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STANDING COMMITTEE ON  
COAL AND STEEL  
(2014-2015)

SIXTEENTH LOK SABHA

MINISTRY OF MINES

DEMANDS FOR GRANTS  
(2015-2016)

EIGHTH REPORT



सत्यमेव जयते

LOK SABHA SECRETARIAT  
NEW DELHI

*April, 2015/Vaisakha, 1937 (Saka)*



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(2015-2016)

*Presented to Lok Sabha on 24.04.2015*  
*Laid in Rajya Sabha on 24.04.2015*



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NEW DELHI

*April, 2015/Vaisakha, 1937 (Saka)*

**CC&S No. 94**

*Price* : Rs. 59.00

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fifteenth Edition) and printed by National Printers, New Delhi-110 028.

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COMPOSITION OF THE STANDING COMMITTEE ON  
COAL AND STEEL (2014-15)

Shri Rakesh Singh\* — *Chairperson*

MEMBERS

*Lok Sabha*

2. Shri A. Arunmozhihevan
3. Shri Kalyan Banerjee
4. Shrimati Jyoti Dhurve
5. Shri Faggan Singh Kulaste
6. Shri Shailesh Kumar
7. Dr. Banshilal Mahato
8. Shri Godam Nagesh
9. Shri Devji M. 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 Sunil Kumar Singh
19. Shri Sushil Kumar Singh
20. Shri Rama Kishore Singh
21. Shri Krupal Balaji Tumane

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\* Shri Rakesh Singh appointed *w.e.f.* 27.11.2014 *vice* Shri Hansraj G. Ahir appointed Minister.

*Rajya Sabha*

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

SECRETARIAT

1. Shri Shiv Singh — *Joint Secretary*
2. Shri Ajay Kumar Garg — *Director*
3. Shri Arvind Sharma — *Additional Director*
4. Smt. Madhu Tandon — *Sr. Committee Assistant*

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@ Shri Md. Nadimul Haque nominated *w.e.f.* 08.01.2015 *vice* Shri Srinjoy Bose.

# Dr. Satyanarayan Jatiya nominated *w.e.f.* 25.09.2014 *vice* Shri Basawaraj Patil.

## 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 Eighth Report (Sixteenth Lok Sabha) on Demands for Grants (2015-16) 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 19.03.2015. 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 31st March, 2015.

4. The Report was considered and adopted by the Committee at their sitting held on 22.04.2015.

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;  
23 April, 2015  

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03 Vaisakha, 1937 (Saka)

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



# REPORT

## PART I

### CHAPTER I

#### **Introductory**

The mining sector is an essential core industrial sector for the country. India is still in need of advanced technology and expertise in deep seated mining, mine closure measures, as well as sustainable mining. Through the cooperation programme with Australia, Canada and Ontario Province of Canada, Ministry of Mines was able to arrange capacity building in those areas. The Ministry also endeavoured to showcase opportunities in Indian Mineral and Mining Sector in various international mining events for attracting foreign direct investment.

1.2 India's mineral resources are sufficiently rich and varied to provide country with a strong industrial base. Mineral resources in India can be categorised into two groups namely metallic minerals and non-metallic minerals. Metallic mineral resources are those, which have the properties of luster, hardness and heaviness. These metals can be melted drawn into wires and rolled into sheets. Only few of these minerals such as gold, silver and copper occur in a pure state. Metallic minerals are extracted from the earth in raw state culled as mineral ore. The major metallic minerals are iron, copper, lead, Mica, tin, silver and gold. There are some minerals that do not have any metal in them and are used for extraction of non-metals like sulphur, phosphorus, carbonate etc. Limestone, gypsum salts, antimony, mica are some important non-metallic minerals found in the Indian subcontinent.

1.3 The Ministry of Mines is responsible for survey and exploration of all minerals, other than natural gases, petroleum and atomic minerals; for mining and metallurgy of non-ferrous metals like aluminium, copper, zinc, lead, gold, nickel etc. and for administration of the Mines and Minerals (Development and Regulation) Act, 1957 in respect of all mines and minerals other than coal, natural gas and petroleum. A list of subjects allocated to the Ministry of Mines, attached office, subordinate office,

Public Sector Undertakings and Research Institutions under the administrative control of the Ministry is given below:—

- (a) Legislation for regulation of mines and development of minerals within the territory of India, including mines and minerals underlying the ocean 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 There are two companies which have been disinvested with transfer of management control to strategic partners. This Ministry holds minority share-holding in these two companies:—

- (i) Bharat Aluminium Company Limited (BALCO), at Korba, and
- (ii) Hindustan Zinc Limited (HZL), at Udaipur.

1.7 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.

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

1.9 The detailed Demands for Grants of the Ministry of Mines were presented to Lok Sabha on 19.03.2015. In the succeeding chapters, the Committee have analyzed the detailed Demands for Grants of the Ministry of Mines for the year 2015-16, utilization of Plan Outlays of attached/subordinate offices and Public Sector Undertakings under the administrative control of the Ministry during 2014-15, etc..

## CHAPTER II

### ANALYSIS OF DEMANDS FOR GRANTS (2015-16) OF THE MINISTRY OF MINES

The Ministry of Mines presented the detailed Demands for Grants No. 29 for the year 2015-16 to the Lok Sabha on 19.3.2015. 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 financial performance of the Plan schemes of the previous year and the allocation for the current year are given below:—

(Rs. in crore)

Sl. No.	Name of the Organization	BE 2014-15	RE 2014-15	Actual 2014-15 (Upto Dec. 2014)	BE 2015-16
	PLAN (GBS)				
1.	Geological Survey of India	483.70	267.20	208.72	462.58
2.	Indian Bureau of Mines	53.00	31.50	23.54	53.00
3.	MECL-Promotional	10.00	11.00	9.24	40.00
4.	Science and Technology	20.30	20.30	18.87	15.00
	Total	567.00	330.00	260.37	570.58

2.3 The financial performance of the Non-Plan of the previous year and the allocation for the current year are given below:—

(Rs. in crore)

Sl. No.	Name of the Organization	BE 2014-15	RE 2014-15	Actual 2014-15 (Upto Dec. 2014)	BE 2015-16
	NON-PLAN				
1.	Secretariat	20.00	19.46	13.53	26.00
2.	Geological Survey of India	455.92	457.47	376.50	489.45
3.	Indian Bureau of Mines	53.52	53.17	38.89	54.83
4.	Bharat Gold Mines Ltd.	1.50	4.36	1.50	2.70
5.	Others	6.32	12.59	5.47	12.15
	Total NON-PLAN	537.26	547.05	435.89	585.13

2.4 The Plan and Non-Plan expenditure during 2014-15 and BE for 2015-16 are as under:—

(Rs. in crores)

Year	Plan			Non-Plan			Total		
	BE	RE	Exp. (Upto 23.3.15)	BE	RE	Exp. (Upto 23.3.15)	BE	RE	Exp. (Upto 23.3.15)
2014-15	567.00	330.00	304.99	537.26	547.05	532.02	1104.26	877.05	837.01
2015-16	570.58	—	—	585.13	—	—	1155.71	—	—

2.5 An amount of Rs. 567.00 crore was allocated under Plan and Rs. 537.26 crore in BE under Non-plan for 2014-15 making the total allocation of Rs. 1104.26 crore. Against this, the RE for plan expenditure were reduced to Rs. 330.00 crore and for non-plan these were increased to Rs. 547.05 crore at RE stage during 2014-15 making the total allocation at Rs. 877.05 crore. BE of Ministry of Mines for the year 2015-16 is being kept at Rs. 1155.71 crore comprising of Rs. 570.58 crore under Plan and Rs. 585.13 crore under Non-plan.

2.6 The variation between BE and RE of Plan schemes of Ministry of Mines is due to scaling down of allocations by the Ministry of Finance at the RE stage. The scaling down was in part due to the overall scaling down of Plan Budget and, also in part due to the relatively less expenditure by GSI and IBM. The variation in the S&T Scheme was due to its revamping during the 12th Five Year Plan which resulted in provisioning a 'One-time Capital Components' grant to the three autonomous bodies under the Ministry of Mines.

2.7 When asked about the details of amount proposed by the Ministry of Mines and amount actually provided for the Projects/Schemes of attached offices/PSUs under the administrative control of Ministry of Mines in Annual Plan separately for the last three years and 2015-16 along with reasons for variation between the proposals, the Ministry have informed the Committee in a written reply as under:—

“The Proposed and Actual allocations of Annual Plan for last four years are in the table given below:—

(Rs. in crore)

Sl. No.	Scheme/ Organisation	2012-13		2013-14		2014-15		2015-16	
		Pro- posed	Allo- cation	Pro- posed	Allo- cation	Pro- posed	Allo- cation	Pro- posed	Allo- cation
<b>Gross Budgetary Support (GBS)</b>									
1	2	3	4	5	6	7	8	9	10
1.	GSI	710.00	194.00	791.45	392.00	697.29	483.70	425.50	462.58

1	2	3	4	5	6	7	8	9	10
2.	IBM	31.88	24.00	61.61	49.00	60.85	53.00	54.44	53.00
3.	S&T Programme	8.33	4.00	20.09	4.00	22.30	20.30	20.10	15.00
4.	MECL Promotional	10.00	10.00	10.00	9.00	10.00	10.00	27.00	40.00
5.	Construction (GSI+IBM)	79.23	11.00	73.58	13.00	54.22	83.00	24.91	—
	GBS Total	839.44	243.00	956.73	467.00	844.66	650.00	551.95	570.58
<b>Internal and Extra Budgetary Resources (I&amp;EBR)</b>									
1.	NALCO	2343.00	2343.00	1737.00	1737.00	1181.02	1181.02	1142.21	1142.21
2.	HCL	341.14	341.14	688.37	688.37	522.16	522.16	475.00	475.00
3.	MECL	9.00	9.00	20.00	20.00	18.71	18.71	17.23	17.23
4.	Autonomous Bodies	6.50	6.50	6.75	6.75	7.50	7.50	8.45	8.45
	IR Total	2699.64	2699.64	2452.12	2452.12	1729.39	1729.39	1642.89	1642.89
	Grand Total (GBS+IR)	3539.08	2942.64	3408.85	2919.12	2574.05	2379.39	2194.84	2213.47

## CHAPTER III

### GEOLOGICAL SURVEY OF INDIA (GSI)

The Geological Survey of India (GSI) was started as a department engaged primarily for searching coal in 1851. Since then, GSI has diversified its activities covering almost the entire gamut of earth science including its applied aspects. The principal function of GSI relates to creation and updation of national geoscientific data and mineral resource assessment, air-borne and marine surveys and conducting of multifarious geo-technical, geo-environmental and natural hazards studies, glaciology, seismotectonics, etc.

