

45

STANDING COMMITTEE ON  
COAL AND STEEL (2017-2018)  
SIXTEENTH LOK SABHA

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**MINISTRY OF MINES**

**"DEMANDS FOR GRANTS (2018-19)"**  
**[Action Taken by the Government on the Observations/  
Recommendations contained in the Thirty-Ninth Report of the  
Standing Committee on Coal and Steel (Sixteenth Lok Sabha)]**



**FORTY-FIFTH REPORT**

**LOK SABHA SECRETARIAT  
NEW DELHI  
AUGUST, 2018/ SHRAVANA, 1940(Saka)**

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**(SIXTEENTH LOK SABHA)**

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**Presented to Lok Sabha on 02.08.2018**

**Laid in Rajya Sabha on 02.08.2018**



**LOK SABHA SECRETARIAT  
NEW DELHI  
August, 2018/Shravana 1940(Saka)**

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**COMPOSITION OF THE STANDING COMMITTEE ON  
COAL AND STEEL(2017-18)**

**Chairperson - Shri Rakesh Singh**

**Lok Sabha**

2. Shri Idris Ali
3. Shri A. Arunmozhithevan
4. Shri Chandulal Sahu
5. Smt. Jyoti Dhurve
6. Shri Shailesh Kumar
7. Dr. Banshilal Mahato
8. Shri Kamalbhan Singh Marabi
9. Shri Godam Nagesh
10. Shri Ajay Nishad
11. Smt. Riti Pathak
12. Smt. Ranjeet Ranjan
13. Shri Ravindra Kumar Ray
14. Shri Tamradhwaj Sahu
15. Shri Tathagata Satpathy
16. Shri Janardan Singh 'Sigriwal'
17. Shri Pashupati Nath Singh
18. Shri Rama Kishore Singh
19. Shri Sunil Kumar Singh
20. Shri Sushil Kumar Singh
21. Shri Krupal Balaji Tumane

**Rajya Sabha**

22. Shri Ranjib Biswal
23. Shri Ranvijay Singh Judev
24. Shri Ram Vichar Netam
25. Shri Sanjay Singh<sup>^</sup>
26. Shri Samir Oraon\*
27. Shri Dhiraj Prasad Sahu\*
28. Shri Achyutananda Samanta\*
29. Prof. Manoj Kumar Jha\*
30. Shri Prabhaker Reddy Vemireddy\*
31. Vacant

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<sup>^</sup> Nominated w.e.f. 13.02.2018.

\* Nominated w.e.f. 02.06.2018

(ii)

## **SECRETARIAT**

- |                         |   |                     |
|-------------------------|---|---------------------|
| 1. Shri U.B.S. Negi     | - | Joint Secretary     |
| 2. Shri Ajay Kumar Garg | - | Director            |
| 3. Shri Arvind Sharma   | - | Additional Director |
| 4. Shri Girdhari Lal    | - | Under Secretary     |
| 5. Smt. Madhu Tandon    | - | Executive Officer   |

(iii)

## INTRODUCTION

I, the Chairperson, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Forty-Fifth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Thirty-Ninth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel on "Demands for Grants (2018-19)" relating to the Ministry of Mines.

2. The Thirty-Ninth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 13.03.2018. Replies of the Government to all the observations/recommendations contained in the Report were received on 05.06.2018.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 25.07.2018.

4. An analysis on the Action Taken by the Government on the observations/ recommendations contained in the Thirty-Ninth (Sixteenth Lok Sabha) of the Committee is given at **Annexure-II**.

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

**NEW DELHI;**  
**25 July, 2018**  
**03 Shravana, 1940(Saka)**

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

(iv)

## REPORT

### CHAPTER I

This Report of the Standing Committee deals with Action Taken by the Government on the observations/recommendations contained in the Thirty-Ninth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel(2017-18) on the Subject, "Demands for Grants (2018-19)" of the Ministry of Mines which was presented to Lok Sabha and laid in Rajya Sabha on 13.03.2018.

2. The Report contained 12 Observations/Recommendations. The Action Taken Notes have been received from the Ministry of Mines on 05.06.2018 in respect of all the 12 observations/ recommendations contained in the Report. These have been categorised as follows:

(i) Observations/Recommendations which have been accepted by the Government: Serial Nos. 2, 3, 4, 6, 7, 8, 9,10 and 11

Total: 09  
Chapter-II

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government :  
Sl. No. 12

Total: 01  
Chapter III

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:  
Sl. No. 5

Total: 01  
Chapter IV

(iv) Observations/Recommendations in respect of which final replies of the Government are still awaited  
Sl.No. 1

Total: 01  
Chapter V

**3. The Committee do hope and trust that utmost importance would be given to implementation of the Observations/ Recommendations accepted by the Government. In case, where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter**

**should be reported to the Committee with reasons for non-implementation. The Committee desire that Action Taken Replies on the Observations/Recommendations contained in Chapter-I and Final Action Taken Notes to the recommendations contained in Chapter-V of this Report be furnished to them within three months.**

