13	570.00	643.49

2.3 An amount of Rs.570.58 crore was allocated under Plan and Rs.585.13 crore in BE under Non-plan for 2015-16 totaling to Rs.1155.71 crore. Against this, the RE was reduced to Rs. 437.12 crore under Plan and Rs.560.49 crore in RE under Non-plan for 2015-16 totaling to an allocation of Rs.997.61 crore. BE 2016-17 is being kept at Rs.1213.49 crore comprising of Rs.570.00 crore under Plan and Rs.643.49 crore under Non-plan.

2.4 When asked about the reasons in detail for downward revision of both Plan and Non-Plan expenditure of Ministry of Mines at RE stage during 2015-16, the Ministry submitted as under:-

"The position of Plan and Non-Plan at RE stage during 2015-16 is given in the Table below:

(Rs. in crore)

Year	Plan			Non-Plan			Total		
	BE	RE	Exp. (Upto 21.03.2016)	BE	RE	Exp. (Upto 21.03.2016)	BE	RE	Exp. (Upto 21.03.2016)
2015-16	570.58	437.12	393.79	585.13	560.49	562.78	1155.71	997.61	956.57

The downward revision on account of Plan and Non-Plan allocation/expenditure at RE stage during 2015-16 is mainly on account of expenditure trends in GSI, IBM and MECL. The detailed reasons are as under:

Geological Survey of India (GSI)

Under Non-Plan head the BE grant was Rs 489.45 crore and this was reduced to Rs 468.09 crore at the RE stage. It was planned that some of the salaries of the newly recruited scientists could be paid from the Non-Plan head. However, due to delayed joining of the new recruits the proposed expenditure under the Non-Plan fund did not take place.

Further, Non-Functional Upgradation (NFU) was to be given/paid to several officers of GSI which did not materialize.

Indian Bureau of Mines (IBM)

The details regarding allocations made under plan and non-plan in respect of IBM are as under-

IBM Plan & Non-Plan 2015-16

	BE 2015-16	RE 2015-16
Non-Plan	54.83	48.19
Plan	53.00	37.93

The major reasons for downward revision in Plan and Non-Plan heads are as under:-

Due to non-materialization of Modified Assured Career Progression Schemes (MACPS) and recruitment particularly in Group C cadre posts there was less requirement of funds under salaries. Thus an amount of Rs. 6.64 crore was reduced. In addition, the delay in getting bids from implementing agency of the MTS project resulted in less expenditure. Consequent to these two factors, the project allocation for the year 2015-16 was reduced at RE level.

Mineral Exploration Corporation Limited (MECL)

During FY 2015-16, MECL had received a BE grant of Rs.40 crore. At the RE stage the grant was reduced to Rs.36.26 crore. Due to technical formalities the project for creation of Capital Assets for enhancement of mineral exploration capacity of MECL got delayed and was approved in Feb. 2016 much beyond its stipulated time. Hence the allocation was reduced from Rs.25 crore of BE stage to 21.26 crore at RE stage."

2.5 Regarding the non-utilization of allocated funds under plan and non-plan head, the Secretary admitted during the evidence before the Committee:-

"During the year 2016-17, the Budget allocation of the Ministry of Mines was Rs. 570.00 crore but it was reduced to Rs. 437.00 crore by the Ministry of Finance. As a result 20-25% has been reduced. In the meanwhile, there was a significant fall in oil prices. The expenditure for maintenance of Samudra Ratnakar Ship of GSI comes under this budget. GSI earned a saving of Rs. 47.00 crore due to falling of oil prices from \$ 100 to \$ 25-30. Another project of Online Core Business Integrated System (OCBIS) is going to be computerized but due to technical reasons it got delayed. Thirdly, there was delay in start of outsourced drilling work. As a result, there was a cut of Rs. 114 crore but the core business of GSI was not affected. "

2.6 Asked to furnish details of the steps taken by the Government to ensure utilization of increased allocated funds of Rs. 1213.49 crore during 2016-17, the Ministry have replied that the increase is mainly on account of GSI. GSI has been granted a Non-Plan grant of Rs. 547.44 crore and Plan grant of Rs. 480 crore totaling Rs. 1027.29 crore. The Non-Plan grant has been increased keeping in view the recommendations of the 7th Pay Commission that once accepted by Government would entail a sizeable increase of expenditure under the Salaries head. Under other heads increases have been made in consonance with the increasing trend of expenditure. To ensure that budgeted outlays are fully utilized, expenditure is being monitored at a concurrent, monthly and quarterly level by the Ministry. The quarterly expenditure ceilings laid down by MOF are also being strictly followed. The stringent monitoring mechanisms already put in place will be further strengthened during FY 2016-17 to ensure full utilization of allocated funds.

2.7 To ensure full and proper utilization of the funds allocated, the Ministry of Mines further informed as under:-

- a) GSI has already chalked out a plan for utilization of the funds. The major expenditure will be on Survey & Mapping, for maintenance of GSI vessels and aircrafts, for carrying out G2 and G1 stage exploration, under Mission-III for implementation of the Online Core Business Integrated System (OCBIS) programme and under the Modernization & Replacement head for procurement of Geotechnical Vessel. Additionally, funds shall be required under Mission-V (Training) for expenditure related to International Geological Congress 2020.
- b) There are plans to strengthen MECL by procurement of new drilling rigs, laboratory, geophysical & Survey equipments and up-gradation of laboratory, workshop, etc. IBM too will be strengthened once the Mining Tenement System (MTS) is put in place. The stringent cost management system put in place in the ministry is expected to ensure that funds allocated for these and other routine activities will be fully utilized.
- c) Besides this to ensure that budgeted outlays are fully utilized, expenditure is being monitored at a concurrent, monthly and quarterly level by the Ministry. The quarterly expenditure ceilings laid down by MOF are also being strictly followed.

ANNUAL PLAN

2.8 The Ministry of Mines has furnished the following details of the Central Plan Outlay for the Ministry of Mines including budgetary support and IEBR components at BE, RE stage and actual expenditure during the last three years from 2013-14 to 2015-16 and BE 2016-17 of each PSUs under the Ministry of Mines are given below:-

Internal & Extra Budgetary Resources (I&EBR)

(Rs. in crore)

Organization	2013-14				2014-15				2015-16			
	BE	RE	Exp	% Utilization of RE	BE	RE	Exp	% Utilization of RE	BE	RE	Exp	% Utilization of RE
NALCO	1737.00	542.50	523.41	96.48	1181.02	400.38	224.34	53.06	1142.21	5193.36	198.69	3.8
HCL	688.37	383.50	282.12	73.56	522.16	268.00	205.44	76.65	475.00	380.00	133.08	35
MECL Capital	20.00	20.00	8.72	43.60	18.71	16.76	7.76	46.30	17.23	9.20	4.06	44
Autonomous Bodies	6.75	6.75	6.75	100.00	7.50	7.50	7.50	100.00	8.45	10.30	5.07	49
Total (I&EBR)	2452.12	952.75	821.00	86.17	1729.39	692.64	445.04	64.25	1642.89	5592.86	340.90	6

2.9 The Ministry of Mines proposed Rs.652.45 crore for plan allocation for the year 2016-17 against which Ministry of Finance has approved a gross budgetary allocation of Rs.570 crore for the year 2016-17. The details organization wise allocation are given below:-

Annual Plan 2016-17

(Rs. in crore)

Sl. No.	Name of PSUs / Organization	Proposed	Approved
1	Geological Survey of India	524.50	480.00
2	Indian Bureau of Mines	49.74	47.23
3	MECL Promotional	53.35	29.15
4	Science & Technology	24.86	13.62
	TOTAL	652.45	570.00

12th Plan Period

2.10 For the 12th Five Year Plan (2012-17) , the gross budgetary allocation for the Ministry of Mines i.e. mining sector is Rs. 2332.00 crore consisting of Rs.2004.42 crore for GSI and Rs.228.53 crore for IBM, Rs. 50 crore for MECL promotional and Rs.49.05 crore for S&T schemes. For the year 2016-17, Rs.570 crore has been allocated for the plan consisting of Rs.480 crore for GSI, Rs.47.23 crore for IBM, Rs.29.15 crore for MECL Promotional and Rs.13.62 crore for S&T projects as detailed below:-

One more table to be added here which is furnished by mail.

(LOP P-7)

The organization-wise break up of funds allocation for the XII Five Year Plan Period (2012-17) is as follows:-

(Rs. In crore)

Scheme/ Org.	2012-13			2013-14			2014-15			2015-16		
	Proposed	Alloc.	Expdt	Proposed	Alloc.	Expdt	Proposed	Alloc.	Expdt	Proposed	Alloc.	Expdt.
NALCO	2343.00	2343.00	878.80	1737.00	1737.00	523.41	1181.02	1181.02	224.34	1142.21	1142.21	198.69
HCL	341.14	341.14	260.28	688.37	688.37	282.12	522.16	522.16	205.44	475.00	475.00	133.08
MECL	9.00	9.00	12.00	20.00	20.00	8.72	18.71	18.71	7.76	17.23	17.23	4.06
IR Total	2693.14	2693.14	1151.08	2445.37	2445.37	814.25	1721.89	1721.89	437.54	1634.44	1634.44	335.83

CHAPTER-III

GEOLOGICAL SURVEY OF INDIA(GSI)

The Geological Survey of India (GSI) set up in 1851, has not only grown into a repository of geo-science information required in various fields in the country over the years, but has also attained the status of a geo-scientific organisation of international repute.

3.2 The principal function of GSI relates to creation and updation of national geoscientific data and mineral resource assessment, air-borne and marine surveys and to conduct multifarious geo-technical, geo-environmental and natural hazards studies, glaciology, seismotectonics, etc. and to nurture studies on fundamental research.

3.3 GSI had received a Budget Estimates grant of Rs. 462.58 crore for Plan during 2015-16 at the Revised Estimates stage, the grant was reduced to Rs. 347.93 crore. This was mainly because of the following reasons:

- (a) lower expenditure than expected on the maintenance of the GSI vessels through Shipping Corporation of India (SCI) owing to significant fall in global oil prices,
- (b) delayed start of the OCBIS project due to technical reasons leading to lower expenditure within the current financial year (payments are milestone-based)
- (c) delayed start of outsourced drilling work for technical reasons and
- (d) relatively lower expenditure at RE stage as by the nature of its activities the main operational expenditure of GSI starts from October onwards.

3.4 According to the Ministry of Mines, the augmented amount as BE 2016-17 for GSI is expected to be used for the following projects:-

- Under the Modernization & Replacement scheme, Rs 108 crore has been provided as the 1st installment payment for the Geotechnical vessel.
- Another Rs 50 crore has been provided for procurement of state-of-the-art laboratory and drilling items which would be required by GSI to provide actionable mineral blocks.
- Under Operational activities Mineral Exploration shall require additional funds in view of the large number of items taken up during F.Y. 2016-17.