3.2 As regards the investments in Non-Ferrous Mining and Metallurgical Industries, the budget allocations to GSI for the year 2014-15 and 2015-16 are as under:—

Major Head	BE 2014-15		RE 2014-15		BE 2015-16	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
2853	360.83	455.92	205.55	457.47	393.00	489.45
4853	86.50	—	31.55	—	47.92	—
Total		903.25		694.57		930.37

3.3 When asked to furnish the reasons for variations between RE and BE during 2014-15 and the actual expenditure during 2014-15, the Ministry informed the Committee in a written reply as under:—

“During 2014-15 GSI was committed to two major projects (i) Implementation of Online Core Business Integrated System (OCBIS), and (ii) Procurement of Geotechnical Vessel. However, the projects could not be taken up. Under the Information Dissemination head Rs. 97.17 crore was earmarked for implementation of the OCBIS. However, the sanction for the project could only be obtained in the month of February 2015 by which time the budget had been reduced. Under the Modernization and Replacement scheme, an amount of Rs. 105.63 crore was sanctioned out of which Rs. 41.00 crore was earmarked for the GTV. However, approval for the GTV could not be obtained due to certain technical reasons

and, thus, the project could not be taken up in F.Y. 2014-15. Due to non-implementation of these two projects, the budget provided was reduced at the RE stage.”

3.4 Scheme-wise actual expenditure incurred by GSI as during 2014-15 upto Feb. 2015 is given below:—

**Scheme-wise Plan Expenditure against BE and RE  
till February 2015**

(Rs. in crore)

Sl. No.	Schemes	BE			RE			Expenditure			% of exp. against RE
		GSI (Non NER)	NER	GSI + NER	GSI (Non NER)	NER	GSI + NER	GSI (Non NER)	NER	GSI + NER	
1.	Survey and Mapping	152.46	13.38	165.84	119.29	11.64	130.93	110.42	11.12	121.54	92.83
2.	Mineral Exploration	35.23	6.81	42.04	25.76	6.03	31.79	23.57	5.79	29.36	92.36
3.	Special Investigation and Antarctica Expl.	5.80	2.37	8.17	3.64	2.00	5.64	3.17	1.84	5.01	88.83
4.	R&D	20.86	5.03	25.89	8.78	4.15	12.93	6.85	3.91	10.76	83.22
5.	Information Dissemination	97.17	4.40	101.57	20.65	3.46	24.11	17.81	2.85	20.66	85.69
6.	Human Resource Development (Training)	13.51	1.70	15.21	10.08	1.54	11.62	8.84	1.41	10.25	88.21
7.	Modernization and Replacement	102.95	2.68	105.63	38.15	1.28	39.43	33.59	0.84	34.43	87.32
8.	TSP	19.35	0.00	19.35	10.75	0.00	10.75	8.60	0.22	8.82	82.05
	<b>Total</b>	<b>447.33</b>	<b>36.37</b>	<b>483.70</b>	<b>237.10</b>	<b>30.10</b>	<b>267.20</b>	<b>212.85</b>	<b>27.98</b>	<b>240.83</b>	<b>90.13</b>
	% utilization of budget against BE									49.79%	
	% utilization of budget against RE									90.13%	

3.5 Regarding the impact of reduction in plan outlays of GSI during 2014-15 on its physical targets, the Ministry in a written reply have informed the Committee as under:—

“Efforts have been made to keep the operational allotment intact as far as possible, but there is likelihood that some of the operational activities may be adversely affected by the budget cut in all major Missions.



GSI had embarked on a very prestigious project on the implementation of the Online Core Business Integrated System (OCBIS) under Mission-III, which was supposed to start from the year 2014-15 for a period of 1+6 years (1 year installation and 6 years maintenance). The project was approved on 17.02.2015. However, in view of the budget cut the project will take off in the next FY.

Under the M and E head procurements of several equipments for advanced research in the field of earth sciences were effected like gravimeters, DGPS, high technology drilling machines for deep drilling. Some bills for committed expenditure already taken up shall remain pending, to be paid from the budget of next year *i.e.* 2015-16.”

3.6 When asked whether the RE for the year 2014-15 under Plan and Non-Plan are likely to be fully utilized, the Ministry informed the Committee as under:—

“GSI has already completed expenditure of more than 90% of the allocation by Feb. 2015. It is expected that by the end of the F.Y. 2014-15 the RE shall be utilized in full.”

3.7 Regarding reasons for increased BE of Rs. 930.37crore for 2015-16 as compared to BE of Rs. 903.25 crore and RE of Rs. 694.57 crore during 2014-15, the Ministry stated as under:—

“GSI shall be taking up the OCBIS project for the year 2015-16. Major funds will be utilized for this project during 2015-16. Additionally, funds shall be required for the maintenance of GSI vessels and the airborne and heliborne survey systems. The expenditure on the maintenance of the GSI vessels has increased significantly after the introduction of the new vessel R.V. Samudra Ratnakar. Moreover, GSI shall be taking up G2 and G1 stage of UNFC classification for mineral investigations from the F.Y. 2015-16 onwards. The G2 and G1 stage investigations require detailed investigations with additional drilling component. The additional drilling shall mostly be carried out by outsourcing which shall require more funds in F.Y. 2015-16.”

3.8 Asked about the steps taken during Financial Year 2015-16, the Committee were apprised of the following activities of GSI that will utilise the allocation during 2015-16:—

- (i) For implementation of OCBIS project Rs. 136.00 crore will be utilised during 2015-16.

- (ii) Under Survey and Mapping Rs. 156.22 crores has been provisioned to take care of its major component of "Other Charges" (Rs. 120 crore) for payment of maintenance charges for the three vessels of GSI and maintenance of the Airborne (TOASS) and Heliborne Survey Systems (Garuda Vasudha). Funds shall also be utilized for outsourcing of analysis of NGCM samples and outsourcing of vehicles required for the implementation of the FSP 2015-16.
- (iii) GSI shall be taking up detailed exploration for minerals under G2 and G1 stage of the UNFC classification from F.Y. 2015-16. The detailed exploration involves large quantities of drilling a part of which is to be carried out by outsourcing of drilling.
- (iv) The outsourcing of drilling component under the Mineral Exploration (Rs. 53.51 crores) "Other Charges" head is another area where additional funds are expected to be utilized during the F.Y. 2015-16.
- (v) Under the M and E head (Rs. 62.95 crores) several high cost equipments like DGPS, WD-XRF, Gravimeters, ICP-MS, microscopes, skid mounted drills of capacity more than 1000m, hydrostatic drill machines etc. are to be procured.
- (vi) The rest of the funds shall be utilized for the operational expenditure of GSI during the implementation of FSP 2015-16.

3.9 On being enquired about the steps taken/are being taken to improve the performance of GSI during 12th Plan period, the Ministry replied as under:—

"The action taken by GSI for improving the quality of work in Geosciences during the 12th Plan period is as follows:—

**(i) National Geochemical Mapping (NGCM)**

Since the year 2001-02, GSI has been carrying out geochemical mapping on 1:50,000 scale under projects titled "National Geochemical Mapping" [NGCM] and as per recent Policy decision, GSI will complete NGCM in the remaining core OGP areas (Toposheet containing 90% or more OGP area) covering 3,44,214.44 sq.km. in 491 Toposheets by end of the

12th Plan Period, spreading over all the States that will help in identifying new prospective areas for future mineral exploration.

**(ii) National Geophysical Mapping (NGPM) Programme**

NGPM was initiated in the Field Season 2002-03. The gravity–magnetic anomaly maps will be helpful in identification of potential areas of interest from mineral exploration point of view in both shallow and deeper levels as per recent Policy decision GSI will complete NGPM in the remaining core OGP areas (Toposheet containing 90% or more OGP area) covering 2,13,500 sq.km. in 305 Toposheets spreading over all the States that will help in identifying new prospective areas for future mineral exploration by end of the March, 2018.

**(iii) Obvious Geological Potential**

In view of targeting new mineral prospects, favourable geological settings in the country have been demarcated by GSI. The prospective geological milieu has been termed “Obvious Geological Potential” areas. The Obvious Geological Potential (OGP) area of the country has been calculated at 5,71,000 sq. km. GSI has taken the mission of prioritized covering of the most potential parts of the OGP areas (core OGP area) by NGCM programme by the end of 12th year Plan and NGPM programme by 2018 (by second year of 13th Five Year Plan) so that spin off exploration items can be logically derived.

**(iv) STM, NGCM and NGPM Programmes of Mission-I**

As an outcome of STM, NGCM and NGPM programmes of Mission-I, a number of programmes for mineral investigation have been launched in GSI. During FS 2012-13, 2013-14 and 2014-15, 16 mineral investigation programmes have been initiated as spin-offs from NGCM, NGPM and STM Programmes.

**(v) National Mineral Policy—2008**

National Mineral Policy-2008 has mandated GSI as the principal agency to carry out regional exploration for finding “deep seated” and “concealed/hidden” ore bodies through

modern day concepts generated with the aid of sophisticated exploration methods/techniques in a simple and creative manner using spatial modelling in GIS environment. The process applies map integration methodologies to identify new areas for future exploration activities. Multi-level data integration and modelling projects have already been initiated by GSI in different parts of the country including Singhbhum shear zone, Bhukia gold belt, Ramagiri schist belt, Sakoli belt and extension of Delhi Supergroup of rocks. It aims to find out new target areas for these mineral deposits through integration of geological, geochemical, geophysical (both ground-and aero-), structural and geochronological data, creation of 3-D models and extrapolation.

**(vi) National Centers of Excellence for Geoscience Research' (NCEGR)**

GSI has taken up research projects on PGE Exploration, polymetallic minerals, coal, gold exploration etc. and the scientists engaged in such research activities in collaboration with the exploration geologists has opened up new areas of interest. Other research work like stratigraphic correlation, petrology, palaeontology and experimental petrology are pursued by GSI with equal zest as they broaden the horizon of understanding of earth sciences. Three 'National Centers of Excellence for Geoscience Research' (NCEGR) operating from Kolkata, Faridabad and Bengaluru along with regional laboratories are carrying out researches in three principal branches of geosciences *viz.*, Petrology, Palaeontology and Geochronology and Isotope Geology and catering to the upgradation of the quality of the Mission-I and Mission-II projects.