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

#### **Recommendation No. 4**

#### **SCIENCE & TECHNOLOGY (S&T) PROGRAMME**

5. The Committee noted that with a view to promote R&D in the mining sector, the Ministry of Mines has launched a comprehensive Science & Technology Programme which includes (i) R&D component (ii) Information Education and Communication (IEC) and (iii) one-time capital component for up-gradation of R&D facilities of Jawaharlal Nehru Aluminium Research Development & Design Centre, National Institute of Miners' Health and National Institute of Rock Mechanics. However, the Committee were surprised to find that against the budgetary provision of Rs. 27.49 crore in BE 2017-18 and reduced to Rs. 24.40 crore at RE stage for S&T programme, only Rs. 10.15 crore has been spent upto January, 2018 which works out mere 41.60% with respect to RE allocation. During the course of evidence, the Committee were informed that the funds utilized under S&T programme of the Ministry of Mines rose to Rs. 22.66 crore upto 20 February 2018. The Committee noted with concern the way the Ministry spent the funds in 20 days of February 2018 as to what the Ministry could spend during the first 9 months of the Financial Year 2017-18 on S&T programme. The Committee were of the view that funds meant for S&T programme should have been utilized rationally in a planned way throughout the year. The Committee also observed that for the year 2017-18, the Ministry of Finance has approved an



outlay of Rs. 27.49 crore to S&T Programme of the Ministry of Mines as against an outlay of Rs. 46.02 crore proposed by them. While observing that the National Mineral Policy has accorded higher priority to R&D Programmes, and that Science and Technology Programme of Ministry of Mines is being implemented with a view to encourage research and development of indigenous technology in the minerals and non-ferrous metal Sectors, the Committee were also of the opinion that S&T is a very important component for any sector to succeed and produce quality goods and given the current situation of Indian Mining Sector, due emphasis needs to be given on this aspect. The Committee, therefore, desired that the Ministry should look into the causes of erratic utilization of funds under this programme during various quarters of the financial year and take stringent measures so that the funds allocated for the scheme are justifiably utilized in different quarters of the financial year. The Committee also recommended that outlays under the scheme be suitably enhanced at supplementary grant stage so that ongoing S&T programmes do not go haywire and are completed well in time as targeted. The Committee would also like to be apprised of the steps taken for optimum utilization of approved outlays in this regard.

6. The Ministry in its Action Taken Reply has submitted as under:-

"The amount of Rs.27.49 crores (BE), which was reduced to Rs. 24.40 crores at RE stage, includes Other Research Programme (R&D component), Grants-in-aid for creation of capital assets to the three autonomous bodies viz. Jawaharlal Nehru Aluminium Research Development and Design Centre (JNARDDC), National Institute of Miners' Health (NIMH) and National Institute of Rock Mechanics (NIRM) and Grants-in-aid for salaries to these three autonomous bodies, as per the break up given below:

		(Rs. In crores)
Sl. No.	Description	RE 2017-18
1	Other Research Programme (R&D and IEC component)	7.25
2	NIRM (salary component)	6.36
3	JNARDDC (i) salary component	5.79

	(ii) creation of capital assets component)	3.50
4	NIMH (salary component)	1.50
	<b>Total</b>	<b>24.40</b>

Hence, a major portion of the budget i.e. Rs.13.65 crores, contributes to salary component of the three institutes and Rs.3.5 crores for creation of capital assets. Out of this amount of Rs.13.65 crores, only Rs.3.46 crores (approx.) was released in the month of September 2017 as first tranche. This amount includes only the pay component of salary. The proposals for release of second tranche of salary including pay and allowances were already processed for concurrence but due to delay in implementation of allowances as per 7<sup>th</sup> Central Pay Commission, second tranche of grants for payment of salary to the three autonomous bodies could not be released which involved an amount of Rs.10.19 crores (approx.). Similarly, out of Rs.3.5 crores allocated for creation of capital assets, more than Rs.2.5 crores were already released in August 2017 and the proposal for release of balance amount in this component was also under process for concurrence which involved an amount of Rs.98.75 lakh. The concerned files for grant of salary and for grant of creation of capital assets, which involved an amount of more than Rs.11 crores were cleared only in mid of January 2018 and sanctions thereof could be sent for release. Hence, till the end of the financial year 2017-18, an amount of Rs.23.94 crores (approx.) was released. Since the implementation of Central Pay Commission is a one time exercise, it is expected that such delay will not recur in future and the funds would be released timely.

As regards "Other Research Programme", project proposals from various Government institutions, public sector undertakings, universities and other research organizations engaged in the mineral and mining sectors are invited which are peer reviewed by a Group of Experts constituting the Project Evaluation and Review Committee (PERC). Suitable projects are forwarded to a high level Standing Scientific Advisory Group (SSAG) of the Ministry of Mines under the Chairmanship of the Secretary (Mines) for approval. After approval, the individual files of the approved projects are processed for release of funds in the form of first installment. In order to ensure timely and justifiable utilization of funds towards new projects, a timeline has also been decided for new projects.

As regards ongoing projects, next installments of funds are released on request from the implementing institute, subject to review of progress in the project and receipt of utilization certificate of grants previously released for the project. For this

purpose, the heads of various institutes have been asked to monitor the progress of projects being implemented by PIs of their institutes in order to ensure timely completion of the project.

As regards "Salary" and "Creation of Capital Assets" component, heads of the three autonomous bodies i.e. Directors of these institutes have been asked to submit such proposals timely and in a complete form with proper justification and suitable recommendations, and also the utilisation certificates of previous releases, in order to facilitate timely utilisation of funds."