- The OCBIS programme shall require additional funds as one installment payment for the OCBIS is to be made in the current financial year. Thereafter, funds shall also be required for the maintenance of the OCBIS system.

Budget provision of Rs 5.17 crore has been kept for preparations regarding IGC 2020.

3.5 When enquired about the impact of reduction in plan outlays in BE of GSI during 2015-16 on its physical targets, the Ministry have informed that efforts have been made to keep the operational allotment intact, to the extent practicable. However, due to the budget reduction, there is likelihood that the programmes of aerial survey may face truncated targets, mineral exploration may be affected as outsourcing of drilling may be hampered, and implementation of the OCBIS programme may be further delayed.

3.6 The Ministry further informed the Committee that with the reduction of budget to Rs 347.93 crore, many of the payments which GSI has to make for outsourcing of drilling, outsourcing of vehicles etc. will have to be deferred and may have to be made from the budget of Financial Year 2016-17. The payment for aerial survey have not been made as yet and would have to be made from the budget of Financial Year 2016-17. Moreover, National Geo-chemical Mapping (NGCM) and National Geo-physical Mapping (NGPM) programmes also may be affected by the cut in the budget and some of the related payments may have to be made from the budget of Financial Year 2016-17. Part payment of the OCBIS programme is to be made from the budget of Financial Year 2016-17. This again creates further pressure on the budget of 2016-17.

3.7 When asked about the physical targets set by GSI for plan expenditure during 2016-17, the Ministry of Mines have furnished the details as under:-

Statement of Outlays & Outcome / Targets (2016-17)

S. No.	Name of Scheme/ Mission	BE 2016 – 17 (Rs. in lakh)	Quantifiable Deliverables
1	Survey & Mapping (Mission – I)	11116.00	(i) Specialised Thematic Mapping (in sq km)(1:25k) :9230 (ii) Geochemical Mapping (in sq km) (1:50k): 137,000 (iii) Geophysical Mapping (in sq km) (1:50k): 95,200 (iv) Multisensor Survey (in lkm): 60,000 (v) Heliborne Survey (in lkm): 25,000 Marine Survey : Parametric Studies within EEZ & beyond (a) Bathymetry (l km) :10,000 (b) Magnetic (lkm) 10,000 (c) Swath Bathymetry (sq. km.) :42,000 (d) Seismic Survey (l km): 5,000 (e) Gravity (l km): 16,000 (f) Sub Bottom Profiling (l km)15,000
2	Mineral Exploration (Mission II)	4967.00	(i) Large Scale Mapping (sq km) :5,500 (ii) Detailed Mapping(sq km) :103.00 (iii) Drilling (m) :1,13,000 (i) Preliminary mineral investigation within EEZ: 25,000 sq km
3	Info. Dissemination (Mission III)	7651.00	(in nos) 35
4	Specialised Investigation (Mission IVB)	523.00	(in nos) 61
5	Research & Development and Other Exploration (Mission IV A)	1319.00	(in nos) 49
6	Human Resource Development (Mission V)	1992.00	(no of Items) 85
7	Modernisation and Replacement	16784.00	--
8	Tribal Sub Plan	1100.00	--
9	Provision for NER	10% of total Proposed Budget of GSI -Deduction under S & M 'OC', IT and M & E head = 2558.00 lakh	Mission I (i) Specialised Thematic Mapping (in sq km)(1:25k):770 (ii) Systematic Geological Mapping along with PGRS aided Mapping (in sq km) (1:50k) :7000 (iii) Geochemical Mapping (in sq km) (1:50k) :0 (iv) Geophysical Mapping (in sq km) (1:50k) :2800 Mission II (ii) Large Scale Mapping (sq km) :500 (iii) Detailed Mapping(sq km): 7.0 (iv) Drilling (m) – 7,000 Mission III Inf. Dissm. (in nos) :10 Mission IV Sp. Inv and R&D (in nos): 24 (21 Spl. Inv. + 3

			R &D) Mission V HRD (No. of Courses): 15
10	Total (GSI) Plan	48000.00	
11	This is for basic administrative expenses	54729.00	
12	Total (GSI) Non Plan	54729.00	
	Grand Total : GSI	102729.00	

3.8 Asked about the execution of Modernization and Replacement Scheme of GSI, the Ministry of Mines in a note furnished to the Committee informed as under:-

i. "GSI acquired state-of-the-art an Oceanographic Research Vessel 'Samudra Ratnakar' in 2013 fitted with sophisticated equipment for marine survey and exploration in the EEZ and beyond.

ii. GSI has re-initiated the process in 2014-15 for the procurement of a Geotechnical Vessel with shallow drilling capability. An amount of Rs 108 crore has been provisioned in F.Y. 2016-17 as its 1st installment payment.

iii. The avionics system of the Twin Otter Airborne Survey System (TOASS) has been replaced with a modern one.

iv. A state-of-the-art Heliborne Geophysical Survey System (HGSS) with gravity, magnetic, electro-magnetic and spectrometric sensors has been commissioned in 2014 for focused search for deep seated and concealed minerals.

v. Implementation of the Online Core Business Integrated System (OCBIS) programme in GSI is underway and is expected to go live from September 2016. This is designed for comprehensive data management throughout data lifecycle. It will enhance GSI's core competence to function as a 'Repository' for all geo-scientific information of the country. OCBIS will also enable geoscientists in the field and laboratories to explore, observe, consult and make informed decisions. Envisaged project period is 7 years consisting of 1 year implementation and 6 years of Operation and Maintenance by the Implementing Agency.

vi. GSI has taken up procurement of state-of-the-art instruments. It has already procured Laser Ablation –Multi Collector – Inductively Coupled Plasma Mass Spectrometer (LA-MC-ICPMS), LA-ICPMS, Raman Spectroscopy, DGPS, CG-5 Gravimeters, Atomic Absorption Spectrometer (AAS), Inductively Coupled Plasma Mass Spectrometer (ICPMS) Seismological Geodetic Systems for Data Receiving and Processing Centre (DRPC), Microscopes; Multi-parameter Borehole Logger; Heavy-duty skid mounted Diamond core drills of 600mts and

1000mts capacity; Mud Pumps; Field Spectrometer etc. which are expected to enhance the performance of GSI. GSI is planning to procure wireline drilling accessories, drilling machines, borehole deviation cameras etc. for its drilling fleet, and also digital seismograph, WD-XRF, Direct Solid mercury Analyser etc. which shall further improve the position of GSI as a global leader in the field of geosciences."

3.9 The Committee enquired about the details of allocation of funds for survey and exploration work by GSI during the first four years of the XII Plan period. In this regard, Ministry of Mines furnished the following information:-

Rs in crore

Schemes	2012-13			2013-14			2014-15			2015-16		
	BE Grant	RE	Actual Expnd.	BE Grant	RE	Actual Expnd.	BE Grant	RE	Actual Expnd.	BE Grant	RE Grant	Actual Expnd. (upto Feb'16)
Survey and Mapping	48.04	49.76	49.50	71.83	71.83	71.66	165.84	129.90	129.39	156.22	111.31	109.14
Mineral Exploration	22.90	25.29	25.16	25.25	25.25	25.02	42.04	31.74	31.54	53.51	38.67	35.80

3.10 During the financial year 2016-17, GSI has been granted a budget of Rs. 480 crore. The main activities as planned for 2016-17 are as below:-

1. Survey & Mapping: Rs 118.68 crore: for maintenance of three GSI vessels and maintenance of the aircraft (comprehensive maintenance on turnkey basis) and heliborne Survey System, items under NGCM and NGPM to be taken up and outsourcing of NGCM samples; outsourcing of vehicles].
2. Mineral exploration:Rs 54.88 crore: for taking up additional items under the scheme especially for taking up additional items under G1 and G2 UNFC stage of exploration
3. Information dissemination: Rs 79.91 crore: The OCBIS has been taken up in F.Y. 2015-16 when the actual installation of the system has been taken up and shall entail maximum expenditure. The OCBIS project has been formulated as a 1+6 year project where one year is for installation of the project and 6 years is for maintenance of the project. The installation part of the OCBIS project has been taken up in 2015-16 and is expected to be completed in 2016-17, thereafter maintenance shall continue. Two instalments amounting to ~Rs 67crore has been already paid and the third instalment is due to be paid in 2016-17. Rest of the funds under IT head is for procurement of hardware and software, bandwidth increase network upgradation etc.

4. HRD: Rs 21.04 crore: for upgrading of Center of Excellence for Training Institute with up gradation of Field Training Centers (FTC) and Regional Training Institutes (RTI) and IGC 2020- Development of WOCS, New Delhi and also for training of all officers of GSI at least once in a year. For the development of WOCS an amount of Rs 10.34 crore has been projected. Out of this Ministry of Mines and Ministry of Earth Sciences shall carry out the expenditure on 50:50 basis. Thus an amount of Rs 5.17 crore would be required. Further, funds would be required for carrying out training of the officers including orientation courses for the newly recruited officers.
5. Modernisation & Replacement: Rs. 170.14 crore: Major expenditure will be provision for 1st instalment payment for the Geotechnical vessel to the tune of Rs 108 crore, Rs 43 crore will be required for procurement of high capacity state-of-the-art drill machines and accessories as GSI has already ventured into G1 and G2 stage mineral exploration from F.Y. 2015-16 onwards for the identification of auctionable blocks; additional gravimeters, DGPS, Field Spectrometers; Automatic Core cutters; Scintillometers, Advanced and Basic Petrological and ore Microscopes; Field equipments like Brunton, hammer, Pocket lenses, GPS etc.; Field Vehicles, Computers and Office furniture for new officers.
6. Tribal area: Rs.11.00 crore: 4% of the Budget but deducting the amounts for Geotechnical Vessel, OCBIS and maintenance of the three research vessels of GSI as they have no direct bearing on tribal areas:
7. Construction: Rs.77.30 crore (proposed in Annual Plan): for construction of 2nd Phase of Lab Complex at Kumaraswamy Layout Bengaluru, Office cum Lab Complex at Shillong, and for Restructuring of Heritage sites at the heritage buildings in Kolkata. However, no fund has been allotted so far in 2016-17 in this head.

3.11 As regards the Physical Targets and Achievements during financial years 2013-14, 2014-15, 2015-16 (up to feb. 2016) of mineral exploration programme, the Committee were apprised as under:-

Mission/ Nature of Survey/Work	Name of the Scheme/Project/Programme	Target 2013-14	Achievement 2013-14	Target 2014-15	Achievement 2014-15	Target 2015-16	Achievement 2015-16 (till Feb'16)
<i>MISSION-II NATURAL RESOURCES ASSESSMENT</i>	a) Large Scale Mapping (LSM) (sq. km.)	4,500	5,263.65	4500	5450.84	5078.5	5547.88
	b) Detailed mapping (DM) (sq. km.)	50	62.525	50	73.543	58.59	91.897
	c) Drilling (meter)	70,000	68,037	71,000	87465.87	85847	98116.60
	d) Preliminary Mineral investigation with EEZ (sq km)	-	-	15,000	16573	15000	15819

3.12 It is evident from the above that except for the drilling target during 2013-14, in all the heads achievements are higher than the envisaged targets. In the current year the achievements are much higher than the targets as a number of G2 and G1 stage exploration programmes have been taken up after the finalization of targets for F.S. 2015-16 which has resulted in the achievements of higher targets. During 2013-14 the drilling targets were lower as no outsourcing was done and GSI carried out the drilling with its own machines which were quite old and did not give very good performance.