**(vii) Procurement of state-of-the-art equipment**

Due to the major volume of payment for the OGRV during the last couple of years the available fund for operational and modernization procurement was less. The induction of the Research vessel R.V. Samudra Ratnakar has added new dimensions to Marine research and offshore exploration. From F.Y. 2014-15, since the OGRV payments are over, the latest technological infusion in the procurement of machinery is of prime importance in GSI. GSI has already procured one Laser Ablation Multi Collector Inductively Coupled Plasma Mass Spectrometer and one Laser Ablation Inductively Coupled

Mass Spectrometer for two of its Center of Excellence laboratories *i.e.* at Kolkata and Faridabad respectively. The Integrated Geodetic Seismological system is being procured and is part of it is under installation in the Geodetic Laboratory at Kolkata. Further, GSI has to procure several other sophisticated state-of-the-art instruments like advanced microscopes with digital imaging facility, Fourier Transformation Image Analysis (FTIR), Field Spectroradiometers for hyperspectral mapping, Gravimeters, Differential Global Positioning System (DGPS), Atomic Absorption Spectrometers, WD-X-Ray Fluorescence equipment Fluid inclusion studies etc. to keep up with the latest available technology. The fleet of drilling rigs in GSI is quite old and in view of the fact that GSI shall take up G1 and G2 stage exploration from 2015-16, GSI needs to develop its drilling capacity through bringing in cutting-edge technology, procurement of high capacity drilling rigs etc. which shall be commensurate with the GSI drive in the search for deep seated minerals. Similarly, the analytical capacity of the chemical laboratories of GSI shall also be increased to cater to the large number of samples to be generated through drilling.

**(viii) Manpower position in GSI**

After introduction of the HPC the sanctioned strength of GSI has been increased from 11,420 to 12,369 and accordingly GSI has taken up the drive to recruit fresh manpower in a phased manner. The sanctioned strength of GSI will finally be achieved in 2018. With the availability of additional manpower GSI could take up additional items during its accredited field season programmes. GSI also has ambitious plans for development of its human resources through capacity building by imparting state-of-the-art training to its scientists to impart the latest knowledge base for better utilization of its facilities.

**(ix) Other Geoscientific Work taken up by GSI**

Besides carrying out Mineral exploration GSI also takes up other geoscientific work related to societal needs. GSI provides consultancy for major engineering geological projects like irrigation projects, alignment for road construction, dams tunnels etc. GSI has already been declared as a Nodal agency for Landslide studies in the country and GSI has taken up

a National Landslide Susceptibility Mapping (NLSM) in the country from 2014-15 onward. GSI also addresses environment and climate change related issues as well as issues related to glaciology, desertification etc.

**(x) Programmes taken up for 2015-16**

The programming of Mineral Exploration including coal and lignite has been designed in tune with 12th Plan proposal, Government guidelines issued from time to time and the decision of the CGPB Committee meetings, both for Energy and Non-Energy Minerals.

For Field Season 2015-16 a total of 155 (including 10 offshore mineral investigation, 4-geothermal projects and 2- subsurface geology and hydrology) have been approved for mineral exploration (Mission-II). A total of 112 items are under 'Mineral resource assessment' (ores and minerals) and 27 items belong to 'Natural energy resources' [coal and lignite] and 4 items belong to Geothermal Resource assessment. Among these 112 projects, 12 are Ferrous Minerals (Iron, Manganese, Chromite), 22 for Non-Ferrous/Basemetal and 25 Strategic Minerals, 33 Precious Metals and Minerals (Gold, PGE, Silver, Diamond) and 13 for Industrial and 7 for Fertilizer Minerals.

GSI has formulated a total of 23 coal – lignite exploration items, out of which 21 items fall in coal basins [Damodar Coal Basin, Rajmahal-Birbhum Master Coal Basin, Mahanadi Valley Coal Basin, Orissa and Chhattisgarh, Son Valley basin, Chhattisgarh and M.P., Pench Valley Coalfield, M.P., Wardha Valley Maharashtra, Godavari Valley Coal Basin, Telengana and A.P.] and 2 items in Lignite bearing areas [Lignite- Tamil Nadu and Rajasthan]."

3.10 During the course of oral evidence of the Ministry of Mines, the Secretary informed the Committee that there is a provision of auction of Mines in the Mines and Minerals (Development and Regulation) Amendment Act, 2015 which has recently been passed by Parliament. The Geological Survey of India was uptill now carrying out mineral exploration of G4 and G3 levels of UNFC classification. But with the coming into force of the new Act allowing competitive bidding of minerals, GSI will now take up G2 and G1 level exploration also from 2015-16.

## CHAPTER IV

### INDIAN BUREAU OF MINES (IBM)

The Indian Bureau of Mines (IBM) was established in 1948, as a subordinate Organization under the Ministry of Mines. 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 An amount of Rs. 53.00 crores was provided to IBM in BE during 2014-15 which was reduced to Rs. 31.50 crores at RE stage. In BE 2014-15, a budgetary provision of Rs. 15.00 crores was kept under the Scheme 'Mining Tenement System' (MTS). However, due to delays in the tendering process, the entire amount had to be surrendered at the RE stage. Efforts have been made to revise the Request for Proposal (RFP) for MTS expected to be put in place in 2015-16. As a result of reduction in Plan Outlay, a proportionate reduction has been made in the outlays for NER (10%) and Tribal Sub-Plan (4%). Hence there is downward revision of Plan Budget of IBM. Another reason is due to non-utilization of funds under Tribal Sub-Plan and NER. IBM doesn't have any specific Schemes for Tribal areas. Now an amount of Rs. 53.00 crores has been kept in BE for the year 2015-16.

4.3 Asked about the mining proposals approved by IBM during the last 3 years for fresh grant of mining lease, the Committee were informed in a written reply as under:—

“Mining Plans approved by Indian Bureau of Mines (IBM) during the last three years 2011-12, 2012-13 and 2013-14 and during 2014-15 (up to Feb., 2015) for fresh grants of mining lease

are given below:—

### **Mining Plans approved IBM**

Year	No. of Mining Plans approved for fresh grants of Mining Lease
2011-12	115
2012-13	121
2013-14	110
2014-15 (up to Feb., 2015)	174

4.4 Regarding full utilization of budget outlays and timely completion of on-going and new projects during 2015-16, the Committee were informed as under:—

“To ensure that budgeted outlays are fully utilized, IBM has been advised to take proactive action for utilization of funds. This is being monitored at IBM as well at Ministry’s level so as to comply with the provisions of FRBM (Fiscal Responsibility and Budget Management) Act.

It further states, as per Annual Programme 2015-16, a detailed Action Plan with Month-wise/Quarter-wise activities, fixing responsibilities for the divisions implementing on-going schemes is being prepared. Monthly progress as per Action Plan 2015-16 will be monitored at level of Controller General, IBM through monthly performance report and the progress will be reviewed in the Ministry.”

4.5 About the status of implementation of recommendations of the Committee constituted to review and restructuring of IBM, the Ministry informed the Committee in a written reply as under:—

“IBM has initiated steps 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 has been initiated in respect of 17 recommendations. They are implemented and are on-going activities in IBM. Three (3) proposals regarding renaming of divisions and new charter of functions of IBM were approved by Ministry on 03.11.2014 and notified in gazette on 22.11.2014.



In the wake of transfer of 31 minerals as minor minerals and MMDR Amendment Bill, 2015, the role of IBM is to be redefined in the wake of amendment, which will be formulated as part of the subordinate legislation by way of amendment in MCR, 1960 and MCDR 1988. The Monitoring Committee would revise the restructuring proposal of IBM accordingly. In case of IBM development of an online National Mineral Information System by linking Central and State Government organisations engaged in administration of mineral resources will be a focussed area in 2015-16.”

### **Illegal Mining**

4.6 When asked to furnish details of the arrests made during the last 3 years for cases of large scale illegal mining, the Ministry in a written reply have stated as below:—

“State Governments are empowered, under Section 23C of the Mines and Minerals (Development and Regulation) Act, 1957 to make rules for prevention of illegal mining, transportation and storage of minerals. As such, illegal mining comes under the legislative and administrative jurisdiction of State Governments. Company/subsidiary-wise information; and the information on arrests made, in this regard, are not maintained centrally.”

## CHAPTER V

### INVESTMENT IN PUBLIC SECTOR UNDERTAKINGS

#### (i) Hindustan Copper Ltd. (HCL)

The Hindustan Copper Limited (HCL), the nation's only producer of primary copper from indigenous resources, was incorporated in the Public Sector on 9th November, 1967. The major activities of HCL are mining, beneficiation, smelting, refining and casting of finished copper metal into saleable products. HCL produces primary copper in the form of cathode/wire rod. Apart from copper, HCL also produces various by-products like Anode Slime and Sulphuric acid. There are four units one each in Khetri, Rajasthan, in Ghatshila, Jharkhand, in Malanjkhand, Madhya Pradesh and Taloja, Maharashtra. The major activities of HCL are mining, beneficiation, smelting, refining and casting of finished copper metal into saleable products.

5.2 The Plan Outlay for HCL which was Rs. 522.16 crore at BE stage during 2014-15, was revised to Rs. 268.00 crore at RE stage. A provision of Rs. 475.00 crore has been kept for meeting expenditure of Mine Expansion, Mine Development, Replacement and Renewals and Greenfield exploration etc.

5.3 When asked to furnish the actual expenditure incurred during 2014-15 by HCL on Mine Expansion and R&R and Greenfield exploration etc. with reasons for shortfall, if any, the Ministry informed the Committee as under:—

“Actual expenditure incurred during 2014-15 for the period April-February, 2015 is given below:—

#### Expenditure incurred during 2014-15

(Rs. in crores)

Particular	2014-15			Plan outlay for 2015-16
	Target	Target	Expenditure	
	BE	RE	Actual exp. Upto Feb. 2015	B.E.
1	2	3	4	5
Replacement and Renewals	38.00	38.00	32.88	40.00
Mine development	120.00	120.00	106.57	120.00

1	2	3	4	5
Mine expansion	354.16	100.00	65.99	305.00
Greenfield exploration	10.00	10.00	0.00	10.00
Total	522.16	268.00	205.44	475.00

It is expected that there will be shortfall under the mine expansion scheme. The Malanjkhanda mine project will commence in April, 2015 and the work at site for Kendadih and Rakha project will commence after getting the forest clearance. At present, the Stage II of the forest clearance is under consideration with State Government since January, 2015. However, the company is making all efforts to fulfil the RE plan expenditure target.”