**7. In their original report, the Committee had expressed their concern over the way the Ministry had spent the funds in just 20 days of February, 2018 during the financial Year 2017-18 on S&T Programme. The Committee had, therefore, desired the Ministry to look into the causes of erratic utilization of funds under this programme during various quarters of the financial year and take stringent measures so that the funds allocated for the scheme are justifiably utilized in different quarters of the financial year. In this regard, the Committee note from the action taken reply of the Ministry of Mines that the proposals for release of funds could not be approved in time due to administrative reasons like delay in implementation of allowances as per 7th Central Pay Commission and thus till the end of the financial year 2017-18 only an amount of Rs. 23.94 crore (approx.) was released. The Ministry has admitted that since the implementation of Central Pay Commission is a one time exercise, it is expected that such delay will not recur in future and the funds would be released timely.**

**The Committee in their Report had also noted that for year 2017-18, the Ministry of Finance has approved an outlay of Rs. 27.49 crore for S&T Programme of the Ministry of Mines against an outlay of Rs. 46.02 crore proposed by them. While observing that the National Mineral Policy has accorded higher**

**priority to R&D Programmes, and that Science and Technology Programme of Ministry of Mines is being implemented with a view to encourage research and development of indigenous technology in the minerals and non-ferrous metal Sectors, the Committee in their original Report had, therefore, recommended that outlays under the scheme be suitably enhanced at supplementary grant stage so that ongoing S&T programmes do not go haywire and are completed well in time as targeted. The Committee, however, find that the Action Taken Reply of the Ministry on this aspect is silent. The Committee, therefore, reiterate their earlier recommendation and desire the Ministry to vigorously take up the matter with the Ministry of Finance for enhancing the fund for the S&T Programme at the supplementary grant stage.**

#### **Recommendation No. 5**

#### **GEOLOGICAL SURVEY OF INDIA (GSI)**

#### **ACHIEVEMENT OF TARGETS**

8. The Committee noted that the main functions of Geological Survey of India (GSI) relate to creation and updation of national geoscientific information and mineral resource assessment. These objectives are achieved through ground surveys, air-borne and marine surveys, mineral exploration, multi-disciplinary geoscientist, geotechnical, geo-environmental and natural hazards studies, glaciology, seism tectonics, and carrying out fundamental research. During the year 2017-18, GSI could utilize Rs. 895.24 crore as against BE and RE of Rs. 1027.87 crore till the end of January, 2018. Thus, only 87.10% of the funds could be utilized till January, 2018. During 2015-16 and 2016-17, the percentage of utilization of funds was 100.15% and 99.63% respectively. The Committee further observe that the physical targets set for GSI under various Schemes/ Projects namely Geochemical Mapping (sq.km), Geophysical Mapping (sq.km), Multisensor/Aeromagnetic Survey, Heliborne Survey, Gravity,

preliminary mineral investigation and analysis have also not been satisfactory as is evident from the information made available to the Committee by the Ministry. During 2017-18 (till January, 2018) under Geochemical Mapping (sq. km) Scheme/Project, against the target of 137000, the achievement is 119211.33. Similarly, under Geophysical Mapping (sq. km), the achievement is only 89914.5 against the target of 100000. Further, GSI was able to achieve 8369 against 60,000 target under Multisensor Survey Scheme/Project, while its achievement under Heliborne Survey Scheme/Project remains 2693 as against 25,000. While under the Scheme/Project Gravity, the achievement is 6259 against the target of 16,000 under preliminary mineral investigation Scheme/Project, GSI could achieve 13,391 Analysis against the target of 30,000 and the achievement under the Scheme/Project DTA analysis (nos.) is 18 against the target of 90 samples. According to the Ministry of Mines, the target of Aerial Surveys could not be achieved due to grounding of Helicopter owned by GSI and now it is proposed to be carried out on contractual basis. The Committee expected the GSI to make vigorous efforts in right earnest to utilise fully the funds allocated to them to improve the physical performance and achieve all the physical targets set under various Schemes/Missions. The Committee also desired that the Ministry of Mines should play a more active role to monitor and ensure that funds allocated to GSI are utilized optimally and physical targets set under various Schemes/Missions are also achieved. The Committee would like to be apprised of the initiatives undertaken by the Ministry/GSI in this regard.

9. The Ministry in its Action Taken Reply has submitted as under:-

- "Geological Survey of India (GSI) carries out all its activities under five Missions (I to V). The field season activities of 2017-18 were completed on 31<sup>st</sup> March 2018.
- During the FY 2017-18, GSI has utilized Rs. 1001.99 crore (97.48%) against BE and RE of Rs. 1027.87 crore. Due attention has been given for optimum utilization of the fund so that the physical targets set for 2017-18 are achieved in

schedule time. All the activities under different Missions continued up to March 2018. An amount of Rs. 23.15 crore was provisioned for making the instalment payment for the Geotechnical Vessel but the same could not be paid as the vendor could not arrange the Reverse Bank Guarantee in time.

- Most of the physical targets set for FS: 2017-18 have been achieved with periodical review at different levels.
- During FS 2017-18, against the set target of 1, 37,000 sq km of geochemical mapping 1,54,853.9 sq km have been completed.
- Against the set target of 1, 00,000 sq km of geophysical mapping, 1,23,145.5 sq km have been completed.
- The target for Multisensor /Aeromagnetic Survey (by Twin Otter Aircraft Survey System) for FS 2017-18 was 60000 Line km. Out of this, 16779 Line km has been achieved upto March, 2018. The delay in initiation of the project was due to delay in renewal of contract with outsourcing agency M/s McPhar International Pvt. Ltd & and M/s. Deccan Charter Pvt. Ltd. The outsourced agency took some time in completing the procedural formalities and the survey commenced on 06/12/2017. The outsourced agencies (Mc Phar International Pvt. Ltd. and M/s. Deccan Charter Pvt. Ltd.) will be completing the remaining target by September, 2018.
- In heliborne survey, 2693 Line km has been covered against the target of 25000 Line km for FS 2017-18. The heliborne survey has been discontinued as the helicopter has been approved for decommissioning. The action for disposing off the helicopter is in progress.
- GSI has taken up a national aero-geophysical mapping program (NAGMP) through outsourced agency in obvious geological potential (OGP) areas of the country including remote and inaccessible areas in April, 2017. The aero-geophysical program will be done in three phases over pre-selected OGP areas covering approximately 8.13 lakh sq km with an aim to prepare a composite aero-geophysical map. In the first phase, pilot project of aero-geophysical surveys has been taken up in pre-selected 4 blocks covering about 2.0 lakh sq km OGP area. Out of these four blocks, survey is completed in block 1 & 4 and it is in progress in block 2 & 3. In these four blocks of first phase work 4, 65,492 Line km aerial survey has been completed till 31.03.18. The work is in progress. On request of Project Implementing Agencies for Block-2 & 3, data acquisition, processing and submission of report is extended till 30th September, 2018. Subsequently in next two phases, another 8