CHAPTER-IV

INDIAN BUREAU OF MINES (IBM)

The Indian Bureau of Mines (IBM) was established in 1948, as a subordinate Organization under Ministry of Mines. IBM has vision to evolve as National Technical Regulator and providing information on mines & minerals. IBM is engaged for ensuring scientific and systematic development of mineral resources, conservation of minerals and protection of environment in mines, other than coal, petroleum & natural gas, atomic minerals and minor minerals. IBM has mission to provide quality services to stakeholders and to ensure effective regulation of Indian Mineral Sector which promotes long term benefits for its sustainable growth. Towards this end it performs regulatory functions, namely enforcement of Mineral Conservation and Development Rules, 1988, relevant provisions of Mineral Concession Rules, 1960 framed under MMDR Act, 1957, and as a facilitator, it undertakes scientific and techno-economic research oriented studies in various areas such as geological appraisal, mining, ore-beneficiation, environmental protection, mineral resources data of the country and functions as a data bank of mines and minerals. It also advises the Central and State Governments on all aspects of mineral industry, trade and legislation.

4.2 The Plan and non-plan allocation to IBM for the years 2015-16 and 2016-17 are as under:-

Head	BE 2015-16	RE 2015-16	Final Estimate 2015-16 (Proposed)	BE 2016-17 (Tentative figures)
Non-Plan	54.83	48.19	48.15	54.00
Plan	53.00	37.93	33.16	47.23
Total	107.83	86.12	81.31	101.23

4.3 Asked about the reasons for variations between BE, RE 2015-16 and BE 2016-17, the Committee were apprised as under:-

- A. "The major reasons for downward revision in Plan and Non-Plan heads is as under-
1. NON-PLAN: Out of the total cut of Rs. 6.64 crores proposed in Revised Estimates 2015-16, Rs. 5.75 crores was under the salary head due to non-filling of vacancies. The remaining amount of Rs. 0.89 crore was cut on medical treatment, DTE, office expenses & other charges.
 2. PLAN :Total cut of Rs. 15.07 crores was proposed in Revised Estimates 2015-16, out of which, a cut of Rs. 8.55 crores was by the transfer of Rs. 7.35 crores to BGML along with proportional reduction under NER and TSP heads and a cut of Rs. 5.65 crores due to inordinate delay in getting bids for selection of Implementation Agency for MTS (Mining Tenement System). The remaining amount of Rs. 0.87 crore was cut on office expenses, POL, DTE & other charges.
- B. Reasons for variation, between RE and actual during the year 2015-16
1. NON-PLAN: The budgeted funds shall be utilized.
 2. PLAN: The utilization of plan funds is about 88%. The variation between RE and actual expenditure is likely to be Rs. 4.77 crore, out of which, Rs 3.02 crore is NER capital funds and Rs. 0.74 crore is TASP. These amount could not be utilized despite making all efforts in consultation with the concerned Ministry for Development of North-Eastern Region & Ministry of Tribal Affairs. There are no schemes under IBM's charter of functions which can be covered under NER Capital & TASP as per the guidelines for their utilization. The remaining Rs. 1 crore could not be utilized under salary due to non-materialization of some recruitments & MACP grants."

4.4 The Ministry further informed the Committee that the budgeted funds during the year 2016-17 for IBM are presently sufficient to fulfill the present requirements. However, after selection of implementation agency of MTS project (Scheme No. 5), additional funds will be needed for the same. The MTS project implementation period is 18 months. The same would be demanded at RE stage.

4.5 Enquired about the steps taken to ensure timely completion of various ongoing and new projects, the Committee were informed of the following steps being taken:

- a) As per Annual Programme 2016-17, a detailed Action Plan with Month-wise/ Quarter-wise activities fixing responsibilities for the divisions implementing on-going schemes is being prepared.
- b) Monthly progress as per action Plan 2016-17 is monitored at level of Controller General, IBM.
- c) Ministry of Mines monitors the performance through quarterly review meetings."

4.6 Asked about the mining proposals approved by IBM during the last 3 years from 2013-14 to 2015-16 and those which are pending along with the reasons for the same, the Committee were informed in a written reply as under:-

"Mining Plans approved by Indian Bureau of Mines (IBM) during the last three years 2012-13 2013-14 and 2014-15 & during 2015-16 (up to Feb., 2016) for fresh grants of mining lease are as follows:

Year	No. of Mining Plans approved for fresh grants of Mining Lease	Total No. of MP & Scheme of mining approved
2012-13	121	584
2013-14	110	771
2014-15	185	740
2015-16 (up to Feb., 2016)	46	373

Note: Dated 10th February, 2015, Govt. of India through a Gazette notification declared 31 major minerals as minor minerals. Since then, the mining plans of these minerals are being approved by the concerned State govt.

4.7 The Committee had desired in their 16th Report (16th Lok Sabha) that the entire process of examination of various issues pertaining to review, restructuring and redefining the role of IBM should be completed in a time bound manner. Asked about the present status of review, restructuring and redefining the role of IBM, the Ministry of Mines informed the Committee as under:-

"A committee was constituted on 23 July, 2009 by the Ministry of Mines for reviewing and restructuring of the functions and role of IBM in terms of the Policy directions given in the National Mineral Policy 2008. Based on deliberations with stakeholders and Industry personnel through various meeting the final report was submitted to the Government in

May, 2012. 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 centres, etc. IBM has initiated to implement 26 non-financial recommendations of Review and Restructuring Committee. Ministry has considered 2 non-financial recommendations regarding national level awards and RQP examination as financial implicated and dropped from non-financial recommendations. Hence, 24 non-financial implicated recommendations have been taken up for implementation. So far, action initiated in respect of 20 recommendations.

Significant developments have taken place since the Restructuring Committee submitted the Report on 04.05.2012, inter-alia lapsing of MMDR Bill 2011 with dissolution of XV Lok Sabha in 2014. The MMDR Act 1957 has undergone substantial and significant changes with the passage of the MMDR (Amendment) Bill, 2015. Government has also notified 31 minerals as minor minerals. These will now be regulated by States exclusively. The role of IBM is being redefined in the wake of these developments and this will be reflected in the subordinate legislation by way of amendment in MCR, 1960 and MCDR 1988. The changes made in the regulatory & legal framework by way of MMDR Amendment Act 2015, require that most of the action will be taken by the State Governments in implementing the provisions of the Amended Act. An important provision made under section 5(2) for enabling the self-certification of mining plans has to be implemented by making a system by the States, which most of the states are yet to initiate. Some states like Madhya Pradesh, Karnataka etc. have sought the continued assistance of IBM for regulation of these minerals as they lack capacity in this regard. IBM Advisory Board has been reconstituted. Thus IBM is now also required to provide support for capacity building of States and Stakeholders. The Ministry is examining the proposal for re-organization and redefining the role of IBM in the changed legal & functional scenario in consultation with IBM. In the meanwhile, Ministry of Mines has accorded in-principle approval for opening of two new Regional offices of Indian Bureau of Mines at Raipur and Gandhinagar as part of the reorganization of IBM."

CHAPTER-V

INVESTMENT IN PUBLIC SECTOR UNDERTAKINGS

I. HINDUSTAN COPPER LTD. (HCL):

The major activities of HCL are mining, beneficiation, smelting, refining and casting of finished copper metal into saleable products. The Plan Outlay is mainly meant for Mine Expansion, Mine Development and Replacement and Renewals (R&R) and Green field exploration, etc.

5.2 Plan Outlay for HCL was Rs 475.00 crore in BE 2015-16. It was revised to Rs. 380.00 crore at RE stage for 2015-16. The Ministry have furnished the following statement of the actual expenditure incurred during 2015-16 by HCL on Mine Expansion and R&R and Greenfield exploration etc. with reasons for shortfall:-

Particular	2015-16		
	Target		Actual expenditure (up to Feb'16)
	BE stage	RE stage	
Replacement & Renewals (R&R)	40.00	20.00	14.75
Mine development	120.00	165.00	127.69
Mine expansion	305.00	190.00	144.91
Green field exploration	10.00	5.00	0.00
Total	475.00	380.00	287.35

Targeted expenditure (RE stage) under R&R, Mine Development and Mine Expansion are likely to be achieved by March 2016. However, the targeted expenditure under Green field exploration may not be fulfilled as no fresh mine lease granted in favour of the company during 2015-16.

5.3 Regarding details of new projects proposed to be undertaken by HCL and physical targets set for 2016-17 by HCL, the Ministry apprised the Committee as follows:-

"The Plan outlay for 2016-17 was initially kept as Rs 668.00 crore which was later revised to Rs 400.00 crore. Reason for decrease of Rs 268.00 crore is due to reduction of plan expenditure under Mine Expansion

head from Rs 500.00 crore to Rs 232.00 crore for delay in getting required statutory clearances for mine expansion projects."

Physical Targets set for 2016-17

Item	Target (VG)
Ore production (lakh tonne)	36.00
Metal-in-concentrate (tonne)	33000
Copper Cathode- ICC (tonne)	18000

5.4 The following projects of HCL have been affected due to delay in obtaining stage-II forest clearances:

- a) Reopening, operation and expansion of Rakha Mine
- b) Reopening, operation and expansion of Kendadih Mine
- c) Development and production of underground mine at Chapri-Siddheswar.

5.5 Since the required statutory clearances are still awaited for Rakha, Kendadih and Chapri-Siddheswar mines, the BE target of plan outlay for the year 2016-17 has been kept less than the BE target of 2015-16 but more than RE target of 2015-16. However, additional allocation can be provided at the RE stage, based on the progress of the projects.

5.6 Taking note of the fact that funds under Mine Expansion Head has been reduced from Rs. 500.00 crore to Rs. 232.00 crore during 2016-17, the Committee desired to know the reason for delay in getting required statutory clearances. In this regard, in a written note, the Committee were apprised as under:-

"Forest Clearance for Rakha Mining Leases of Hindustan Copper Limited in the East Singhbhum District, Jharkhand.

Rakha Mining Lease of Hindustan Copper Limited was originally granted in favour of Hindustan Copper Limited in the year 1971 for 20 years from 29.08.1971 to 28.08.1991. First Renewal of the Lease was granted from 29.08.1991 to 28.08.2011 vide letter no. 2049/M dated 15.05.1998. The said lease has been extended till 31.03.2020 by Govt. of Jharkhand vide letter no. 517/M dated 18.03.2015 in the light of section 8A (8) of MMDR (Amendment) Ordinance 2015.