5.4 Regarding reasons for drastic reductions in plan outlays for HCL during 2014-15, the Ministry submitted as under:—

“The plan outlay for 2014-15 at BE stage was Rs. 522.16 crores which was revised to Rs. 268.00 crores at RE stage. The plan expenditure has been reduced by Rs. 254.16 crores due to revision of expenditure under the mine expansion schemes. The work at site could not commence due to delay in getting clearance from National Wildlife Board, environment and forest clearance for Malanjkhanda, Rakha and Kendadih mine projects respectively. The work at Surda mine project was affected due to the closure order issued by State Government on 8.9.2014 in pursuance to Hon 'ble Supreme Court decision as the mine was operated under renewal basis. The plan allocation of the above four affected projects was Rs. 256.94 crores during 2014-15.”

5.5 Regarding the physical and financial targets fixed by HCL during last three years and achievement thereon together with reasons for variation, the Ministry apprised the Committee as follows:—

“The physical and financial targets and actual achievement for last three years is given below:—

#### **Physical and Financial targets and achievement**

Item	2012-13		2013-14		2014-15		2015-16
	Target	Actual	Target	Actual	Target	Actual (April- Feb. 2015)	Target
1	2	3	4	5	6	7	8
Physical							
Ore production (lakh tonne)	40.00	36.57	39.00	38.27	40.00	32.03	36.00

1	2	3	4	5	6	7	8
Metal-in-concentrate (MT)	35000	29285	35200	32276	35000	22450	34000
Copper Cathode (MT)	17500	17001	16500	17005	18000	13399	18000
Financial (Rs. crore) April – Dec. 14 (Audited)							
Turnover	1540.50	1475.27	1651.06	1615.90	1132.82	845.40	1530.03
Net Profit Before Tax	332.49	403.61	404.17	430.65	195.91	44.20	127.36
Net Profit After Tax	224.61	355.64	273.05	286.42	132.23	41.0	84.07

Reasons for shortfall of achievement is as under:—

**Ore:** During 2012-13 and 2013-14, the ore production at Khetri Copper Complex was affected due to major breakdown of crushing and hoisting systems at Kolihan and Khetri underground mines due to ageing and obsolescence of the equipment and backlog of mine development.

During 2014-15, the ore production has suffered majorly at Malanjkhand mines. Un-seasonal heavy rains at Malanjkhand have affected the ore production as the lower benches were under water for longer period and were not available for production. Since then, the de-watering activity has been completed and production has improved. Surda mine production was affected from 8.9.2014 due to the closure order issued by State Government on 8.9.2014 in pursuance to Hon'ble Supreme Court decision as the mine was operated under renewal basis. The State Government of Jharkhand, *vide* order dated 18.3.2015 has extended the mining lease of Surda mine till 31.3.2020. The Company has taken action to resume the production activity.

**Metal In Concentrate (MIC):** The production was adversely affected due to low grade of copper ore produced from mines and also commensurate with the availability of ore. The ore grade at Malanjkhand mine which contributes around 60% of the company's production, the grade of ore has fallen by 22% during the 2014-15. Lower ore grade also in turn affected the metal recovery efficiency from ore by another 3%.

**Turnover and Profit:** During 2014-15, there was steep fall in turnover and profit due to lower sales volume on account of less production from the mines and fall in LME copper price."

5.6 During the oral evidence, the CMD of HCL reiterated the above reasons for shortfall in achievements during 2014-15.

5.7 When asked to furnish details of physical targets set for 2015-16 by HCL from the proposed outlays of Rs. 475.00 crore, the Ministry stated as under:—

“The physical targets for the year 2015-16 are as under:—

- i. *Replacement and Renewals:* The major equipment planned to be procured are dumpers, dozers, compressors, ventilation fans, breakers and refurbishment of Jhagadia Copper Plant.
- ii. *Mine Development:* 40 lakh cubic meters of Mine development (excavation) has been planned at Malanjkhanda mine.
- iii. *Mine Expansion:* The expenditure proposed is Rs. 197.00 crores for Malanjkhanda underground project, Rs. 50.33 crores for Khetri underground mine capacity expansion, Rs. 33.95 crores for development of Banwas underground mine, Rs. 15.00 crores for expansion of Surda mine and re-opening of Rakha and Kendadih closed mines.

**(ii) National Aluminium Company Ltd. (NALCO)**

5.8 The National Aluminium Company Ltd (NALCO), 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. The sustained growth and performance of the company has resulted in its being granted the 'Navratna' status in April 2008.

5.9 The plan outlay at BE 2014-15 for NALCO was Rs. 1181.02 crores which was revised to Rs. 400.38 crores at RE stage and an outlay of Rs. 1142.21 crore has been planned during 2015-16 mainly for Greenfield Projects and expansion plan, Captive Coal Mine Utkal E-Coal Mine, 2nd phase expansion and Addition/Modification/Replacement.

5.10 Regarding the actual expenditure during the year 2014-15 *vis-à-vis* plan and revised outlays with reasons for shortfall and

the schemes/projects have been affected/could not be completed as a result of reduction in RE in plan outlay, the Ministry informed the Committee as under:—

“The actual expenditure during 2014-15 *vis-à-vis* plan and revised outlays with reasons for shortfall are given below:—

### Plan BE, RE and Actual Expenditure during 2014-15

(Rs. in crores)

Head of Scheme	BE	RE	Actual Exp. (Upto Feb. 2015)	Reason For Shortfall	
1	2	3	4	5	
1. Utkal-E, Coal Mines	123.29	7.96	3.74	Shortfall in CAPEX during the first half of the BE 2014-15 is mainly due to opposition from locals and villagers for R&R colony construction and delay in forest clearance. Further, the Coal Block has been de-allocated as per Hon'ble Supreme Court verdict dt. 24.09.2014 and all activities/ expenditure are put on hold.	
2. Up-gradation of Refinery	21.00	32.40	14.51	Commissioning of up-gradation project is completed for achieving required production. However, some ancillary facilities are yet to be completed and may spill-over to 2015-16.	
3. Greenfield Project	592.16	35.51	1.06	<b>Major project</b>	<b>Reason</b>
				Smelter and Refinery (Gujarat) Sum projected in BE Rs. 586.46 crores reduced to Rs. 0.44 crore in RE.	The projected expenditure did not materialize due to delay in mineral resource estimation, necessity of various rounds of discussion with GMDC to improve project viability, DPR finalisation and pending response from GMDC for holding 49% equity
4. 5th Stream Refinery and Pottangi Mine	1.00	0.53	-	Recommendation of the State Government for grant of mineral concession in favour of NALCO is still awaited.	
5. 220 Ka Up-gradation	3.54	-	-	The project is kept on hold due to further study as regards to finalization of the Technology.	
6. AMR	440.03	323.98	205.03	<b>Major project</b>	<b>Reason</b>
				Ship Loader	Tender cancelled due to lesser bids.

1	2	3	4	5	
				BPTG-V	Statutory hold for about 4 months for consent to establish.
				Laxmipur Transmission line	Further expenditure to be made after forest clearance.
				Ash Mound	Tender finalized during Feb. 2015.
				LAN	Work awarded. Matter being expedited with agency. Likely to be achieved.
				2nd Water Intake, Refinery	Expenditure to be made after getting water allocation from Govt. of Odisha
				Purchase of property in CWG Village	Not being pursued due to non-availability of suitable property
Total	1,181.02	400.38	224.34		

CAPEX target was reduced at RE stage based on the actual progress of the projects. Hence reduction in CAPEX target has not affected completion of any scheme/project.”

5.11 Asked about the steps taken to ensure full utilization of plan outlay of Rs. 1142.21 crore during 2015-16, the Ministry submitted as under:—

“It may kindly be noted that CAPEX target of NALCO for FY 2015-16 has been increased to Rs. 1142.21 crore as advised by Ministry of Mines, *vide* letter No. 11(9)/2015-Met.-I dt. 30th January, 2015. To ensure full utilisation of projected CAPEX, status of on-going projects and new schemes are monitored regularly at several levels as follows:—

- a. CMD’s monthly review meeting with heads of units along with all functional Directors and intervention as required.
- b. Review of status of projects by Board Committee on projects and new ventures, as and when required.
- c. For specific projects, the company engages consultants having expertise in the relevant field and projects are reviewed at regular interval.”

5.12 Enquired about the total installed capacity of NALCO and the actual achievements during the last 3 years, the Ministry of Mines informed the Committee as given in the table below:—

### Details of Installed Capacity and Production

Product	2011-12		2012-13		2013-14		2014-15	
	Installed Capacity	Production	Installed Capacity	Production	Installed Capacity	Production	Installed Capacity	Production (till Feb.'15)
Bauxite (LMT)	63 <sup>(1)</sup>	50.03	63	54.19	63	62.93	68.25	52.29
Alumina Hyd. (LMT)	21 <sup>(2)</sup>	16.87	21	18.02	21	19.25	22.75	17.21
Power (MW)	1200MW	6,200MU	1200MW	6,076MU	1200MW	4,989MU	1200MW	4,684MU
Aluminium Metal (Lakh MT)	4.60	4.13	4.60	4.03	4.60	3.16	4.60	2.98

Note: 1. Capacity of Mines has been increased from 48.0 to 63.0 lakh TPY in August, 2011. Though installed capacity increased to 63 lakh TPA, the effective capacity for the year 2011-12 was 55.50 lakh tonne, considering part period of year with increased capacity.

2. Capacity of Refinery has been increased from 15.75 to 21.0 lakh TPY in September, 2011. Though installed capacity increased to 21 lakh TPA, the effective capacity for the year 2011-12 was 18.375 lakh tonne.

When asked to furnish a statement indicating profit or loss by the company during the last 3 years, the Ministry furnished the same as under:—

“The Profit after Tax(PAT) for the last three years of NALCO are as under:—

(Rs. in crore)

Year	2011-12	2012-13	2013-14
PAT	850	593	642

5.13 Regarding the status of the new and expansion projects of NALCO including investment made during 2014-15 and physical targets achieved, the information furnished by the Ministry is given in the following paragraphs:—

#### “A. 5th Stream of Alumina Refinery

- (i) 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 crores. Pre-project activities have been started.

- (ii) Funds available in BE 2014-15: Rs. 1.00 crore which has been reduced to Rs. 0.53 crore at RE stage. Expenditure incurred in 2014-15 is Nil.

**Constraint:**

The project is linked to sourcing bauxite from the nearby Pottangi deposit. The deposit is reserved for NALCO by Government of India on 27.04.2007 under section 17A (1A) of MMDR Act. Government of Odisha has accorded in principle approval in 17.10.2012 subject to certain conditions. NALCO, *vide* letter dt. 28.11.2012 has conveyed acceptance to all conditions of Government of Odisha. The State Government needs to issue the terms of reference in pursuance of MMDR Amendment Ordinance dt. 12.01.2015.