blocks will be taken up in the remaining areas by the outsourced agencies.

- In marine gravity survey, 11,404 Line km has been achieved against the target of 16000 Line km till March 2018. There is a shortfall of 4596 Line km in gravity survey. The shortfall in achieving target is due to non-availability of Gravimeter on board in already completed four cruises as it was as taken out and sent to OEM facility for repair and calibration. The gravimeter failed on board in the month of September, 2017 and as per advice from OEM, the instrument was shifted to USA for repair and calibration. The instrument was received after repairing in the month of February 2018. As a result the projected target has not been fully achieved.
- In marine Preliminary mineral investigation within EEZ, 37710 sq. km area was covered till February, 2018 against the target of 30,000 sq. km.

Differential thermal analysis (or DTA) is a tool for identification of clay minerals in addition to XRD technique for clay mineralogy studies. As per the capacity of the machine, target of 90 samples were planned for analysis during FS 2017-18 and against this target, 61 nos. samples were received as per the need of the projects of FSP: 2017-18. Out of 61nos. samples received, 18 nos. Samples were analysed for DTA studies and the remaining 43 nos. samples were analysed for clay mineralogy studies by XRD. Hence there is no short fall in analysing the total samples collected as per the need of the FSP projects."

**10. Taking note of the fact that only 87.10% of the funds could be utilized by GSI against BE and RE of Rs. 1027.89 crore till January, 2018 and that performance in achievement of physical targets set for GSI under various schemes/projects was not satisfactory, the Committee had desired GSI to make vigorous efforts in right earnest to utilise fully the funds allocated to them and improve the physical performance by achieving all the physical targets set under various Schemes/Missions. The Committee had also desired that the Ministry of Mines should play a more active role to monitor and ensure that funds allocated to GSI are optimally utilized and physical targets set under various Schemes/Missions are also achieved.**

In its Action Taken Reply, the Ministry has *inter-alia* informed that during the financial year 2017-18, GSI has utilized Rs. 1001.99 crore (97.48%) against BE and RE of Rs. 1027.87 crore and most of the physical targets set for Field Season 2017-18 have been achieved with periodical review at different levels. From the Action Taken Reply, the Committee, however, find that the targets for Multisensor/Aeromagnetic Survey, National Aero-Geophysical Mapping Programme (NAGMP) and Marine Gravity Survey could not be achieved due to delay in renewal of contracts and time taken by outsourced agencies involved in the programme. As regards marine gravity survey, the Committee note that the target could not be achieved due to non-availability of Gravimeter on board which was sent to USA for repairs and calibration, etc. In view of the fact that the funds allocated to GSI could not be utilized to the desired level during the year 2017-18 and that some physical targets could not be achieved by the end of the fiscal year 2017-18 and are still in progress due to one reason or the other, the Committee feel that proactive role played by the Ministry of Mines may bring a marked difference in taking these projects to their logical end. The Committee while reiterating their earlier recommendation desire that Ministry of Mines should play a more active role to monitor and ensure that funds allocated to GSI are utilized optimally and physical targets set under various schemes/missions are also achieved.

#### **Recommendation No. 8**

#### **STAR RATING OF MINES**

11. As regards the Mining Plan/Proposal approved by IBM for fresh grants of mining lease, the Committee observed that while during 2014-15, 185 Mining Plans were approved by IBM, during 2015-16 and 2016-17, the number of Mining Plans approved by IBM reduced significantly to 46 and 67 respectively. During 2017-18 (upto



January, 2018) only 26 Mining Plans have been approved by IBM and 2 cases were reported to be under process. In this regard, the Committee would like to be apprised of the reasons for lower number of Mining Plans approved by IBM during 2015-16, 2016-17 and 2017-18 as compared to 2014-15. The Committee would also like to know about the total number of Mining Plans received during each of the last 3 years and approved within 45 days of statutory time period. The Committee would also like to be apprised of the present status of implementation of star rating of Mines by IBM and the time frame within which all mines in the country will be covered under the programme.

12. The Ministry in its Action Taken Reply has submitted as under:-

"The Government has amended the MMDR Act, 1957 in 2015. As per amended MMDR Act, 2015 the lease period has been extended up to 50 years which has resulted in non-submission of mining plans for renewal purpose. Also as per MMDR amendment Act, 2015 all fresh Mining Leases are now being granted by Auction route and Mining Plans have to be submitted by successful bidder as per the Provisions of Mineral Auction Rules. Since its inception in March, 2015, till April, 2018 36 blocks have been auctioned in the country as a whole.