Stage II forest clearance over 184.80 hectares was granted vide letter F. No. 8-65/93-FC dated 06.06.1997 under section 2 of FC Act 1980.

As per MoEF Notification F. No. 11-51/2015-FC dated 01.04.2015, validity of approvals accorded under section 2 of FC Act shall be extended, and shall be deemed to have been extended up to a period co-terminus with the period of mining lease in accordance with the provisions of the MMDR Act 1957.

Hindustan Copper Limited has already deposited the NPV for the forest land utilized for mining of copper ore by underground method and surface infrastructure over the area of 184.80 ha in the year 2012. So under the explained circumstances validity of Stage II clearance under section 2 of FC Act 1980 is also extended up to the lease extension period i.e. 31.03.2020.

However prior to issue of MoEF Notification F. No. 11-51/2015-FC dated 01.04.2015 Hindustan Copper Limited had started the process and Stage I FC was granted vide letter no. 8-65/1993-FC dated 17.09.2012. All the conditions of Stage I FC were complied and Govt. of Jharkhand also recommended for stage II FC of the lease and forwarded the proposal to MoEFCC vide letter No 2900 dated 29.05.2015.

However MoEFCC again desired additional information from Govt. of Jharkhand vide letter dated 11.12.2015. A draft reply in this regard was submitted to Principal Secretary, Department of Environment and Forest, Govt. of Jharkhand vide our letter dated 18.12.2015. Reply from Forest Department, Govt. of Jharkhand to MoEFCC is presently at the level of Conservator of Forest, Jamshedpur and to be forwarded to MoEFCC, Govt. of India from the office of RCCF/PCCF/Nodal Officer/Secretary, Environment and Forest, Govt. of Jharkhand.

Forest Clearance for Kendadih Mining Leases of Hindustan Copper Limited in the East Singhbhum District, Jharkhand.

Kendadih Mining Lease of Hindustan Copper Limited consists of total 638.84 Hect of forest land and diverted forest land within Kendadih Mining Lease is 225.363 hectares. It involves 48.69 hectares forest area broken and utilized on surface and remaining 176.673 hectares forest land for underground mining operations.

Stage I Forest Clearance granted vide letter no. F.No. 8-26/1997-FC dated 30.07.2009 over an area of 225.363 Hectares. NPV and PCA cost deposited in CAMPA Account on 10.01.2012 amounting Rs. 10.86 Crores. Compliance of Stage I and Demarcation Boundary Pillar submitted on 26.05.2012. Government of Jharkhand has forwarded the letter to Ministry of Environment and Forest for Stage II Forest clearance on 04.01.2013. Letter received from Sr. AIG, Forest vide

Letter No. 8-26/1997/FC dated 08.04.2013 to submit documentary evidence in support of settlement of right under Forest Right Act 2006. DFO, Jamshedpur asked for additional PCA/NPV vide letter No. 258/Jamshedpur dated 22.01.2014 which was submitted on 29.08.2014 amounting 1.45 crores.

The Company is utilizing 48.69 hectares of forest land on surface for various infrastructures and compliance under the provisions FRA 2006 is submitted in respect of forest land under utilization by the company. NOC from DC under FRA 2006 obtained on 14.11.2014 and submitted to DFO on 17.11.2014. Govt. of Jharkhand recommended the proposal for Stage II FC and forwarded to MoEF vide letter dated 13.05.2015. MoEF further desired additional conditions (FRA 2006 for villages for diverted forest land for underground operations) vide letter dated 24.06.2015. Consents of all Gram Sabhas and Vanadhikar Samities for villages under diverted forest land for underground operations obtained and submitted to Circle Officer, Mosaboni, Govt. of Jharkhand on 15.02.2016 and the same has been forwarded to SDM, Ghatsila on 19.02.2016 for obtaining consents of sub-divisional level and district level Vanadhikar Samities, however pending since then as both the Samities are yet to be constituted with the new members elected in last election. Matter is being followed up on regular basis at district level and it has been assumed that the committees will be shortly formed. On obtaining consents and No Objection Certificate from District Commissioner, Jamshedpur, same shall be handed over to forest department for recommending of Stage II FC from State Level and further Grant of Stage II FC from MoEFCC, Govt. of India."

II. NATIONAL ALUMINIUM COMPANY LTD.(NALCO)

5.7 National Aluminium Company Ltd. is Asia's largest integrated Aluminium complex, encompassing Bauxite Mine, Alumina Refinery, Aluminium Smelter and Captive power plant in the State of Odisha. Commissioned during 1985-87, NALCO has emerged as a star performer in the production and export of Alumina. It has expanded its capacity twice and added high end products such as Rolled products. Special Grade Alumina, Special Grade hydrate and Zeolite. At present, NALCO is the only Central Public Sector Undertaking (CPSU) exploiting bauxite for production of alumina and aluminium. Navratna status has been conferred on NALCO on 28.04.2008.

5.8 Regarding the actual expenditure during the year 2015-16 vis-à-vis plan and revised outlays with reasons for shortfall, the Ministry informed the Committee as under:-

"For BE 2015-16, the Company had projected a plan outlay of Rs. 1141.21 crore which was later revised to Rs. 1181 crore based on further discussion with GoI. The projection was subsequently revised to Rs. 407.62 crore during the RE 2015-16. Further, a sum of Rs. 1367.87 crore has been projected in BE 2016-17. Shortfall under all the major heads is given below:

The major heads of allocation and expenditure for BE 2015-16/RE 2015-16 are placed as under;

(Rs.incrore)				
Sl. No.	Schemes	BE 15-16	RE 15-16	Actual upto Feb-16
1	Utkal - E Coal Mines	115.84	70.00	-
2	Green field project	757.27	106.69	0.59
3	Pottangi Mine & 5th Stream Refinery.	3.00	0.67	0.14
4	Addition, Modification & Replacement	304.89	230.26	146.23
TOTAL		1,181.00	407.62	146.96

Coal Mines (Utkal-E)

Pursuant to the order dated 24.9.2014 of Hon'ble Supreme court of India, allocation of Utkal-E coal block in favour of NALCO got cancelled and further work in Utkal E-Coal block was suspended. Even though Govt. of India has decided for allotment of Utkal D & E coal blocks in favour of Nalco, formal allotment order is yet to be executed to enable further spending. Accordingly, no further expenditure could be made under this head.

Green field project

Major investment heads planned under the following three heads did not materialize and the planned expenditure was re-phased to BE 2016-17

(Rs.in Crore)

Description	BE 15-16	RE 15-16	Reason for re-phasing of expenditure.
1. Refinery (Gujarat)	190.00	0.16	Delay in final assessment of Bauxite availability.

2.100 MW Wind Power plant	495.00	100.00	Order placed during Jan-16, major expenditure to materialize during BE 2016-17. Projection given in RE likely to be achieved.
3.15 MW Solar Power	62.00	-	Investment decision taken, re-phased to 2016-17.

Addition & Modification

The shortfall in AMR items is mainly due to delay in execution by the executing agencies, poor response to the tendering process, local resistance to the projects in some cases and delay in availability of various statutory clearances required for the project. Lower expenditure made during the year is due to delay in execution of the following major projects:

- a. Procurement of Mining and earthmoving equipment.
- b. Procurement of Tripper (Capacity augmentation CHP)
- c. Procurement in Wheel Loader.
- d. BPTG – 5 Transmission Line From Laxmipur To Damanjodi
- e. Revamping Of Casting Station – Rod Shop-I
- f. Plough feeder (Capacity augn. CHP)
- g. Bus differential Relay for 220KV
- h. Turbidity Reducing system
- i. Ash mound
- j. Anode Slut Cutting Machine For R/S li
- k. Lean Slurry Disposal System"

5.9 During the year 2016-17, a sum of Rs.1367.87 crore is projected towards plan expenditure as I&EBR.NALCO has allocated this under various Green field and JV Projects as detailed below:-

Sl.No.	Name of Scheme/ Programme	Objective	Outlay 2016-17 Rs.crore	Plan for achievement
1	Green field projects	Exploring the prospects of Greenfield projects, Namely i. Refinery (Gujarat), ii. Utkal-D & E Coal block Oiii. Other small projects	0.30 60.00 0.50 --	Final allocation of Utkal - D & E block is to be expedited. Forest clearance and related approval to be obtained for the Coal Mine after the allocation. MECON is preparing the Techno Economic Feasibility Report (TEFR) for 0.5 MTPA scaled down project at Gujarat Refinery. Draft report is expected shortly. Assessment of Bauxite quantity and quality is being made.
2	Green Initiatives	Company has taken the initiation to venture into the following green energy project. (i)100 MW Wind Power: (ii) 50 MW Wind Power (iii) 20 MW Solar Power (iv) 50 MW Solar Power	460.00 175.00 126.00 100.00	100 MW Wind power plant will be commissioned by third quarter of FY 2016-17. Pre-project Other projects will be expedited with a priority. Action for investment decision & pre project activities initiated.

3	Projects in JVs	<p>The following major project are pursued by company under JV.</p> <p>(i) Caustic Soda plant at Gujarat</p> <p>(ii) Angul Aluminium Park</p>	<p>25.00</p> <p>5.00</p>	<p>i. JV company for caustic soda is incorporated.</p> <p>ii Pre-project activities like technology selection, selection of owner's engineer for CPP, transferring earmarked land to the to the Caustic soda JV Company, the process for environment clearance and action for construction power supply / water have been initiated.</p> <p>iii Draft MOU related to Angul Aluminium Park under study. Issues like: change in equity share, use of facilities of Nalco by Aluminium Park, R&R issues, de-linking of CSR fund/activities of Nalco the project etc are being finalized. Revised MoU is under process.</p>
4	5th Stream Alumina Refinery project (Based on Pottangi Mines)	To expand the Refinery capacity by 1 Mil. Ton and to meet corresponding bauxite requirement	12.00	<p>i. Investment decision for the project is taken</p> <p>ii.Application is submitted to Single window mechanism agency of State Govt. of Odisha for clearance of the 5th Stream refinery.</p> <p>iii.Environment clearance for the project is being Expedited</p> <p>iv. Recommendation on Pottangi mines by the State Govt, is being closely followed-up.</p>
5	Additions, Modifications Replacements and Sustainable development projects	To maintain the production/productivity in different segments of the Company	404.07	<p>1. Order for major projects in the area of Logistics, power transmission and Ash pond/ Ash evacuation are placed.</p> <p>2. Dedicated team are in place to oversee the project implementation.</p>
		Total	1,367.87	

5.10 Enquired about the total installed capacity of NALCO and the actual achievements during the years 2013-14, 2014-15 and 2015-16, the Ministry informed the Committee as under:-

Installed capacity of NALCO for the major facility and production in last 3 years and current financial year (till Feb'16)

Product	13-14		14-15		15-16	
	Installed Capacity	Production	Installed Capacity	Production	Installed Capacity	Production (till Feb'16)
Bauxite (Lakh MT)	63	62.93	68.25	57.39	68.25	56.70
Alumina Hydrate (Lakh MT)	21	19.25	22.75	18.51	22.75	17.71
Power	1200 MW	4,989 MU	1200 MW	5131 MU	1200 MW	5332 MU
Aluminium Metal (Lakh MT)	4.60	3.16	4.60	3.27	4.60	3.39

5.11 When asked about new projects proposed to be taken by NALCO during 2016-17 and the action/measures proposed to be taken for proper utilization of funds for implementations of various projects during 2016-17, the Ministry have stated as under:-

"A list of major new as well as existing expansion projects of NALCO which has been proposed in BE as well as fund allocation for the projects for BE 2016-17 are furnished below:

(Rs.in Crore)

S. No.	Description	BE 16-17
1.	100 MW Wind Power	460
2.	50 MW Wind Power	175
3.	20 MW Solar Power	126
4.	50 MW Solar Power	100
5.	Caustic Soda Plant (Gujarat)	25
6.	Utkal D & E coal block	60
7.	5 th Stream Alumina Refinery	12
	Grand Total	958

5.12 The Committee were apprised that to ensure full utilisation of projected CAPEX, status of ongoing projects and new schemes are monitored regularly at several levels as follows:

- a. Review of the CAPEX by the Complex level by the heads of the Unit with the operating field Officers and staff.