**B. 4th Stream Upgradation Project of Alumina Refinery, Damanjodi**

- (i) With the commissioning of the on-going 4th Stream Upgradation Project of Alumina Refinery at the end of FY 2013-14, the installed capacity of Alumina Refinery has been augmented from 21.00 lakh TPA to 22.75 lakh TPA.
- (ii) Cumulative expenditure incurred till FY 2013-14: Rs. 327.61 crores in the project having capital outlay of Rs. 409 crores.
- (iii) Funds available in BE 2014-15: Rs. 21.00 crores which has been increased to Rs. 32.40 crores at RE stage. Expenditure incurred in 2014-15 is Rs.14.51 crores (till Feb. 2015).
- (iv) The project is commissioned and likely to be completed in all respects during the current fiscal. A saving of Rs. 49.00 crores is expected under this project.

### C. 100 MW Wind Power

- (i) 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, it was decided to invest further for 100 MW plant anywhere in India having a good wind potential.
- (ii) Board has already accorded in-principle approval for the project with an estimated cost of Rs. 660.00 crores. Tender has been floated for selection of wind power developer.
- (iii) A sum of Rs. 33.09 crores is proposed during RE 2014-15 for pre-project expenditure and payment of Mobilization advance etc.”

### Utkal E—Coal Mine Project

5.14 During the examination of Demands for Grants (2014-15), the Committee were informed that NALCO is in the process of review petition in the Supreme Court to reconsider its decision against de-allocation of coal block.

5.15 Regarding the current status of coal block, the Ministry have stated as below:—

“Utkal-E coal block stands de-allocated in pursuance to Hon’ble Supreme Court verdict dt. 24.09.2014 along with several other Coal blocks allocated to other allottees. Subsequently, GoI promulgated the Coal Mines (Special Provisions) Ordinance, which is recently ratified by the Parliament to be promulgated as an Act. The Company is exploring options based on the provisions of the Bill to apply for allocation of suitable Coal block through the advice of a consultant in this field. The company is hopeful of getting the coal block re-allocated as the Bill empowers the GoI to allocate coal block to PSUs. In this regard, Company has sent formal communications to GoI to consider NALCO’s request for allocation of coal block through Government dispensation route for its existing CPP.”

5.16 Regarding participation in bidding process by NALCO initiated by the Ministry of Coal, the Ministry of Mines in a written reply stated that NALCO have not participated in the bidding process initiated by Ministry of Coal (MoC) for auction of Schedule-II and III coal mines.

5.17 Regarding the new schemes/projects of NALCO that are proposed to be taken up during 2015-16, the Ministry informed the Committee as under:—

“A list of major new and expansion projects of NALCO which has been proposed in BE 2015-16 are furnished below:—

#### **New and Expansion Projects Proposed in 2015-16**

(Rs. in crores)

Sl. No.	Description	BE 2015-16
1.	1 million TPA Alumina Refinery at Gujarat	190.00
2.	100 MW Wind Power Plant in any suitable wind potential location in the country	495.00
3.	15 MW Solar Power in solar potential location in India	62.00
4.	Solar Plant at NALCO Research and Technology Centre, Bhubaneswar	9.82
5.	Other miscellaneous proposals	0.45
	Grand Total	757.27

#### **Addition, Modification and 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, upgradation of technology, waste removal and recycling etc.

5.19 When asked about the allotment and utilization of funds under AMR scheme during the last three years and the reasons for under-utilization, the Ministry in a written reply informed the Committee as under:—

“The allotment and utilisation of funds under AMR Scheme during last three years are given below:—

#### **Allotment and Utilisation of Funds under AMR**

(Rs. in crores)

Sl. No.	Year	Allotment (BE)	Actual Expenditure	Expenditure <i>w.r.t.</i> % of BE
1.	2011-12	346	287	83
2.	2012-13	416	310	75
3.	2013-14	404	281	70

The reasons for under-utilizations for the last three years are as under:—

**Financial Year 2011-12**

- (a) Alumina Handling System of Smelter Plant: Delay in finalization of contract/order on account of poor responses from bidders.
- (b) Delay in project execution of the 220 KV Transmission Line from Laxmipur to Damanjodi on account of delay in getting various clearances and difficult terrains.
- (c) Delay in project work of Semi Mobile Crusher at Mines after Maoist attack at Mines.
- (d) Delay in delivery of various HEMM equipments at Mines.

**Financial Year 2012-13**

- (a) The Suspension of work of Semi-Mobile Crusher Plant (SMCP) and additional job in connection with FLDC and Expansion and retaining wall at SMCP, due to statutory issues related to Temporary Work Permit (TWP) in Mines.
- (b) Delay in the project work of Reclaimer – 3 for Bauxite and work related Transmission Line from Laxmipur to Damanjodi in Refinery.
- (c) Delay in execution of work for Compound Wall over northern side of Alumina Refinery due to local resistance in Refinery.
- (d) Delay in delivery of all 3 Centrifugal Compressors at site resulted in delay in execution of the working Smelter.
- (e) Delay in delivery of materials for Rectifier Heat Exchanger in Smelter.
- (f) Delay in execution of Lean Slurry Ash disposal to mines void Projects due to stiff hindrances by local villagers.

**Financial Year 2013-14**

- (a) Delay in execution of the SMCP and FLDC project execution work in Mines.

- (b) Delay in the procurement action of Simulator for MTV Centre in Mines.
- (c) Delay in execution of civil works like, Composite work at CISF Barrack, Compound wall around mines.
- (d) Short closure of construction work of Compound Wall over the northern side of Alumina Refinery.
- (e) Delay in finalisation of contract like Wagon tippler upgradation at CHP of Refinery.
- (f) Delay in execution work of KPC reciprocating compressor and Fume treatment Centre of Smelter.
- (g) Delay in execution of Lean Slurry Ash disposal to Mines void project of CPP on account of strong resistance by villagers.
- (h) Delay in execution work of New Coal Yard and Retrofitting work of ESPs of CPP.
- (i) Delay in Execution of Caustic soda Silo works at Vizag port office."

**(iii) Mineral Exploration Corporation Ltd. (MECL)**

5.20 The promotional scheme for exploration 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 others on charge basis.

5.21 MECL is also engaged in regional exploration of coal and lignite on behalf of Ministry of Coal. The schemes of exploration are being finalised by the Core Group of Committee on Energy Minerals and Resources, Group V of Central Geological Programming Board (CGPB). So far a total of 47.32 billion tonnes of coal and 30.35 billion tonnes of lignite resources have been established by MECL on behalf of Ministry of Coal upto December, 2014. In addition to mineral exploration activities, MECL has taken up diversification programme(s) in the field of drilling for CBM, geo-thermal and geo-technical exploration/investigation.

5.22 An amount of Rs. 10.00 crores was earmarked in BE 2014-15 to MECL for Promotional work. It was revised to Rs. 11.00 crores at RE stage. Now, a provision of Rs. 40.00 crores has been kept for the year 2015-16.

5.23 On being asked about the actual expenditure during 2014-15 against RE of Rs. 11.00 crore, the reasons for huge variations between RE 2014-15 and BE 2015-16 and physical targets achieved by MECL, the Ministry of Mines in a written reply informed the Committee as under:—

### Promotional Projects

Items	F.Y. 2014-15	
	Target	Achmt. (Upto Feb., 2015)
Exploratory Drilling (Meters)	7000	6343
Fund Utilisation (Rs. in crores)	11.00 (RE)	13.27 (Reimbursement limited to Rs. 11.00 crore)

#### Anticipated work and expenditure in March, 2015:

Exploratory Drilling (m) : 870 m.

Expenditure (Rs. crore) : 0.90

The allocation of funds under RE 2014-15 is only for exploration works under promotional scheme. In BE 2015-16, the allocation is under two heads as follows:

Grant-in-aid general : Rs. 15.00 crore (Promotional scheme — Reimbursement to MECL on actual work done)

Grants for creation of capital assets : Rs. 25.00 crore (For enhancing the exploration capacity of MECL)

Total : Rs. 40.00 crore

Due to the reasons stated above, there is huge difference between RE 2014-15 and BE 2015-16.

5.24 When asked about the promotional work targetted and completed by MECL during the last three years, the Ministry of Mines in their written reply informed the Committee as under:—

The Promotional work completed by MECL during the last 3 years are given in table below:—

**Promotional work completed by MECL**

Item	2011-12		2012-13		2013-14		2014-15 (upto Feb., 2015)	
	Target	Achmt.	Target	Achmt.	Target	Achmt.	Target	Achmt.
Exploratory Drilling (in meters)	6700	4780	8400	6258	7500	8548	7000	6343
Fund Utilisation (RE) (Rs. in crore)	8.00	8.00	8.50	8.50	9.00	9.00	11.00	11.00

5.25 When asked to furnish details of new projects proposed to be taken by MECL during 2015-16 and action/measures proposed to be taken for proper utilization of funds for implementation of various schemes during 2015-16, the Ministry of Mines submitted as under:—

“Details of new projects proposed to be submitted to Technical Sub Committee of SCPP for approval by MECL during 2015-16 are given below:—

**New projects proposed for 2015-16**

Sl. No.	Name of the Block (Proposal)	Mineral	Approximate Estimated Value of Work of the Block (Rs. in crore)
1.	Marudipatti Central Block, Distt. Dharamapuri, Tamil Nadu	Molybdenum (Mo)	1.60
2.	Mannadipatti Central Block, Distt. Dharamapuri, Tamil Nadu	Molybdenum (Mo)	2.00
3.	Sindaori East Block, District-Ranchi, Jharkhand	Gold (Au)	8.95
4.	Bhukiya West Block, District-Banswara, Rajasthan	Gold (Au)	7.72
5.	Mahua Khurd West Block, District-Bhilwara, Rajasthan	Lead-Zinc and Copper (Pb-Zn and Cu)	4.00
6.	Dhani Basri Block, District-Dausa, Rajasthan	Copper and Gold (Cu and Au)	9.00
	Total		33.27

The above projects will be taken up subject to approval of SCPP.

**Actions/Measures proposed to be taken for proper utilization of funds for implementation of various schemes during 2015-16**

*Utilisation of funds for promotional schemes:* For the year 2015-16, utilisation of funds for promotional schemes against Rs. 15.00 crore allocated under BE 2015-16 would be as follows:—

- Reimbursement of balance amount : Rs. 3.17 crore against work done upto March, 2015 for F.Y. 2014-15
- Value of work of projects continuing : Rs. 9.00 crore from 2014-15 to 2015-16
- Value of work of new projects : Rs. 2.83 crore approved in 2015-16

Total : Rs. 15.00 crore

*Utilisation of funds for Capital Investment :* MECL has submitted a proposal to the Ministry for strengthening of MECL in exploration for notified and other non-coal minerals by procurement of new drilling rigs, laboratory, geophysical and survey equipments and upgradation of laboratory, workshop etc. The financial requirement for proposed for capital investment is Rs. 37.00 crore for the year 2015-16. Thus, the grant for creation of capital assets of Rs. 25.00 crore will be fully utilised for the year 2015-16.”