Further, in exercise of the powers conferred by clause (e) of Section 3 of the MMDR Act, 1957, the Central Government declared 31 major minerals as minor minerals in addition to the minerals already declared as minor minerals, vide Notification S.O. 423 (E) dated 10.2.2015. Prior to this notification the total number of mining leases were 9921 which has now reduced to 3948 only. As such Mining Plans for these 31 minerals have started going to State Governments for approvals.

#### **Status of disposal of Mining Plans within 45 days**

It is informed that as prescribed by Rule 16(3) of Mineral (OAHEM) Concession Rules, 2016, the period of disposal of the Mining Plans is 90 days. However, IBM has reduced the time limit to 45 days vide letter No. N-11013/MP/90-CCOM-Vol-VIII(PF) dated 22.07.2016 for expeditious and effective disposal of Mining Plans. Details of Mining plans received and approved during the year 2015-16 to 2017-18 are furnished below:

Year	No. of Mining Plans Received	No. of Mining Plans approved (total)	No. of Mining Plans approved within 45 days
2015-16	61	46	01
2016-17	87	67	47
2017-18	33	31	31

**Status of implementation of Star Rating of Mines & the time frame within which all mines in the country will be covered**

1. The Ministry has started a system of Star Rating of Mines for major minerals to implement sustainable development framework in the mining sector and facilitate sustainable and responsible mining. The evaluation template for Star Rating of major minerals was notified vide notification dated 23.05.2016. A web enabled online system for evaluation of measures has been developed and launched on 18th August,2016 as a vital step for ensuring compliance of environmental protection and social responsibility by the mining sector.
2. The year-wise status of Star Rating for the year 2015-16 and 2016-17 are given in **Table** below. The Star Rating system needs to be extended to cover minor minerals as well for adoption of measures for efficient and responsible mining practices. A template for star rating of minor minerals has been developed by the Central Government and has been circulated to the States on 30.01.2018, for instituting the Star Rating for Minor Minerals which would help in adoption of SDF in the minor mineral leases. All minor mineral regulation and administration, falls under the domain of State Government. Thus the Star Rating System for minor minerals is being implemented by them.
3. The system of Star Rating of Mines is expected to encourage self-driven mechanism among miners for better performance and bring a system of responsible and scientific mining with standardized mining practices. The efforts are being made to cover all mining lease holders under the program.

**Year wise status of Star Rating for year 2015-16 and 2016-17**

	Year 2015-16		Year 2016-17	
	Self assessment	After validation	Self assessment	After validation
Total No. of Lessee got 5 star rating	74	34	162	61

Total No. of Lessee got 4 star rating	169	106	282	204
Total No. of Lessee got 3 star rating	256	71	286	193
Total No. of Lessee got 2 star rating	63	4	140	24
Total No. of Lessee got 1 star rating	89	2	153	47
Total No. of Lessee got 0 star rating	5	0	20	4
<b>Total</b>	<b>656</b>	<b>217</b>	<b>1043</b>	<b>533</b>

**13. The Committee in their original Report had *inter-alia* desired to be apprised of the present status of implementation of Star Rating of Mines by IBM and the time frame within which all mines in the country will be covered under the programme. In this regard, the Ministry of Mines in its Action Taken Reply has informed the Committee that the evaluation template for Star Rating of Mines for major minerals to implement sustainable development framework in the mining sector was notified on 23.05.2016. A web enabled online system for evaluation of measures has been developed and launched on 18th August,2016 as a vital step for ensuring compliance of environmental protection and social responsibility by the mining sector. The Ministry has also indicated the year-wise status of the star rating for the year 2015-16 and 2016-17 detailing that out of 656 and 1043 self assessed and assigned star rating mines (ranging from 0-5 star), 217 and 533 respectively have been validated during the period. The Committee would, however, like to be apprised of the methodology having been adopted while assigning ratings to the lessee. The Committee would also like the Ministry to initiate sincere efforts to bring improvements in the existing ratings of Mines.**

**As regards the time frame within which all mines in the country will be covered under the programme, the Ministry of Mines in its Action Taken Reply has stated that the Star Rating system needs to be extended to cover minor minerals as well for adoption of measures for efficient and responsible mining practices and a template for star rating of minor minerals has been developed by the Central Government and has been circulated to the States on 30.01.2018, for instituting the Star Rating for Minor Minerals which would help in adoption of SDF in the minor mineral leases though all minor mineral regulation and administration, falls under the domain of State Government. While appreciating the efforts of the Government towards development of a template for star rating for minor minerals and circulation of the same to the States for instituting the star rating system, the Committee would like the Ministry to impress upon the States for adoption of these measures for efficient and responsible mining practices and vigorously pursue implementation of star rating system for minor minerals by them. The Committee would like to be apprised of the concrete efforts made by the Ministry in this regard.**

### **PROMOTIONAL EXPLORATION PROJECTS BY MECL**

#### **Recommendation No. 10**

14. The Committee also noted that MECL has completed 15 promotional exploration projects during 2014-15 to 2017-18 (upto January, 2018) and their Geological Reports (GRs) have been submitted. On perusal of these projects, the Committee observed that out of these 15 promotional exploration projects, 6 projects namely Pahardia block, district West Singhbhum, Jharkhand , Parasi East block, district Ranchi, Jharkhand Parasi East block, district Ranchi, Jharkhand, Ajjanahalli East block, Block A, district Tumkur, Karnataka (G2), Kempinkote block, district Hassan, Karnataka

(G2/G1) and KGF Project,(Old Tailing Dump), (G-2) District Kolar were related to Gold. The Committee also note that more than Rs. 18 crore were expended by MECL on these 6 promotional exploration projects. Although, the Ministry of Mines informed the Committee that the States have to initiate auction of projects on which Geological Reports (GRs) have been submitted, the Committee felt that since Government of India has released funds to MECL for promotional exploration, the Ministry of Mines should ensure that all promotional exploration projects for which GRs have been submitted are brought to mineral exploitation stage. The Committee would like to be apprised of the monitoring mechanism available with the Ministry of Mines in this regard.