- b. CMD's monthly review meeting with heads of units along with all functional Directors for intervention of higher management as and when required.
- c. Review of status of projects by Board Committee on projects and new ventures, as and when required.
- d. CAPEX monitoring system is being implemented to enable close monitoring at different level and ensure materialization of CAPEX plans.
- e. For specific projects, the company engages consultants having expertise in the relevant field and projects are reviewed at regular interval."

5.13 The Ministry have furnished the following statement regarding the 12th plan outlay of NALCO, its annual plan projections year-wise and achievement against the projection which are as under:-

Name of Scheme/ Programme	12th Five year Plan (2012-	2012-13		2013-14		2014-15		2015-16	
		Annual Plan	Actual Exp.	Annual Plan	Actual Exp.	Annual Plan	Actual Exp.	Annual Plan	Ac
1. Phase-II	191.00	191.00	35.30	42.00	44.24	-	-	-	-
2. Captive Coal Mine (Utkal-E Coal)	215.00	198.00	17.91	65.00	5.18	123.29	4.00	115.84	-
3. Up-gradation of Alumina plant	289.00	160.00	115.89	50.00	55.28	21.00	15.73	-	-
4. Green field	6,026.00	1,182.00	153.30	1,140.00	132.84	592.16	1.14	757.27	0.59
5. Wind Power plant	82.00	75.00	246.35	6.00	4.34	-	-	-	-
6. Pottangi Bauxite Mine& 5th Strm Refinery.	2,708.00	6.00	0.13	3.00	0.72	1.00	-	3.00	0.14
7. 220 KA Up- gradation of Smelter	817.00	100.00	--	22.00	-	3.54	-	-	-
8. 2 x 250 Power Plt.	2,221.00	15.00	--	5.00	-	-	-	-	-
9. Additions/ Modifications Replacements(AMRs)	1,684.00	416.00	309.92	404.00	280.81	440.03	261.43	304.89	146.23
Total	14,233.00	2,343.00	878.80	1,737.00	523.41	1,181.02	282.30	1,181.00	146.96

5.14 Regarding the allotment of Utkal D&E Blocks, the Secretary, Ministry of Mines during evidence before the Committee informed as under:-

"Utkal D & E Blocks which were cancelled by Supreme court were restored by Ministry of Coal now and in Angul a smelter plant of the company is to be installed and the capacity of the same also to be enhanced. Some solar and wind plants of NALCO were to be installed which got delayed. But during the year, a capital expenditure of Rs. 425 crore was incurred by the company and now the next target is of Rs. 800 crore. In the meantime, Utkal Mines are allotted to NALCO by Ministry of Coal and Odisha Government have also agreed to allocate Bauxite Mines in Kotangir. In this manner, the projects which were delayed will get started in this year."

5.15 As regards the status of the new and expansion project of NALCO including investment made during 2015-16 and physical targets achieved, the Ministry furnished the following details:-

- A. "5th Stream of Alumina Refinery (based on Pottangi Mines)
1. For the proposed 1 mln TPA, Alumina Refinery Project at existing location of Alumina Refinery at *Damanjodi*, Dist: *Koraput*, Board has approved proposal for investment decision in December, 2014. The project will be set up at a cost of Rs. 5,540 Crore.
 2. Allocation in BE 15-16 is Rs. 3.0 crore which has been reduced to Rs. 0.67 crore at RE stage. Expenditure incurred in 2015-16(Feb-16) Rs. 0.14 Crore.

Present Status

- (i) Govt. of Odisha recommended for allotment of Pottangi Bauxite reserve in favour of NALCO during Sep-2015 subject to certain clarifications. Ministry of Mines has communicated the approval to increase the area limit to Govt. of Odisha in March'2016.
- (ii) Further compliance and process for allocation of the Pottangi Bauxite Mine are being pursued by the Company.
- (iii) Process for obtaining approval from MoEF has been started for the 5th Stream Refinery project; Presentation made before EAC (Environment Appraisal Committee) for Mines and Refinery in October'15 and November'15 respectively. The respective TOR was issued by MoEF in November'15 and January'16. Site data collection for baseline environmental studies is completed during Feb-16. Draft rapid EIA/EMP report is under preparation by environmental consultant

- (iv) State Level Clearance Authority (SLCA), the single window clearance mechanism of State Government of Odisha (nodal agency IPICOL) recommended case of NALCO to the High Level Clearance Authority in November '15.
- (v) Other statutory clearances are being pursued by Company.
- (vi) Selection of main technology supplier for 5th stream Refinery is in progress.
- (vii) No physical output was projected out of this project for this year.

B. Coal Mine (Utkal D & E)

Utkal-E coal block stands de-allocated in pursuance to Hon'ble Supreme Court verdict dtd. 24.09.2014 along with several other Coal blocks allocated to other allottees. Subsequently, GoI promulgated the *Coal Mines (Special Provisions) Ordinance*, which was ratified by the Parliament to be promulgated as an Act. As provided under the provisions of the Act, NALCO had applied for allotment of Utkal D & E Coal block

Allocation in BE 15-16 is Rs. 115.84 crore which has been reduced to Rs. 70 crore at RE stage. No expenditure incurred in 2015-16 (i.e. upto Feb-16) as the final allotment order is yet to be received by the company.

Present Status

- i. Ministry of Coal, Govt. of India vide notification dtd. 11.09.2015 has issued directive to the nominated authority for allotment of Utkal-D&E coal mines in favour of NALCO under Rule 8(2)(a)(ii) and Rule 11(1) of the Coal Mines (Special Provision) Rules, 2014.
- ii. Execution of allotment order by nominated authority is awaited.
- iii. No physical output was projected out of this project for this year.

C. 100 MW Wind Power

Company had a successful entry in the renewable energy sector with commissioning of two major Wind generating units. To strengthen its position in the sector and to meet the mandated RPO, it was decided to invest further for 100 MW plant.

Present Status

Board of Directors in their meeting held in Dec-2015 accorded approval for placement of order on wind power developer(s) for 100 MW Wind Power Project. Accordingly, the Company placed work orders for installation of 50.4 MW wind power project in Maharashtra at project cost of Rs. 355 Cr and 50.0 MW wind power project in Rajasthan at project cost of Rs. 344.50 Cr Execution of the project is expected to take 10 months from the date of award of work. A sum of Rs. 495 Crore has been proposed in BE 15-16, which was reduced to Rs. 100 Crore in RE 2015-16 considering project execution schedules. No physical output was projected out of this project for this year.

D. Caustic Soda Plant in JV with GACL

NALCO has formed a JV Company with GACL named "GACL-NALCO Alkalies & Chemicals Private Limited" on 4th Dec, 2015 to set up 2.7 Lakh TPA caustic soda plant and 100 MW captive power plant at Dahej in Gujarat at an estimated investment of Rs. 1789 crore. NALCO's estimated investment at 40% equity contribution is Rs. 215 crore considering ratio of 70:30.

Present Status

RFP has been issued for engagement of Owners' Engineer for the CPP. Technology selection for the caustic soda plant is underway. No physical output was projected out of this project for this year."

5.16 The following three new scheme/project(s) have been proposed in BE 2016-17, with allocation as under:

(Rs. in Crore)			
S. No.	Description	Project cost	BE 16-17
1	50 MW Wind Power	350	175
2	20 MW Solar Power	140	126
3	50 MW Solar Power	350	100

Green fields projects by NALCO

5.17 When Committee asked as to how much amount was allocated for each of the Greenfield project during 2015-16 being implemented by NALCO and utilization with reasons for shortfall and also furnish details of the funds

earmarked in 2016-17 for these projects and whether these are sufficient, the Ministry have stated as below:-

"During the BE 2015-16 a sum of Rs. 757.27 Crore was allotted for Green field projects as detailed head-wise hereunder.

(Rs. in Crore)

Sl.No.	Description	BE 2015-16
1	Smelter & Refinery (<i>Gujarat</i>)	190.00
2	Wind Power-III (<i>Damanjodi</i>)	0.01
3	100 MW Wind Power	495.00
4	15 MW Solar Power	62.00
5	CDM Projects	0.04
6	Solar Plant - BBSR - NRTC	9.82
7	Overseas (Mineral)Project	0.30
8	Misc. Consultancy	0.10
	Grand Total	757.27

Against the projected sum of Rs. 757.27 Cr a sum of Rs. 0.59 Crore could be spent as on Feb-16. The lower expenditure is due to lesser expenditure under a few major head where a sum of Rs. 747 Crore did not materialize and the planned expenditure was re-phased to BE 2016-17.

(Rs.in Crore)

Description	BE 15-16	Reason for re-phasing of expenditure.
1. Refinery (Gujarat)	190	Delay in final assessment of Bauxite availability.
2. 100MW Wind Power	495	Order placed during Jan-16, major expenditure to materialize during BE 2016-17.
3. 15 MW Solar Power	62	Investment decision taken, rephased to 2016-17.

A sum of Rs. 861.30 Crore is allocated in BE 2016-17 for different Greenfield projects including green initiatives. The details are as follows:

(Rs. in Crore)

Sl.No.	Description	BE 16-17
1	100 MW Wind Power	460.00
2	50 MW Wind Power *	175.00
3	20 MW Solar Power	126.00
4	50 MW Solar Power	100.00
5	Refinery (Gujarat)	0.30
	Grand Total	861.30

**In place of 15MW solar power project, two other solar power (20+50)MW plants are projected.*

For the planned level of activities under the heads , the projected fund will be sufficient.