## CHAPTER VI

### REVIEW OF PERFORMANCE OF STATUTORY AND AUTONOMOUS BODIES

#### **National Institute of Miners' Health**

The National Institute of Miners' Health (NIMH) was set up in 1990 with the objective of conducting applied research in miners' health and providing technical support services to mining and mineral based industry. The NIMH is the only Institute exclusively devoted to occupational health issues of mine workers with its Vision "Safe Mines and Healthy Miners".

The Institute has conducted large scale studies on exposure to equipment induced vibration in mines and formulated guidelines for health risk assessment due to exposure to whole body vibrations for mining and mineral industry. For the first time in India, the Institute has also conducted Noise Mapping in Mines as per ISO standards and international best practices.

The Institute has done pioneering work in the detection of high prevalence of silicosis among stone mine workers in Karauli district of Rajasthan. The Institute's report has been taken by the Government of Rajasthan (GoR) very earnestly and GoR has earmarked funds to improve working condition of miners and special free treatment programme for silicosis victims. NIMH is currently implementing a large scale "Multi-centric study on dust related diseases and development of sustainable preventive programmes" sponsored by the Ministry of Mines and Ministry of Labour, GoI.

During 2014-15, the Institute completed workplace environmental monitoring studies in 24 mines and conducted health surveillance of 972 mine workers in 17 mines. It also completed 16 clientele projects in 2013-14. NIMH celebrated its Silver Jubilee Year in 2014-15 with a series of national conferences, workshop and health surveillance camp.

## Plan and Non-Plan Grants to the Autonomous Bodies

(Rs. in lakh)

Autonomous Bodies	2013-14			2014-15			2015-16
	BE	RE	Actual	BE	RE	Actual (Upto Dec., 2014)	BE
NON-PLAN							
NIRM	500.00	232.00	232.00	111.23	543.00	111.23	500.00
JNARDDC	360.00	360.00	360.00	275.77	481.00	275.77	440.00
NIMH	180.00	180.00	162.00	160.00	150.00	120.00	180.00
PLAN							
NIRM	1.00	1.00	1.00	505.00	505.00	505.00	235.00
JNARDDC	1.00	1.00	1.00	740.00	740.00	740.00	460.00
NIMH	1.00	1.00	1.00	125.00	125.00	125.00	75.00

## CHAPTER VII

### NATIONAL MINERAL EXPLORATION TRUST

The Government have promulgated The Mines and Minerals (Development and Regulation) (MMDR) Amendment Act, 2015. According to the Ministry of Mines, 'The MMDR Amendment Act, 2015' provisioned to establish a National Mineral Exploration Trust (NMET), a non-profit body, with an objective to use the funds accrued to the Trust which will be funded by an additional levy not exceeding two per cent of the royalty for the purposes of activities covering all aspects of regional and detailed exploration in such manner as may be prescribed by the Central Government. The NMET is intended to accelerate exploration activities in the mineral sector in the country whereby the fund shall be utilized for development of diverse activities with the ambit of regional and detailed exploration for minerals.

7.2 Further, a provision has been made to enable the Central Government to issue directions to the State Governments for the conservation of mineral resources, or for the implementation of the objectives of the MMDR Act, or on any policy matter in the national interest, and for the scientific and sustainable development and exploitation of mineral resources.

## PART II

### OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

#### UTILIZATION OF PLAN AND NON-PLAN OUTLAYS

1. The Committee observe that the Plan outlay of Ministry of Mines, for the year 2015-16 has been kept at Rs. 570.58 crore as compared to Plan outlays for the financial years 2013-14 and 2014-15 which were Rs. 467.00 crore and Rs. 567.00 crore respectively. As regards the Non-Plan allocation of Ministry of Mines, the same has been kept at Rs. 585.13 crore for 2015-16 as against Rs. 537.26 crore allocated during 2014-15. The Committee also note that expenditure of Ministry of Mines during the year 2014-15 shows that the Ministry and subordinate offices/ attached offices had not been able to fully utilize the outlays allocated during the year. The Committee are concerned to note that for the year 2014-15, the plan allocation at BE stage was drastically reduced to Rs. 330.00 crore at RE stage, mainly on account of scaling down of allocation by Ministry of Finance at RE stage partly due to the relatively less expenditure by GSI and IBM. In this regard, the Committee note that two major projects of GSI namely, Implementation of an Online Core Business Integrated System (OCBIS) and procurement of a Geotechnical Vessel (GTV) could not take off due to delayed approvals as well as some other technical reasons. Similarly, the Mining Tenement System (MTS) of Indian Bureau of Mines (IBM) could not materialise due to the delay in tendering process. The Committee feel that such delays in implementation of such important projects not only render the underutilization of scarce resources, but also have a cascading impact on the overall functioning of the organisation. The Committee, therefore, strongly recommend that the Government must analyse the circumstances which have resulted in failure of execution of these projects and to put in place a strong mechanism to take care of such glitches like approval process, tendering and other technical reasons which have been responsible for the delay in execution of the projects to ensure that funds earmarked for various schemes/programmes would be fully utilised during the year 2015-16.

Another factor which has resulted in the underutilisation of allocated funds is that the funds earmarked under the Tribal-Sub-Plan (TSP) for the North-Eastern Region (NER) could not be utilized as the

IBM does not have any specific scheme for Tribal Areas. The Committee would, therefore, like the Ministry to take corrective measure to ensure that earmarked funds for TSP are utilized to the maximum during 2015-16.

#### ANNUAL PLAN OF PSUs

2. The Committee are concerned to note that although Rs. 1729.39 crore was earmarked at BE stage during 2014-15 for Public Sector Undertakings (PSUs) under the Ministry of Mines [through Internal and Extra Budgetary Resources (IEBR)], the same was reduced to Rs. 629.64 crore at RE stage and the actual utilization was only Rs. 445.04 crore (upto February, 2015) which comes to just 64% of the RE. Similarly, for the year 2013-14, the BE of Rs. 2452.12 crore was drastically reduced to Rs. 952.75 crore at RE stage and the actual utilisation was only Rs. 821.00 crore. The Committee feel that under-utilisation of funds year after year earmarked under IEBR for various PSUs reflects serious shortcomings in the implementation of ongoing projects as well as setting of unrealistic targets. The Committee, therefore, recommend that besides preparing realistic budgetary proposals, there is an imperative need to ensure that the expenditure by PSUs is closely monitored by the Ministry to ensure the better utilization of the earmarked funds.

#### GEOLOGICAL SURVEY OF INDIA (GSI)

##### *Under-Utilisation of Funds*

3. The Committee note that the Gross Budgetary Support of Rs. 462.58 crore to GSI as per the approved plan allocation for 2015-16 constitutes about 81.07% of the total GBS of the Ministry which stands at Rs. 570.58 crore indicates the importance of GSI in creation and updation of national geoscientific data and mineral resource assessment besides other important activities being carried out by it. In this regard, the Committee observe that the budget allocation of Geological Survey of India (GSI) for the year 2014-15 was substantially reduced from Rs. 483.70 crore at BE stage to Rs. 267.20 crore at RE stage and the GSI could spend only Rs. 248.54 crore (upto 23 March, 2015). The Ministry of Mines have attributed this reduction and under-utilization of funds to the non-implementation of two major projects of GSI viz. implementation of Online Core Business Integrated System (OCBIS) and procurement of Geotechnical Vessel (GTV). As regards

OCBIS, Rs. 97.17 crore was earmarked for its implementation, but due to delayed sanction for the project, this amount was withdrawn. For the procurement of GTV, the sanctioned amount of Rs. 41.00 crore could not be utilized as approval could not be obtained due to technical reasons. The Committee feel that such delays in execution of projects not only lead to under-utilization of the planned funds but also adversely affect the overall functioning of the concerned organization. According to the Ministry's own admission, there is every likelihood that some of the operational activities of the GSI may be adversely affected by the budget cut in all major missions. The Committee, therefore, recommend the Ministry to review the progress of projects/ fund utilization at regular intervals for ensuring that the projects are implemented as per planned schedule right from preparation of feasibility report to their completion. The Committee would like to be apprised of the steps taken by the Ministry/GSI for ensuring that the OCBIS and GTV projects as well as all other projected schemes are implemented well in time during 2015-16 as per their scheduled target and no funds remain unutilized.

#### ONGOING IMPORTANT PROJECTS OF GSI

4. The Committee also note that so far the GSI have been carrying out mineral exploration for mineral deposits upto G4 and G3 levels of United Nations Framework Classification (UNFC). Now with the passing of the Mines and Minerals (Development and Regulation) Amendment Act, 2015 allowing competitive bidding of minerals , the GSI shall take up G2 and G1 stage exploration of UNFC classification of mineral investigation from 2015-16 onwards. The Committee, however, find that presently, GSI is poorly equipped to meet this challenge as the fleet of drilling rigs available with GSI is quite old and the GSI needs to develop its drilling capacity through bringing in cutting edge technology, procurement of high quality drilling equipment. Similarly, analytical capacity of the chemical laboratories of GSI have also to be enhanced. The Committee, therefore, strongly recommend that all the necessary steps in this regard must be undertaken by the GSI/Ministry for timely procurement of additional equipment/technology which in the opinion of the Committee would also yield better utilization of funds during 2015-16. The Committee would like to be informed about the steps taken by the Ministry/GSI in this regard and desire that manpower requirements should also be reviewed to meet the requirement of additional work being undertaken by GSI.

5. The Committee also note that as per a recent policy decision, GSI will complete the National Geochemical Mapping (NGCM) project in the remaining core OGP areas carrying 344214.44 sq. km. in 491 Toposheets by the end of 12th Plan period. This is a very important project of GSI as it will help in identifying new prospective areas for future mineral exploration. Another project namely National Geophysical Mapping (NGPM) Programme which is helpful in identification of Obvious Geological Potential (OGP) areas for the purpose of mineral exploration covering an area of 2,13,500 sq.km in 305 toposheets is scheduled to be completed by GSI by the end of March, 2018 (second year of 13th Five Year Plan). Looking at the importance of these projects from the point of view of identification and exploration of mineral wealth of the country, the Committee desire that the Ministry as well as GSI must give top most priority to these projects in order to derive maximum gains in the field of exploration. The Committee would like to be informed of the progress made in these projects.