15. The Ministry in its Action Taken Reply has submitted as under:-

"Ministry of Mines has in place Standing Committee on Promotional Projects (SCPP) as well as, a Technical Sub-Committee of SCPP for periodic appraisal, monitoring and review of the promotional projects of MECL.

After amendment of MMDR Act, 2015, MECL has been directed to forward copies of all the geological reports of promotional exploration projects to the respective State Governments for auctioning of blocks. Accordingly, MECL is submitting geological reports of blocks, where exploration has been completed, immediately to the respective State Governments. Five Blocks explored by MECL under the promotional scheme have been auctioned till date and seven blocks are under auctioning.

**16. While observing that out of 15 promotional exploration projects completed by MECL during 2014-15 to 2017-18, 6 projects namely Pahardia block, district West Singhbhum, Jharkhand , Parasi East block, district Ranchi, Jharkhand Parasi East block, district Ranchi, Jharkhand, Ajjanahalli East block, Block A, district Tumkur, Karnataka (G2), Kempinkote block, district Hassan, Karnataka (G2/G1) and KGF Project,(Old Tailing Dump), (G-2) District Kolar were related to Gold and more than Rs. 18 crore were expended by MECL on these 6 promotional exploration projects, the Committee had felt that**

**since Government of India has released funds to MECL for promotional exploration, the Ministry of Mines should ensure that all promotional exploration projects for which Geological Reports have been submitted are brought to mineral exploitation stage. In its Action Taken Reply, the Ministry has submitted that after amendment of MMDR Act, 2015, MECL has been directed to forward copies of all the geological reports of promotional exploration projects to the respective State Governments for auctioning of blocks. Accordingly, MECL is submitting geological reports of blocks, where exploration has been completed, immediately to the respective State Governments. Further, Five Blocks explored by MECL under the promotional scheme have been auctioned till date and seven blocks are under auctioning. In this regard, the Committee would like the Ministry to clarify whether the aforesaid six exploration projects related to Gold are covered under the Blocks auctioned so far. The Committee also desire that a detailed note indicating the status of these six exploration projects be furnished to the Committee within 3 months of presentation of this Report to the Parliament.**

## CHAPTER –II

### OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Recommendation No. 2

#### **UTILIZATION OF DISTRICT MINERAL FUND**

The Committee note that provision has been made under MMDR (Amendment) Act, 2015 for establishment of District Mineral Foundation (DMF) in any district affected by mining related operations with a view to ensure that the welfare of host population is protected and the benefit of economic activity in the mining sector equitably flows to those directly affected. DMF is funded by way of contributions at the prescribed rates from holders of mining lease. The contribution to DMF is prescribed at (i) 30% of the royalty for leases granted prior to 12.1.2015 and (ii) 10% of the royalty for leases granted on or after 12.1.2015. The Committee also observe that Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) is implemented by the DMFs using the funds accruing to DMF. At least 60% of PMKKKY funds will be utilized for drinking water supply, environment preservation and pollution control measures, health care, education, welfare of women and children, welfare of aged and disabled people, skill development and sanitation and up to 40% of the PMKKKY funds will be utilized for physical infrastructure, irrigation, energy and watershed development and any other measures for enhancing environmental quality in mining district. The Committee are happy to note that till 30th November, 2017, Rs. 13,398 crore has been collected under DMF in 12 major mineral rich states of the country, i.e., Goa, Karnataka, Chhattisgarh, Odisha, Jharkhand, Madhya Pradesh, Rajasthan, Telangana, Andhra Pradesh, Gujarat, Maharashtra and Tamil Nadu. The Committee further note that 12 major mineral rich states of the country have framed DMF rules and DMF has been set up in 338 districts of these states. As mineral production (including minor minerals) is reported from 32 states/UT, the Committee recommend that Ministry of Mines should take necessary steps to ensure that all the remaining states/UTs frame and notify the DMF rules at the earliest so that rights and interest of the persons affected by mining activity are protected and the benefit of economic activity in the mining sector equitably flows to those directly affected as per the provision of MMDR (Amendment) Act, 2015. The Committee would like to be apprised of the concerted efforts made and the initiatives undertaken by the Ministry in this regard. The Committee would also like to be apprised of the mechanism put in place by Ministry of Mines to monitor the utilisation of funds collected under DMF as per the provisions of PMKKKY.

### **Action Taken**

The Ministry of Mines has been regularly monitoring the progress made by 12 mineral rich States viz. (Andhra Pradesh, Chhattisgarh, Gujarat, Goa, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Telangana, and Tamilnadu) which produce 92% of the major minerals. In addition, from 10.04.2017 onwards, the Ministry has also started requesting the 9 major mineral producing states viz. (Assam, Himachal Pradesh, Jammu & Kashmir, Kerala, Meghalaya, Uttarakhand, Uttar Pradesh, West Bengal and Bihar) where some production of major minerals is taking place, to operationalize DMF/PMKKKY. DMF has also been set up in 168 districts in 6 States and is in the process of being set up in Bihar, Kerala and Meghalaya. All the remaining States/UTs which produce minor minerals only are governed by State Government rules.