Addition, Modification & Replacement (AMR) Scheme

5.18 With ageing of plants and to maintain the capacity at the rated level, the company required to upgrade and add major system in inbound and outbound road/rail logistic, Ash management, transportation of Bauxite, up-gradation of technology, waste removal and recycling etc.

5.19 When the Committee asked about the allotment and utilization of funds under AMR scheme during the years 2013-14, 2014-15 and 2015-16 and the reasons for under-utilization during 2015-16, the ministry have informed the Committee as under:-

Achievement of Financial target of AMR vis-à-vis projection

(Rs. in crore)

Scheme	2013-14		2014-15		2015-16	
	BE	Actual	BE	Actual	BE	Actual Feb-16
AMR	404.00	280.81	440.03	261.43	304.89	146.23

Reasons for Shortfall for the year 2015-16

A sum of Rs. 304.89 crore was approved under the plan head for the annual plan BE 2015-16, the sum was scaled down to Rs. 230.26 during the RE stage. As on Feb-16 a sum of Rs. 146.23 crore could be spent. The reduction as well as lesser expenditure is mainly for delay and under performance in the following programme.

- a) Procurement of Mining and earthmoving equipment.
- b) Procurement of Tripper (Capacity augn. CHP)
- c) Procurement in Wheel Loader.
- d) BPTG -5 Transmission Line From Laxmipur to Damanjodi
- e) Revamping Of Casting Station -Rod Shop-I
- f) Plough feeder (Capacity augn. CHP)
- g) Bus differential Relay for 220KV
- h) Turbidity Reducing system
- i) Ash mound
- j) Anode Slut Cutting Machine For R/S Ii

k) Lean Slurry Disposal System

It has been reported that NALCO plans to invest Rs. 30,000 crore in various projects in the next five years and Rs. 6,000.00 crore refinery project in Damanjodi is on the anvil too."

III. MINERAL EXPLORATION CORPORATION Ltd.(MECL)

5.20 The Mineral Exploration Corporation Limited (MECL) promotional scheme is implemented through MECL for which funds are provided by the Central Government on the basis of detailed exploration schemes formulated by the Company based on demand as well as national priorities in the metallic/non-metallic minerals. Besides, MECL also undertakes mineral exploration activities of State Governments, undertakings of central and state governments and other on charge basis.

5.21 A grant of Rs. 40.00 crore was earmarked in BE 2015-16 to MECL for Promotional work. It was revised to Rs. 36.26 crore in RE. Now, a provision of Rs. 29.15 crore has been kept for the year 2016-17 against the proposed funds of Rs. 53.35 crore. .

5.22 When enquired about the reasons in detail for downward revision of both RE and BE during 2015-16 and 2016-17 respectively, the Ministry have informed the Committee as under:-

"(i) A project for creation of Capital Assets for enhancement of mineral exploration capacity of MECL at the total cost of Rs. 96.00 crore has been submitted to Ministry of Mines. The same has been approved on 03.02.2016. In anticipation of approval, an advance action was taken and a sum of Rs. 6.51 crore has been spent upto February 2016. Further it is estimated that an amount of Rs. 11.05 crore will be spent during March 2016, totaling to Rs. 17.56 crore in the year 2015-16.

(ii) Due to no response to the global tenders, the capital expenditure could not be met fully. However, action is already initiated to re-tender and is expected to materialise the procurement action in 2016-17."

5.23 In this regard, a representative of Ministry of Mines during his deposition before the Committee submitted as under:-

"Subsequent to the amendment to MMDR Act, the Government have taken various steps. During last year, MECL explored 4-5 mineral blocks that come under the Ministry of Mines. During the coming year, MECL will be working on 40 mining blocks and to achieve this target enhanced budgetary support is required by MECL to replace its old and outdated drilling machines. For modernisation of drilling fleet, MECL has taken various steps and required Rs. 96.00 crore which was sanctioned in February, 2015. The company has procured 13 new machines which are based on new technology. In this context, during the year 2016-17, MECL has proposed Rs. 53.00 crore which was reduced to Rs. 29.00 crore. To equip itself with the latest state-of-art technology, the Ministry has desired that a grant of Rs. 96.00 crore be made for modernization of MECL so that planned work can be implemented efficiently."

5.24 Asked about the details of promotional work targeted and completed by MECL during the last three years, the Ministry have furnished the following information:-

Sl.No.	Year	Target (meter)	Achievement (meter)
1.	2012-13	8400	6258
2.	2013-14	7500	8548
3.	2014-15	7000	Promotional 7178 MEF 3541 Total 10719
4.	2015-16	8500	(upto Feb,2016) Promotional 7801 MEF 108 Total 7909

5.25 As regards details of completed Projects by MECL during last three years, the Committee were apprised as under:-

Sl. No.	Year	Projects completed during the year	Mineral	Resource Established (in million tonne)
1	2012-13	Tongnub South East Sub Block	Limestone	274.04
2		Rupa Dolomite	Dolomite	561.26
3		Rajabasa Block	High Mgo Flux grade rock	15.36
4		Tikhi ext. South Block	Lead-zinc	3.32
5		Gurla	Lead-Zinc & Cu	7.107
6	2013-14	Banera Block	Copper	2.09
7		Muradpur Central Sub Block	Copper	1.832
8	2014-15	Parasi East block	Gold	2.07

9		Gurla South Block	Lead-Zinc	0.53
10		Nimmi Block	Limestone	42.26
11		Pahardia Block	Gold	2.12
12	2015-16 (upto Feb'16)	Lumthalary Block	Limestone	477.451
13		Parasi West Block	Gold	0.365
14		MuariyaBloack	Polymetallic	1.06
15		Kuhi Zone-I	Tungsten	2.05

5.26 Regarding the projects/schemes have been approved by the Technical Sub-Committee of Standing Committee on Promotional Projects (SCPP), the Ministry have stated as below:-

"During 2015-16, 12 (Promotional 7 + MEF 5) exploration projects/ schemes have been approved by the Technical Sub-Committee of Standing Committee on Promotional Projects (SCPP) during 2015-16. However, the main SCPP approved only 10 (Promotional 5 + MEF 5) out of these."

5.27 The Committee desire to know details of the new projects proposed to be taken by MECL during 2016-17, the Ministry of Mines informed the Committee as under:-

Sl.No	Name of Project & Location	Mineral	Meterage to be drilled	Estimated Cost (Rs. in Cr)	Schedule of completion
1.	Hanumalpur East Block, Davanageridistt., Karnataka	Platinum Group of Minerals	2735 (16 Boreholes)	6.60	21 months
2.	Nandup-Bayanbil Combined Block, East Singhbhumdistt. Jharkhand	Copper	5480 (24 Boreholes)	8.03	23 months
3.	Bhalusari Block, Hanumangarhdistt., Rajasthan	Potash	Geophysical Survey (4695 stations)	0.99*	9 months
4.	Jaitpur Block, Bikaner distt., Rajasthan	Potash	5370 (6 Boreholes)	9.50*	20 months
Total				Promotional 14.63 MEF 10.49 Total 25.12	

(*) To be funded through MEF

PART-II

OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

Budgetary Provision and Utilization

1. The Committee note that the total budgetary allocation of Rs. 570.58 crore under the Plan Head of the Ministry of Mines during the year 2015-16 was reduced to Rs. 437.12 crore at Revised Estimates(RE) stage. The actual expenditure has only been Rs. 393.79 crore upto 21.03.2015. The Committee are concerned at the underutilization of plan funds by GSI, IBM and MECL. The reasons attributed by the Ministry for under-utilization of funds i.e. delayed start of Online Core Business Integrated System (OCBIS) project due to technical reasons, delayed start of outsourced drilling work (GSI), non-materialization of Modified Assured Career Progression Schemes, recruitment of Group 'C' employees, delay in getting bids from implementing agency of the Mining Tenement System (MTS) project,(IBM), delay in approval for the project for creation of Capital Assets (MECL) are of repetitive nature and unconvincing. The Committee also note that for the year 2016-17, against projection of Rs. 652.45 crore made by the Ministry, the Ministry of Finance has allocated Rs. 570.00 crore under Plan Head. As per the Ministry's submission, the reasons for lower allocation by the Ministry of Finance is based on account of availability of resources with them and also the trends of expenditure by the Ministry of Mines during 2015-16. While emphasizing the need for corrective measures to overcome the

constraints affecting the implementation of projects/schemes by the Ministry of Mines/attached offices, the Committee desire that the Ministry of Mines, after ensuring timely utilization of allocated funds should approach the Ministry of Finance at RE Stage to enhance the funds for 2016-17 for effective implementation of their ongoing schemes.

Utilization of Plan Funds by PSUs

2. The Committee note that utilization of funds by all the three PSUs under the Ministry of Mines has remained far from satisfactory during the last three years. The Committee observe that while on one hand there has been reduction in Plan Outlays of Ministry of Mines, on the other, the utilization of even reduced funds by PSUs like NALCO, HCL and MECL has not been satisfactory. This gives an impression that plan outlays are not based on realistic projections. This is evident from the fact that during the year 2013-14, the Plan Outlays for NALCO were kept at Rs. 1737.00 crore but the actual expenditure was only Rs. 523.41 crore. Similarly, in the year 2014-15, against the approved outlays of Rs. 1181.02 crore at Budget Estimates (BE) stage, only Rs. 224.34 crore (18.99%) were utilized by NALCO. Again, during 2015-16, the BE was Rs. 1142.21 crore, the expenditure remained as low Rs.198.69 crore (17.39%). Similarly, the BE of HCL for the year 2013-14 were Rs. 688.37 crore but the company could utilize only Rs. 282.12 crore (40.98%). In the year 2014-15, the Plan Outlays of HCL were Rs. 522.16 crore, but the expenditure was Rs.

205.44 crore (39.34%) and in the year 2015-16, BE for HCL was kept at Rs. 475.00 crore but the actual expenditure by the company was Rs. 133.08 crore (28.01%). As regards, MECL (Capital), a provision for Rs. 20.00 crore were made at BE stage for the year 2013-14 but actually only Rs. 8.72 crore (43.6%) were expended. In the year 2014-15, the Budget Estimates of MECL were reduced to Rs. 18.71 crore and actual expenditure was Rs. 7.76 crore (41.47%). During the year, 2015-16, against the BE of Rs. 17.23 crore, the expenditure by the Company was Rs. 4.06 crore (23.56%). Under-utilization of funds by the Ministry/PSUs highlights their unsatisfactory financial performance. Though, the Ministry of Mines has claimed that the expenditure is being monitored at a concurrent, monthly and quarterly level by the Ministry, the Committee fail to see any noticeable improvement in the utilization of the Annual Plans by all the three PSUs during the last three years. The under-utilization of funds year after year gives credence to the fact that the institutional mechanism put in place to monitor utilization of funds is not effective to give the desired results. The Committee, therefore, feel that the Ministry/PSUs need to be more prudent in their budget formulation. Further, they need to be strengthen the existing monitoring system in place ensuring that the planned outlays are fully utilized as per targets during the year. The Committee would like to be apprised of the initiatives undertaken by the Ministry in this regard.