#### INDIAN BUREAU OF MINES (IBM)

6. The Committee note that for the year 2015-16 an amount of Rs. 53.00 crore has been kept in BE for Indian Bureau of Mines. The Committee also note that for the year 2014-15 also, Rs. 53.00 crore was provided at BE stage for implementation of various schemes of the organisation which it was subsequently reduced to Rs. 31.50 crore at RE stage, and the actual expenditure incurred on these schemes till 23.03.2015 was Rs. 26.20 crore only which clearly shows that the IBM was unable to utilize even the reduced funds for the various schemes during 2014-15. The Committee further note that IBM is presently carrying out 5 schemes namely Inspection of Mines for Scientific and Systematic Mining, Mineral Conservation and Mines Environment; Mineral Beneficiation Studies –Utilization of low grade and sub grade ores and analysis of environmental samples; Technological Upgradation and Modernization; Collection, processing, dissemination of data on Mines and Minerals through various publications; and computerized online system of Mining Tenement System (MTS). The Committee are concerned to note that no expenditure has been incurred on the Scheme–Mining Tenement System due to non-receipt of bid for the implementing agency for MTS. The Committee expect that with regular monitoring of on-going schemes and fixing of responsibilities on the respective divisions, IBM will be able to spend Rs. 53.00 crore approved for the year 2015-16. The Committee also desire that all out efforts be

made by the Ministry/IBM to expedite the re-tendering process of Request for Proposal (RFP) so that such an important ongoing scheme of Mining Tenement System can be implemented at the earliest.

7. As regards timely implementation of ongoing schemes of IBM, the Committee note that for the year 2015-16, a detailed action plan with month-wise/quarter-wise activities is being prepared which would be monitored at the level of Controller-General, IBM through monthly performance report and the progress would also be reviewed in the Ministry. The Committee while appreciating such measure proposed to be taken by IBM desire that they may be apprised of the follow up action taken in this regard as well as the impact of putting into place such mechanism on the overall performance of IBM.

#### RESTRUCTURING OF IBM

8. The Committee note that IBM has initiated implementation of 26 non-financial recommendations of Review and Restructuring Committee constituted for the purpose of Review and Restructuring of IBM. The Committee feel that in the wake of transfer of 31 minerals as minor minerals to States after coming into force of MMDR Amendment Act 2015, the role of IBM needs to be redefined. Although, the Ministry of Mines have submitted that role of IBM would be redefined by way of subordinate legislation by amending Mineral Concession Rules, 1960 and Mineral Conservation and Development Rules, 1988, the Committee feel that immediate steps are needed to be taken by the Ministry of Mines to revise the restructuring proposal of IBM so that it can meet its added responsibilities.

#### ILLEGAL MINING

9. The Committee note that there is an increase in the cases of theft of major and minor minerals in different States of the country during the last three years resulting in considerable loss to the national/ State exchequer. The Committee also note that total FIR cases registered for illegal mining in different States during 2012-13 were 1970. In 2014-15, these were increased to 3761 and during the year 2014-15 (upto quarter ending December, 2014) these were 2240. The Committee feel that IBM cannot absolve itself of responsibility entrusted to it under MMDR Act and, therefore, recommend that IBM/Ministry should maintain a data of not only of registered FIRs but also the arrest/outcome of these cases. The Committee also desire that the Ministry should come out



with a foolproof mechanism for detection and prosecution in respect of cases relating to illegal mining.

HINDUSTAN COPPER LIMITED (HCL)

10. The Committee note that the outlay of Rs. 522.16 crore at BE stage for HCL during 2014-15 was reduced to Rs. 268.00 crore at RE stage. The actual utilization of the funds was, however, Rs. 205.44 crore upto February, 2015 which comes to a dismal 76.65% of RE. The Committee also note a continuous decline in turnover and net profit after tax of HCL during the last three years. During 2012-13, the target of turnover of HCL was Rs. 1540.50 crore which got reduced to Rs. 1475.27 crore. Again, during 2014-15 against the turnover target of Rs. 1132.82 crore, the actuals were Rs. 845.40 crore (upto February, 2015). Similarly, the net profit before tax of HCL fell from Rs. 273.05 crore in 2013-14 to Rs. 41.00 crore (upto February, 2015) in 2014-15. The target for net profit after tax of HCL, for the year 2015-16 has been kept at Rs. 84.07 crore.

While reviewing the physical targets set for the last three years for ore production, Metal-in-Concentrate (MT), etc., the Committee find that the same have not been achieved. Against the target of 40 lakh tonne of ore production in 2012-13, actual production was 36.57 lakh tonne. During 2013-14, the target of ore production was 39.00 lakh tonne but the production further declined to 36.27 lakh tonne. Similarly, against 40.00 lakh tonne of ore production during 2014-15, the actual production was 32.03 lakh tonne. Regarding production of Metal-in-concentrate, against the target of 35000 MT, 35200 MT and 35000 MT in 2012-13, 2013-14 and 2014-15 respectively, the achievements were only 29285 MT, 32276 MT and 22450 MT respectively. According to the Ministry, the main reasons for shortfall in utilization of funds were non-availability of environment and forest clearance for Malanjkhanda, Rakha and Kendadih Mine projects and delay in getting clearance from National Wild Life Board. The work at Surda Mine Project was affected due to the closure order issued by State Government on 8.9.2014 in pursuance to Hon'ble Supreme Court decision. From the information furnished by the Ministry, the Committee note that during 2012-13 and 2013-14, the ore production at Khetri copper complex was affected due to major break down of crushing and hoisting system at Kolihan and Khetri underground mines due to ageing and obsolescence of the equipment and backlog of mine development. While the ore production at Malanjkhanda Mines suffered heavily on account of unseasonal heavy

rains at Malanjkhand which submerged the lower benches under water for longer than anticipated period making them unavailable for production. The Committee further note that HCL is also expecting shortfall in expenditure under the mine expansion scheme. The Malanjkhand mine project is reported to commence in April, 2015 and the work at site for Kendadih and Rakha project will commence only after getting forest clearance for these projects.

Taking note of the low achievement of physical targets by HCL during 2012-13, 2013-14 and 2014-15, because of above stated reasons, the Committee desire that corrective measures ought to be taken and action plan be prepared by the Ministry of Mines/HCL to ensure that Plan Outlays of Rs. 475.00 crore including Rs. 305.00 crore for mine expansion are fully utilized during 2015-16 in order to achieve the production target. The Committee also desire that HCL should immediately replace ageing equipments which are critical for mining development and ensure proper maintenance of the other equipments.

The Committee also note that during 2014-15, Rs. 10.00 crore were allocated to the company for the purpose of Greenfield exploration. However, the Committee are concerned to find that such funds have remained totally unutilized. Now, again for the year 2015-16, plan outlay of Rs. 10.00 crore has been earmarked for the same purpose. The Committee desire that serious attention must be given to such schemes and the Committee would like to be apprised of the action taken so far or proposed to be taken in this regard at the earliest.

NATIONAL ALUMINIUM COMPANY LTD. (NALCO)

11. The Committee note that NALCO had a plan outlay of Rs. 1181.02 crore at BE 2014-15 which was reduced to Rs. 400.38 crore at RE stage. For the year 2015-16, the outlay has been Rs. 1142.21 crore mainly for development of Greenfield Projects and expansion plans of the Company like captive coal mine Utkal-E Coal Mines, 2nd phase expansion and Addition/Modification/Replacement (AMR) scheme. The Committee also observe that during 2014-15, the actual utilization was Rs. 224.34 crore upto February, 2015. The Committee note with concern that for many schemes such as Utkal-E Coal Mines, Upgradation of Refinery, Greenfield projects including solar and wind power projects, 5th stream Alumina Refinery near Pottangi Bauxite Mine, there has been no progress at all. The reasons cited for under utilization of funds

by the company include shortfall in CAPEX during the first half of the BE 2014-15, delay in forest clearance, de-allocation of coal block, delay in mineral resources estimation, Detailed Project Report finalisation and pending response from Gujarat Mineral Development Corporation (GMDC) for holding 49% equity in Alumina Refinery in Gujarat due to lesser bids, etc.

The Committee, therefore, strongly feel that NALCO ought to take corrective and preventive steps to remove such bottlenecks coming in the way of implementation of the projects adversely affecting the physical and financial performance of the Company. The Committee desire the Ministry to take a comprehensive review of the various on-going schemes of NALCO so that the funds earmarked therefore, are fully and gainfully utilized. In this regard, the Committee note with satisfaction that in order to ensure full utilization of CAPEX in respect of ongoing projects, the company on the advise of the Ministry have chalked out a comprehensive monitoring mechanism comprising of monthly review meetings at the level of CMD, review of status of projects by the Board Committee on projects and engagement of consultants having expertise in the relevant field for reviewing the projects at regular intervals. The Committee would, however, like to be apprised of the impact of such an effective mechanism, proposed to put in place for the timely execution of the ongoing projects.

12. The Committee, further, note that the project relating to upgradation of Alumina Plant of NALCO to expand the fourth stream of Alumina Plant capacity from 21.00 lakh TPA to 22.75 lakh TPA has been commissioned and is likely to be completed in all respects during the current fiscal which may also result in savings to the tune of Rs. 49.00 crore. The Committee observe that although a provision of Rs. 21.00 crore in BE for the year 2014-15 was made for upgradation of Refinery, it was revised at RE Stage to Rs. 32.40 crore. However, the actual amount spent for the purpose was only Rs. 14.51 crore up to February, 2015. According to the Ministry, although the project has been completed for achieving required production, some ancillary facilities are yet to be completed and may spillover to 2015-16. The Committee desire that the NALCO should draw-up a time schedule for early completion of the fourth stream of Alumina Project including ancillary facilities so that the enhanced capacity of the plant could be better utilised. The Committee would like to be apprised of the action plan of the NALCO in this regard.