The Ministry of Mines has launched a portal on 20.3.2017 for monitoring the PMKKKY. The portal of PMKKKY implementation captures from the collection and accrual of funds to its utilization and monitoring for implementation of projects. The portal will be utilized not only from the perspective of monitoring from the Centre and State level but it will also help online monitoring of funds collection and projects implementation at district level where DMF has been established. The portal will disseminate key information about the progress of works being implemented to the local population and other stakeholders working in the direction of ensuring maximum transparency.

[O.M. No.5/4/2018-I.F.(467) Dated 05.06.2018, Ministry of Mines]

### **Recommendation No. 3**

#### **BUDGETARY PROVISION AND UTILIZATION**

The Committee note that Budgetary support under Revenue and Capital is obtained for different schemes implemented by Geological Survey of India (GSI), Indian Bureau of Mines (IBM), Mineral Exploration Corporation Limited (*MECL*) Promotional Scheme and S&T Scheme. Revenue Provision is also obtained for GSI, IBM, Secretariat (Proper), grants-in-aid to Autonomous bodies, etc. The Committee further note that the budgetary allocation for Ministry of Mines for the year 2018-19 has been kept at Rs.1269.52 crore at BE stage against the BE and RE of Rs.1213.49 crore for the year 2017-18. However, during 2017-18 (till 31st January, 2018), actual expenditure was Rs.1019.77 crore. Thus the percentage of utilization comes to 84.03% of the BE & RE during the year 2017-18. While observing that 86.10% of budgetary grant has been utilized till the end of January, 2018 considering the minor works authorizations of Rs.9.50 crore have also been issued, the Committee desire that corrective measures need to be taken to overcome constraints in implementation of projects / schemes by the Ministry of Mines / attached offices so as to ensure optimum utilisation of funds allocated to them. The Committee also observe that for the year 2018-19, the Ministry of Finance has approved a total outlay of Rs. 1269.52 crore for the Ministry of Mines



as against an outlay of Rs. 1472.42 crore proposed by the Ministry. The Committee desire that the Ministry of Mines should approach Ministry of Finance at RE stage and impress upon them to enhance the budgetary support as proposed by the Ministry for 2018-19 so that various schemes undertaken by the Ministry are not hampered for want of adequate funds for the purpose.

#### **Action Taken**

During 2017-18 the actual expenditure of the Ministry of Mines was Rs.1353.17 crore, which is approx. 93% (92.65%) of the BE and RE for the year 2017-18. The details are as under:-

Sl. No	Name of the Organisation	BE 2017-18			Expenditure as on 31.3.2018			% Expenditure w.r.t. BE 2017-18
		Revenue	Capital	Total	Revenue	Capital	Total	
1	Secretariat (Proper)	36.55	0	36.55	32.55	0	32.55	89
2	Geological Survey of India	872.51	155.36	1027.87	917.30	84.66	1001.96	97
3	Indian Bureau of Mines	107.60	3.48	111.08	103.81	0.81	104.62	94
4	Grants to MECL	6.00	0	6.00	6.00	0	6.00	100
5	Bharat Gold Mines Limited-Grants	3.50	0	3.50	3.50	0	3.50	100
<b>6</b>	<b>S&amp;T Programme/Other Programme (6.1 to 6.6)</b>	<b>28.49</b>	<b>0</b>	<b>28.49</b>	<b>24.58</b>	<b>0</b>	<b>24.58</b>	<b>86</b>
6.1	NIRM	7.99	0	7.99	6.36	0	6.36	80
6.2	NIMH	1.96	0	1.96	1.50	0	1.50	77
6.3	JNARDDC	9.29	0	9.29	9.29	0	9.29	100
6.4	IC	0.35	0	0.35	0.24	0	0.24	71
6.5	NMA	0.65	0	0.65	0.40	0	0.40	62
6.6	Other Research Programme	8.25	0	8.25	6.78	0	6.78	82

	Supplementary Grant received during 2017-18	247.00	0	247.00	179.95			
	<b>Total</b>	<b>1301.65</b>	<b>158.84</b>	<b>1460.49</b>	<b>1267.70</b>	<b>85.47</b>	<b>1353.17</b>	<b>93</b>

The directions of the Hon'ble Committee for taking up the matter of allocation of additional funds with the Ministry of Finance have been noted and the Ministry of Finance would be requested to enhance the budgetary support for 2018-19 at RE stage so that various schemes undertaken by the Ministry are not hampered for want of adequate funds for the purpose.

[O.M. No.5/4/2018-I.F.(467) Dated 05.06.2018, Ministry of Mines]

#### **Recommendation No. 4**

#### **SCIENCE & TECHNOLOGY (S&T) PROGRAMME**

The Committee note that with a view to promote R&D in the mining sector, the Ministry of Mines has launched a comprehensive Science & Technology Programme which includes (i) R&D component (ii) Information Education and Communication (IEC) and (iii) one-time capital component for up-gradation of R&D facilities of Jawaharlal Nehru Aluminium Research Development & Design Centre, National Institute of Miners' Health and National Institute of Rock Mechanics. However, the Committee are surprised to find that against the budgetary provision of Rs. 27.49 crore in BE 2017-18 and reduced to Rs. 24.40 crore at RE stage for S&T programme, only Rs. 10.15 crore has been spent upto January, 2018 which works out mere 41.60% with respect to RE allocation. During the course of evidence, the Committee were informed that the funds utilized under S&T programme of the Ministry of Mines rose to Rs. 22.66 crore upto 20 February 2018. The Committee note with concern the way the Ministry spent the funds in 20 days of February 2018 as to what the Ministry could spend during the first 9 months of the Financial Year 2017-18 on S&T programme. The Committee are of the view that funds meant for S&T programme should have been utilized rationally in a planned way throughout the year. The Committee also observe that for the year 2017-18, the Ministry of Finance has approved an outlay of Rs. 27.49 crore to S&T Programme of the Ministry of Mines as against an outlay of Rs. 46.02 crore proposed by them. While observing that the National Mineral Policy has accorded higher priority to R&D Programmes, and that Science and Technology Programme of Ministry of Mines is being implemented with a view to encourage research and development of indigenous technology in the minerals and non-ferrous metal Sectors, the Committee are also of the opinion that S&T is a very important component for any sector to succeed and produce quality goods and given the current situation of Indian Mining Sector, due emphasis needs to be given on this aspect. The Committee, therefore, desire that the Ministry should look into the