Approved Plan Outlays for 12th Plan Period

3. The Committee note that for the 12th Five Year Plan (2012-17) , the gross budgetary allocation for the Ministry of Mines is Rs. 2332.00 crore consisting of Rs.2004.42 crore for GSI, Rs.228.53 crore for IBM, Rs. 50 crore for MECL (promotional) and Rs.49.05 crore for S&T schemes. In this regard, the Committee note that the outlay provided for GSI was Rs. 483.70 crore for the year 2014-15; and Rs. 462.58 crore for 2015-16. However, as against this, the actual expenditure by GSI was only Rs. 267.46 crore during the year 2014-15 and Rs. 334.67 crore during 2015-16 which is 55.29% and 72.34% respectively of the approved budget. In respect of IBM, the allocation during the years 2014-15 and 2015-16 was Rs. 52.99 crore and 53.00 crore respectively but the expenditure was only Rs. 25.68 crore and Rs. 28.61 crore (upto 21.03.2013) which were 48.46% and 53.98% respectively of the allocations. Moreover, in respect of MECL, against the BE of Rs. 40.00 crore during the year 2015-16, the actual expenditure upto 21.03.2016 was only Rs. 15.74 crore. Also, under the Head construction (GSI & IBM), the plan outlay for 12th Plan was Rs. 158.00 crore. The total combined expenditure during 2012-13 and 2013-14 was only Rs. 18.00 crore and during 2014-15 against the allocation of Rs. 83.00 crore at BE stage, the actual expenditure shown is zero. During the year 2015-16 and 2016-17, no plan outlay has been kept for the purpose. Looking at the overall scenario, the Committee find that against the gross budgetary allocation of Rs.

2332.00 crore for the mining sector during 12th Plan, the actual utilization during the first four years (upto 21.03.2016) is reported to be Rs. 1571.44 crore and the likely expenditure during the 12th Plan will be Rs. 2184.77 crore. Thus, the overall expenditure figure during the 12th plan period was highly unsatisfactory. The Committee, therefore, note with concern about lower utilization of funds by organizations like GSI, IBM and MECL during the Plan Period and desire that the Ministry need to focus more on deficient areas resulting in under-utilization of funds by these bodies and take appropriate remedial measures to ensure optimal utilization of allotted funds so that their overall physical and financial performance do not suffer.

Geological Survey of India (GSI)

4. The Committee note that since its inception in 1851, the GSI have grown into a repository of geo-science information and attained the status of a geo-scientific organization of global repute. The Committee, however, are distressed to note that such an important organization has to face a reduced grant of Rs. 347.93 crore at RE stage from BE grant of Rs. 462.58 crore for plan expenditure during 2015-16. For the year 2016-17, according to the Ministry, GSI has proposed Rs. 524.50 crore but the Finance Ministry has allocated Rs. 480 crore. Without disputing the lower expenditure on the maintenance of the GSI vessel due to significant fall in global oil

prices, the Committee are unhappy to note that the delayed start of Online Core Business Integrated System (OCBIS) projects as well as the delayed start of outsourced drilling works are the major reasons for reduction of grants. As a consequence to such budget reduction, the aerial survey projects by GSI may face truncated targets, mineral exploration may be affected and implementation of Online Core Business Integrated System (OCBIS) may be delayed further. Moreover, many of the payments which GSI were to make during 2015-16 for outsourcing of drilling, outsourcing of vehicles etc. will now have to be deferred and may have to be made from the budget of Financial Year 2016-17. In addition, the payment for aerial survey as well as part payment of OCBIS would have to be made from the budget of Financial Year 2016-17. The budget cut is also likely to adversely affect the National Geo-Chemical Mapping (NGCM) and National Geo-physical Mapping (NGPM) programmes. In the opinion of the Committee all such factors, therefore, are likely to create further pressure on the budget of 2016-17. The Committee have little doubt that such reduction in budget allocation is going to adversely affect the performance of GSI. The Committee, therefore, recommend the Ministry to approach the Finance Ministry with ample justifications to obtain sufficient funds at RE stage for the year 2016-17 as per the need of GSI.

Indian Bureau of Mines (IBM)

(i) Restructuring of IBM

5. The Committee note that IBM is a premier organization for scientific and systematic development of mineral resources, conservation of minerals and protection of environment in mines. IBM also ensures effective regulation of Indian Mineral Sector and performs regulatory functions such as enforcement of Mineral Conservation and Development Rules, 1988, relevant provisions of Mineral Concession Rules, 1960 framed under MMDR Act, 1957, and as a facilitator, it undertakes scientific and techno-economic research oriented studies in various mining related areas besides functioning as a data bank of mines and minerals. In its advisory role, IBM advises the Central and State Governments on all aspects of mineral industry, trade and legislation. The Committee observe that in view of policy directions under the National Mineral Policy 2008, a Committee was constituted by Ministry of Mines in July, 2009 for reviewing and restructuring of the functions and role of IBM and that Committee submitted its Report in May, 2012 containing 73 major recommendations. With substantial and significant changes in the MMDR Act, 1957 after passing of the MMDR (Amendment) Bill, 2015 and 31 major minerals notified by the Government as minor minerals, the role of IBM is being further redefined. Although, the amended law permits self certification of mining plans by the States, some States like Madhya Pradesh, Karnataka, etc. have sought continued

assistance of IBM for regulation of minerals notified as minor minerals as they lack capacity in this regard. In view of this enhanced responsibility on IBM, the Ministry of Mines have accorded in-principle approval for opening two new Regional Offices of IBM at Raipur and Gandhinagar as part of reorganization of IBM. This Committee in their 8th Report on Demands for Grants (2015-16) has also stressed upon the Government to revise the restructuring proposal of IBM. In view of the foregoing, the Committee disapprove any cut in the budgetary support to IBM and recommend that the Ministry should expeditiously complete the examination of the proposal, for re-organization and redefining the role of IBM in the changed legal & functional scenario. The Committee further recommend that the budgetary allocation to IBM may be suitably enhanced so that new Regional Offices at Raipur and Gandhinagar become functional without further delay. The Committee would like to be apprised of the action taken by the Ministry in this regard.

(ii) Implementation of Mining Tenement System (MTS)

6. The Committee note with concern that for the year 2015-16, plan outlay of Rs. 53.00 crore which was provided to IBM at BE stage for implementation of various schemes was reduced to Rs. 37.93 crore at RE stage out of which, the IBM could utilize only Rs. 27.40 crore (upto January, 2016). The final estimates of utilization of plan funds by IBM during 2015-16 is Rs. 33.16 crore. The Committee further note that for the year 2016-17, the budgetary allocation to IBM are reduced

to Rs. 47.23 crore. According to the Ministry, though the allocated funds for the year 2016-17 for IBM are sufficient to fulfill the present requirements, but after selection of implementation agency for Mining Tenement System(MTS) project, additional funds would be needed for the same. In this regard, the Committee note that the allocation of Rs. 13.80 crore at BE stage for MTS during the year 2015-16 was revised to Rs. 0.74 crore at RE stage. But the utilization for the scheme during the year was nil due to non implementation of the scheme on account of inordinate delay in getting bids for selection of Implementation Agency for MTS. Taking note of the fact that MTS when implemented would help to develop an Online National Mineral Information System by linking Central and State Government Organisations, engaged in administration of mineral resources in the country, the Committee firmly feel that such a crucial scheme should not be allowed to suffer for want of sufficient funds but ought to be given top priority. The Committee, therefore, recommend that the Ministry of Mines should take adequate steps to ensure that selection of implementing agency for MTS is completed without any delay and adequate funds be made available to IBM at RE stage during 2016-17 for ensuring that the scheme does not get delayed or suffer due to lack of funds.

Hindustan Copper Ltd. (HCL)

7. The Committee note that Hindustan Copper Ltd. (HCL) could spend only Rs. 287.35 crore (upto February, 2016) as against the plan

outlays of Rs. 475.00 crore at BE stage and Rs. 380.00 crore at RE stage during 2015-16. The Committee find it as an obvious indication of sub-optimal utilization of approved allocation. The Committee are concerned to note that HCL could not utilize Rs. 40.00 crore allocated for 'Replacement and Renewals' and upto February, 2016, only Rs. 14.75 crore could be expended. Though, the company has exceeded the utilization of Rs. 120 crore (BE) for mine development, the allocation of Rs. 305.00 crore for mine expansion programme was drastically reduced and expenditure of Rs. 144.91 crore could be made till February, 2016. The Committee also take note of the fact that though the Company has repeatedly taken up the matter of reopening, operation and expansion of Rakha Mine, Kendidah Mine and Chapri Siddheswar Mines with the concerned State Government/Ministry of Environment & Forests(MOEF), the required statutory clearances in obtaining stage-II forest clearances are still awaited. The Committee further note that the Plan outlay of HCL for 2016-17 was initially kept at Rs 668.00 crore, but was later reduced to Rs 400.00 crore. According to the Ministry of Mines, the reason for decrease of Rs 268.00 crore is due to reduction of plan expenditure under Mine Expansion head from Rs 500.00 crore to Rs 232.00 crore for delay in getting required statutory clearances for mine expansion projects. Taking note of under utilization of plan outlays by HCL during 2015-16, the Committee urge the Ministry to review the methodology adopted by HCL for setting up annual financial targets which in the

opinion of the Committee should be realistic and achievable. The Committee expect that HCL would make all out efforts to utilize the earmarked funds during 2016-17 and complete mine expansion schemes without any further time and cost overrun. The Committee also recommend that the Ministry of Mines should accord top priority for getting stage-II forest clearances for Rakha, Kendidah and Chapri-Siddheswar mines and take up the matter with the concerned State Governments and Ministry of Environment and Forests at the highest level lest the ongoing expansion plan of the Company would get further delayed.