## ADDITION, MODIFICATION AND REPLACEMENT (AMR) SCHEME OF NALCO

13. The Committee observe that the outlay of AMR scheme of NALCO was of Rs. 346 crore, 416 crore and 404 crore for the years 2011-12, 2012-13 and 2013-14 respectively and NALCO was able to utilize Rs. 287 crore, Rs. 310 crore and Rs. 281 crore respectively during these years which accounts for 83%, 75% and 70% of plan outlay for AMR scheme of NALCO during the year 2011-12, 2012-13 and 2013-14 respectively. The reasons cited for under utilization of funds by the Company include delay in finalization of contract/order on account of poor responses from bidders, delay in project execution of the 220KV Transmission Line from Laxmipur to Damanjodi on account of delay in getting various clearances and difficult terrains, delay in work of semi Mobile crusher at mines after maoist attack, delay in delivery of various HEMM equipment at Mines, delay in project work of reclaimers, delivery of materials for Rectifier Heat Exchanger in smelter, delay in execution of Lean Slurry ash disposal to mines void Projects due to stiff hindrances by locals, short closure of construction work of Compound wall etc. Taking note of the under utilization of allotted funds by NALCO on AMR schemes, the Committee desire that urgent corrective measures are needed to be taken by the Company for better utilization of funds for AMR scheme as these have a direct bearing not only on the physical and financial performance of the Company but also relevant for improving the safety standards for the work force.

## 100 MW WIND POWER PLANT OF NALCO

14. The Committee are happy to note that NALCO had a successful entry in the renewable energy sector with commissioning of two major wind generating units and in order to further strengthen its position in this sector, the company has decided to invest further for a 100 MW plant anywhere in India having a good potential and a tender in this regard has already been floated. For this purpose, a sum of Rs. 495.00 crore has been proposed in BE 2015-16. The Committee find such initiative laudable as it not only promotes the use of non-conventional energy in the country but also enables the Company to earn 'green credit' thereby making it a good investment of money. The Committee would like to be apprised of the progress made in this regard.

## UTKAL-E COAL MINE PROJECT

15. The Committee note that Utkal-E Coal Block was de-allocated to the Company in pursuance of the Supreme Court verdict dated 24.09.2014. During the examination of Demands for Grants (2014-15), the Committee were informed that NALCO was in the process of filing a review petition in the Supreme Court to reconsider its decision against the de-allocation. In this regard, the Committee note that with the passing of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, the Company is exploring options based on the provisions of the act to apply for allocation of suitable Coal Blocks through the advice of a consultant in this field. The Company is hopeful of getting the Coal Block re-allocated as the Act empowers the Government of India to allocate Coal Blocks to PSUs and the Company have already sent a formal communication to the Government in this regard. The Committee feel that allocation of the Utkal-E Coal Block for NALCO is very crucial for the company in carrying out its expansion plan. The Committee, therefore, strongly urge the Government to favourably consider the request of the NALCO and the Committee may be apprised of the outcome in this regard.

## MINERAL EXPLORATION CORPORATION LTD. (MECL)

16. The Committee observe that although MECL has fully utilized the funds during 2012-13, 2013-14 and 2014-15 for promotional drilling, the physical targets were never achieved by the company except in the year 2014-15. The physical targets in drilling during 2012-13 were 8400 meter and the actuals were only 6258 meter with total expenditure of Rs. 8.50 crore. Similarly, during 2014-15, against the target of 7000 meter drilling, the achievement (upto February, 2015) was 6343 meter with fund utilization of Rs. 11 crore. The Committee note that during 2015-16, Rs. 15 crore has been allocated to MECL for promotional Scheme and Rs. 25 crore have been kept for creation of capital assets for enhancing exploration capacity. In view of the anticipated increase in mining activities in the near future after passing of the MMDR Amendment Bill, 2015, the Committee feel that role of MECL for exploration work will increase manifold. In this regard, the Committee note that MECL has submitted a proposal to the Ministry for strengthening its exploration capability by procurement of new drilling rigs, upgradation of laboratory workshop etc. and proposed an amount of Rs. 37.00 crore for 2015-16. The Committee desire that the Government may extend all possible support to MECL to strengthen it and provide

the financial requirement of Rs. 37.00 crore proposed for capital investment for the year 2015-16. This would also ensure that the grant for creation of capital assets of Rs. 25.00 crore will be fully utilised for the year 2015-16. The Committee feel that with this entire exercise, the exploration capacity of MECL will be strengthened to a large extent. The Committee may be apprised of the action taken in this regard.

#### NATIONAL INSTITUTE OF MINERS' HEALTH (NIMH)

17. The Committee note that the National Institute of Miners' Health (NIMH) established in 1990 is the only Institute exclusively devoted to occupational health issues of mine workers. The Institute has done pioneering works like conducting large scale studies on exposure to equipment induced vibration, formulated guidelines for health risk assessment, noise mapping in mines, detection of high prevalence of silicosis among stone mine workers in Karauli District of Rajasthan etc. The Committee note that the Institute is currently implementing a large scale Multi-centric study on dust related diseases and developments of sustainable preventive programmes sponsored by the Ministry of Mines and the Ministry of Labour.

While appreciating the pioneering works being undertaken by the Institute, the Committee desire that the Government should extend all possible support for ensuring that the Institute is able to carry out its works without any kind of physical or financial constraints. The Committee further recommend that utmost attention should be given to implement the suggestions made by the Institute on issues concerning the health of mine workers.

#### NATIONAL MINERAL EXPLORATION TRUST

##### *Government Funding for Exploration*

18. The Committee are pleased to note that the Government is to set up a National Mineral Exploration Trust in terms of the MMDR (Amendment) Act, 2015. The Committee understand that the Trust would be funded by an additional levy not exceeding 2 per cent of the royalty. However, given the need for intensive exploration of the entire landmass of the country, it is necessary to accelerate the progress of exploration work and also employ the most modern scientific and technological methods therefore. This effort will also require a close collaboration with academic and research institutes both in the country

and abroad. The Committee also understand that the requirements projected for the 12th Plan for mineral exploration were substantially reduced. In the light of the above, the Committee recommend that Government should provide substantial funds as grants to the National Mineral Exploration Trust (NMET) so as to supplement contributions received from industry.

*Capacity Building*

19. At present capacity available with the State Governments for exploration activities is of very limited nature. The States exploration activities need to be substantially strengthened if the new policy brought about by the MMDR Amendment Act 2015 is to be adequately implemented. The Committee recommend that a scheme of providing grants to the State Governments as well as other assistance for capacity building should be worked out so as to upgrade the capability at State level to a certain minimum standard within a definite time frame.

NEW DELHI;  
23 April, 2015  

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03 Vaisakha, 1937 (Saka)

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

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON  
COAL AND STEEL (2014-15) HELD ON 31ST MARCH, 2015 IN  
COMMITTEE ROOM 'G-074', PARLIAMENT  
LIBRARY BUILDING, NEW DELHI.

The Committee sat from 1500 hrs. to 1700 hrs.

PRESENT

Shri Rakesh Singh—*Chairperson*

MEMBERS

*Lok Sabha*

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



*Rajya Sabha*

18. Shri Ali Anwar Ansari
19. Shri B.K Hariprasad
20. Shri Avinash Pande
21. Shri Sanjay Raut
22. Shri Nand Kumar Sai
23. Shri Dilip Kumar Tirkey

SECRETARIAT

1. Shri Shiv Singh — *Joint Secretary*
2. Shri Ajay K. Garg — *Director*
3. Shri Arvind Sharma — *Additional Director*
4. Ms. Miranda Ingudam — *Under Secretary*

WITNESSES

**Ministry of Mines and its PSU's**

1. Dr. Anup K. Pujari Secretary
2. Shri R. Sridharan Additional Secretary
3. Smt. Sujata Prasad Joint Secretary and FA
4. Shri Arun Kumar Joint Secretary
5. Shri Naresh Kumar Joint Secretary
6. Shri Niranjan Kumar Singh Joint Secretary
7. Shri Sudhaker Shukla Economic Advisor
8. Dr. Chandramani Sharma Director
9. Shri Harbans Singh DG, GSI
10. Shri K. Thomas CG, IBM
11. Shri Ansuman Das CMD, NALCO
12. Shri K.D. Diwan CMD, HCL
13. Dr. Gopal Dhawan CMD, MECL

2. At the outset, the Chairperson welcomed the Secretary and other representatives of the Ministry of Mines to the sitting of the Committee convened in connection with examination of "Demands for Grants

(2015-16)" of the Ministry and drew their attention to Direction 58 of Directions by the Speaker, Lok Sabha regarding confidentiality of evidence tendered by witnesses.

3. Thereafter, a visual presentation was made by the representatives of the Ministry of Mines. The Committee broadly discussed the issues relating to Budgetary allocation; utilization of Plan and Non-Plan outlays of the Ministry of Mines; new technology for survey and mineral exploration by GSI; G2 and G1 level exploration by GSI during the year 2015-16; restructuring of IBM; physical and financial targets and achievements of PSUs *viz.* NALCO, HCL and MECL; reasons for under utilization of funds; measures taken by the Government/PSUs to enhance the production of Bauxite, Aluminium and Copper; joint venture by NALCO with Gujarat Mineral Development Corporation (GMDC); decline in profit of HCL and closure of its mines, 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 (2014-15) HELD ON 22 APRIL, 2015 IN  
ROOM NO. '112', FIRST FLOOR, PARLIAMENT  
HOUSE ANNEXE, NEW DELHI

The Committee sat from 1600 hrs. to 1630 hrs.

PRESENT

Shri Rakesh Singh—*Chairperson*

MEMBERS

*Lok Sabha*

2. Shri A . Arunmozhithevan
3. Shrimati Jyoti Dhurve
4. Shri Faggan Singh Kulaste
5. Dr. Banshilal Mahato
6. Shrimati Ranjit Ranjan
7. Shri Neiphiu Rio
8. Shri Tathagata Satpathy
9. Shri Janardan Singh “Sigriwal”
10. Shri Pashupati Nath Singh
11. Shri Sunil Kumar Singh

*Rajya Sabha*

12. Shri Ali Anwar Ansari
13. Dr. Pradeep Kumar Balmuchu
14. Dr. Satyanarayan Jatiya
15. Shri Sanjay Raut
16. Shri Dilip Kumar Tirkey

SECRETARIAT

1. Shri Shiv Singh — *Joint Secretary*
2. Shri Ajay Kumar Garg — *Director*
3. Shri Arvind Sharma — *Additional Director*
4. Ms. Miranda Ingudam — *Under Secretary*

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

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

- (i) \*\*\*                      \*\*\*                      \*\*\*                      \*\*\*                      \*\*\*
- (ii) Draft Report on “Demands for Grants (2015-16)” of the Ministry of Mines;
- (iii) \*\*\*                      \*\*\*                      \*\*\*                      \*\*\*                      \*\*\*
- (iv) \*\*\*                      \*\*\*                      \*\*\*                      \*\*\*                      \*\*\*

4. The Committee adopted the Reports without any changes/modifications. The Committee then authorized the Chairman to finalise the Reports on the basis of factual verification from the concerned Ministry and present the same to both the Houses of Parliament.

*The Committee then adjourned.*

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\*\*\* Do not pertain to this Report.



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