National Aluminium Company Ltd. (NALCO)

8. While examining allocation and utilization of I&EBR by NALCO in the year 2015-16, the Committee note that NALCO had projected a plan outlay of Rs. 1141.21 crore which was later revised to Rs. 1181.00 crore based on a further discussion with the Government. The Committee are concerned to note that the projection of Plan Outlays during 2015-16 was drastically reduced to Rs. 407.62 crore at RE stage. The Committee are surprised to observe that company has spent only Rs. 146.96 crore (upto February, 2016) out of the allocated amount of Rs. 1181.00 crore at BE stage thus spending barely 12.44% of the funds allocated. Further, a sum of Rs. 1367.87 crore has been projected by NALCO at BE stage during 2016-17 based on the progress of ongoing schemes and new proposals. The revised estimates of Utkal-E Coal Mines during 2015-16 were reduced to Rs. 70 crore at RE

stage although originally the target of expenditure was Rs. 115.84 crore. According to Ministry of Mines, even though it was decided for allotment of Utkal D & E coal blocks in favour of NALCO, formal allotment order is yet to be executed to enable further spending. Accordingly, no further expenditure could be made under this head. There was drastic reduction in Plan Outlays for Greenfield Projects by NALCO and it was reduced from Rs. 757.27 crore at BE stage to Rs. 106.69 crore at RE stage as expenditure for 100 MW Wind Power Plant and 15 MW Solar Power Plant have been re-phased to 2016-17. Further, against the Budget Estimates of Rs. 304.89 crore for Addition, Modification Replacement (AMR) Scheme, only Rs. 146.23 crore could be utilized upto February, 2016 due to delay in execution by the executing agencies, poor response to the tendering process, etc. Taking note of the under-utilization of funds by NALCO which is directly affecting the implementation of Greenfield Projects, AMR Scheme, Utkal-E Coal mine, etc., the Committee would like to impress upon the Ministry and NALCO to continuously monitor their ongoing schemes/projects so that the allocated funds could be utilized as targeted during the year. The Committee would like to be apprised of the steps taken by Ministry/NALCO to ensure full utilization of Plan Outlays of Rs.1367.87 crore during 2016-17.

Expenditure by NALCO during 12th Plan

9. The Committee observe that out of total outlay of Rs. 14233.00 crore to NALCO as approved by the Ministry of Finance for the 12th

Plan Period, the expenditure made during the first four years was only Rs. 1831.47 crore. While during the year 2012-13, NALCO could spend only Rs. 878.00 crore (37.50%) of the allotted fund of Rs. 2343.00 crore, during 2013-14 the expenditure was Rs. 523.41 crore i.e. 30.13% of the approved outlays. In the year 2014-15 the expenditure by NALCO was Rs. 282.30 crore i.e. 23.90% of the allocated funds of Rs. 1181.00 crore and during the year 2015-16, the utilization of funds (upto February, 2016) was Rs. 146.96 crore i.e. 12.44% of approved outlays of RS.1181.00. The Committee feel that either the estimates prepared by NALCO are inflated or they have failed to utilize the Plan Outlays during the first four years of the 12th Plan. While observing under-utilization of 12th Plan outlays by NALCO, the Committee also note the present monitoring mechanism to have monthly review meetings by CMD have not yielded the desired results. Hence, the Committee desire that the Ministry/NALCO should endeavour to analyse the reasons for consistent inadequate utilization of the funds and take the necessary remedial measures so as to ensure that in future the total allocated funds are fully utilized as targeted.

Mineral Exploration Corporation Ltd. (MECL)

10. The Committee observe that MECL (promotional) scheme is implemented through MECL for which funds are provided by the Central Government on the basis of detailed exploration schemes formulated by the Company based on demand as well as national priorities in the metallic/non-metallic minerals. Besides, MECL also

undertakes mineral exploration activities of State Governments, undertakings of Central and State Governments and other on charge basis. MECL was allocated an outlay of Rs. 40.00 crore for promotional drilling during the year 2015-16 which was revised to Rs. 36.26 crore at RE stage. The actual utilization of the outlays was, however, Rs. 10.80 crore (upto December, 2015). The Committee also note that a project for creation of Capital Assets for enhancement of mineral exploration capacity of MECL at the total cost of Rs. 96.00 crore submitted to Ministry of Mines was approved on 03.02.2016. In anticipation of approval, an advance action was taken and a sum of Rs. 6.51 crore has been spent upto February 2016. Further, it is estimated that an amount of Rs. 11.05 crore will be spent during March 2016, totaling to Rs. 17.56 crore in the year 2015-16. However, one of the reasons attributed for shortfall in utilization of funds was that the Ministry did not receive any response to the global tenders for procurement of equipment. The Ministry have stated that action has already been initiated to re-tender and they expect to materialize the procurement action in 2016-17. The Committee further note that MECL has been allotted an annual plan outlay of Rs. 29.15 crore to implement its schemes/projects during 2016-17 against a proposed demand of Rs. 53.35 crore. The Committee are unhappy at the slow pace of completion of promotional drilling projects while observing that as against the 10 promotional projects approved by Standing Committee on Promotional Projects (SCPP) during 2015-16, only 4

projects were completed during the year. Although, the Ministry of Mines have informed the Committee that four new projects namely Hanumalpur East Block, Davangeri Distt., Karnataka; Nandup-Bayanbil Combined Block, East Singhbhumdistt. Jharkhand; Bhalusari Block, Hanumangarh Distt., Rajasthan; and Jaitpur Block, Bikaner Distt., Rajasthan with varying schedule of completion from 9 months to 23 months will be taken up by MECL during 2016-17, a representative of the Ministry of Mines informed the Committee during evidence that MECL will be working on 40 mining blocks during the coming year and will submit detailed Geological Reports on 40 new blocks for which enhanced budgetary support is required by MECL to replace its old & outdated drilling machines. In view of the anticipated increased targets for minerals exploration by MECL and proposal for creation of Capital Assets by MECL, the Committee recommend that the Ministry of Mines should take up the matter with Ministry of Finance and impress upon them to enhance the Budgetary Support to MECL at RE stage so that not only the new drilling machines are procured on time but also the enhanced drilling targets are achieved during the year 2016-17. The Committee would also like to be apprised of details of 40 new blocks on which MECL has targeted to submit detailed Geological Reports during 2016-17.

NEW DELHI;
28 April, 2016
08 Vaisakha, 1938 (Saka)

RAKESH SINGH
Chairperson
Standing Committee on Coal and Steel

Annexure-II

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 28 MARCH, 2016 IN COMMITTEE ROOM 'B', GROUND FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI.

The Committee sat from 1430 hrs. to 1600 hrs.

PRESENT

Shri Rakesh Singh- Chairperson

Lok Sabha

2. Shri A. Arunmozhithevan
3. Shrimati Jyoti Dhurve
4. Shri Shailesh Kumar
5. Dr. Banshilal Mahato
6. Shri Devji Mansingram Patel
7. Shrimati Riti Pathak
8. Shrimati Ranjit Ranjan
9. Dr. Ravindra Kumar Ray
10. Shri Tamradhwaj Sahu
11. Shri Tathagata Satpathy
12. Shri Janardan Singh "Sigriwal"
13. Shri Pashupati Nath Singh
14. Shri Rama Kishore Singh
15. Shri Sunil Kumar Singh
16. Shri Sushil Kumar Singh
17. Shri Krupal Balaji Tumane

Rajya Sabha

18. Shri Ali Anwar Ansari
19. Dr. Pradeep Kumar Balmuchu
20. Shri B.K Hariprasad
21. Dr. Satyanarayan Jatiya
22. Shri Avinash Pande
23. Shri Sanjay Raut

SECRETARIAT

- | | | | |
|----|----------------------|---|---------------------|
| 1. | Shri U.B.S. Negi | - | Joint Secretary |
| 2. | Shri Ajay Kumar Garg | - | Director |
| 3. | Shri Arvind Sharma | - | Additional Director |
| 4. | Ms. Miranda Ingudam | - | Deputy Secretary |

WITNESSES

Sl. No.	Name	Designation
1.	Shri Balvinder Kumar	Secretary, Ministry of Mines
2.	Shri R. Sridharan	Additional Secretary, Ministry of Mines
3.	Smt. Sujata Prasad	Joint Secretary and Financial Advisor, Ministry of Mines
4.	Shri Nikunja Bihari Dhal	Joint Secretary, Ministry of Mines

5.	Dr. Niranjana Kumar Singh	Joint Secretary, Ministry of Mines
6.	Shri Subhash Chandra	Joint Secretary, Ministry of Mines
7.	Shri Sudhaker Shukla	Economic Advisor, Ministry of Mines
8.	Shri Harbans Singh	DG, GSI
9.	Shri R. K. Sinha	CG, IBM
10.	Shri H. Meena	Regional Controller of Mines
11.	Dr. Tapan Kumar Chand	CMD, NALCO
12.	Shri K. D. Diwan	CMD, HCL
13.	Shri Gopal Dhawan	CMD, MECL

2. At the outset, the Chairperson, welcomed the Secretary and other representatives of the Ministry of Steel and Steel PSUs to the sitting of Committee convened in connection with the examination of "Demands for Grants (2016-17)" of the Ministry and drew their attention to Direction 58 of the Directions by the Speaker, Lok Sabha regarding confidentially of evidence tendered by witness.

3. Thereafter, the Committee broadly discussed the issues relating to Budgetary allocation; utilization of Plan and Non-Plan outlays of the Ministry of Mines; Lower Budget allocation to the Ministry of Mines for the year (2016-17); new technology for survey and mineral exploration by GSI; Restructuring and reorganization of IBM and financial targets and achievements of PSUs viz. NALCO, HCL and MECL; reasons for under utilization of funds; Green initiatives by NALCO, less amount provided by the Ministry of Finance to the Autonomous Bodies viz. National Institute of Rock Mechanics (NIRM), National Institute of Miners' Health (NIMH), Jawaharlal Nehru Aluminum Research Development and Design Centre (JNARDDC) etc.

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

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

The Committee then adjourned.

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND
STEEL HELD ON 28 APRIL, 2016 IN ROOM NO. '112', FIRST FLOOR,
PARLIAMENT HOUSE ANNEXE, NEW DELHI.**

The Committee sat from 1500 hrs. to 1600 hrs.

PRESENT

Shri Rakesh Singh - Chairperson

Lok Sabha

2. Shrimati Jyoti Dhurve
3. Shri Shailesh Kumar
4. Dr. Banshilal Mahato
5. Shri Devji Mansingram Patel
6. Shrimati Riti Pathak
7. Shrimati Ranjit Ranjan
8. Shri Neiphui Rio
9. Shri Janardan Singh "Sigriwal"
10. Shri Pashupati Nath Singh
11. Shri Sushil Kumar Singh
12. Shri Krupal Balaji Tumane

Rajya Sabha

13. Shri Ali Anwar Ansari
14. Dr. Pradeep Kumar Balmuchu
15. Shri B.K Hariprasad
16. Dr. Satyanarayan Jatiya
17. Shri Avinash Pande
18. Shri Sanjay Raut

SECRETARIAT

1. Shri U.B.S. Negi - Joint Secretary
2. Shri Ajay Kumar Garg - Director
3. Shri Arvind Sharma - Additional Director
4. Ms. Miranda Ingudam - Deputy Secretary

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

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

- (i) ** ** ** **
- (ii) Draft Report on "Demands for Grants(2016-17)" of the Ministry of Mines; and
- (iii) ** ** **

4. The Committee adopted the Reports without any changes/modifications. The Committee then authorized the Chairperson to finalise the Reports on the basis of factual verification from the concerned Ministries and present the same to both the Houses of Parliament. The Committee also decided to undertake an on the spot study visit during the forthcoming inter-session period.

The Committee then adjourned.

** Do not pertain to this Report.