causes of erratic utilization of funds under this programme during various quarters of the financial year and take stringent measures so that the funds allocated for the scheme are justifiably utilized in different quarters of the financial year. The Committee also recommend that outlays under the scheme be suitably enhanced at supplementary grant stage so that ongoing S&T programmes do not go haywire and are completed well in time as targeted. The Committee would also like to be apprised of the steps taken for optimum utilization of approved outlays in this regard.

### **Action Taken**

The amount of Rs.27.49 crores (BE), which was reduced to Rs. 24.40 crores at RE stage, includes Other Research Programme (R&D component), Grants-in-aid for creation of capital assets to the three autonomous bodies viz. Jawaharlal Nehru Aluminium Research Development and Design Centre (JNARDDC), National Institute of Miners' Health (NIMH) and National Institute of Rock Mechanics (NIRM) and Grants-in-aid for salaries to these three autonomous bodies, as per the break up given below:

(Rs. In crores)

Sl. No.	Description	RE 2017-18
1	Other Research Programme (R&D and IEC component)	7.25
2	NIRM (salary component)	6.36
3	JNARDDC (i) salary component (ii) creation of capital assets component)	5.79 3.50
4	NIMH (salary component)	1.50
	<b>Total</b>	<b>24.40</b>

Hence, a major portion of the budget i.e. Rs.13.65 crores, contributes to salary component of the three institutes and Rs.3.5 crores for creation of capital assets. Out of this amount of Rs.13.65 crores, only Rs.3.46 crores (approx.) was released in the month of September 2017 as first tranche. This amount includes only the pay component of salary. The proposals for release of second tranche of salary including pay and allowances were already processed for concurrence but due to delay in implementation of allowances as per 7<sup>th</sup> Central Pay Commission, second tranche of grants for payment of salary to the three autonomous bodies could not be released which involved an amount of Rs.10.19 crores (approx.). Similarly, out of Rs.3.5 crores allocated for creation of capital assets, more than Rs.2.5 crores were already released in August 2017 and the proposal for release of balance amount in this component was also under process for concurrence which involved an amount of Rs.98.75 lakh. The concerned files for grant of salary and for grant of creation of capital assets, which involved an amount of more than Rs.11 crores were

cleared only in mid of January 2018 and sanctions thereof could be sent for release. Hence, till the end of the financial year 2017-18, an amount of Rs.23.94 crores (approx.) was released. Since the implementation of Central Pay Commission is a one time exercise, it is expected that such delay will not recur in future and the funds would be released timely.

As regards "Other Research Programme", project proposals from various Government institutions, public sector undertakings, universities and other research organizations engaged in the mineral and mining sectors are invited which are peer reviewed by a Group of Experts constituting the Project Evaluation and Review Committee (PERC). Suitable projects are forwarded to a high level Standing Scientific Advisory Group (SSAG) of the Ministry of Mines under the Chairmanship of the Secretary (Mines) for approval. After approval, the individual files of the approved projects are processed for release of funds in the form of first installment. In order to ensure timely and justifiable utilization of funds towards new projects, a timeline has also been decided for new projects.

As regards ongoing projects, next installments of funds are released on request from the implementing institute, subject to review of progress in the project and receipt of utilization certificate of grants previously released for the project. For this purpose, the heads of various institutes have been asked to monitor the progress of projects being implemented by PIs of their institutes in order to ensure timely completion of the project.

As regards "Salary" and "Creation of Capital Assets" component, heads of the three autonomous bodies i.e. Directors of these institutes have been asked to submit such proposals timely and in a complete form with proper justification and suitable recommendations, and also the utilisation certificates of previous releases, in order to facilitate timely utilisation of funds.

[O.M. No.5/4/2018-I.F.(467) Dated 05.06.2018, Ministry of Mines]

### **Comments of the Committee**

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

### **Recommendation No. 6**

#### **MODERNISATION & REPLACEMENT SCHEME**

The Ministry of Mines informed the Committee that modernization programme of GSI will be expedited so that the organization grow and diversify into various geoscientific activities and could deliver colossal contribution in the arena of geosciences as well as in the economic growth of the country. The Committee, however, note that as against BE grant of Rs. 154.30 crore for Modernization and Replacement Scheme during 2017-18, the RE was Rs. 107.30 crore and actual expenditure upto January, 2018 was only Rs. 77.05 crore. The Committee note that the funds for the year 2018-19 under Modernisation and Replacement Head has been increased to Rs. 168.40 crore. Out of this fund, GSI proposed to spend Rs. 125.00

crore for payment of installment for the Geotechnical Vessel and Rs. 43.40 crore for procurement of machineries, laboratory, field equipment, drilling instruments, purchase of vehicles for all regions of GSI for smooth execution of its activities during 2018-19. However, the Committee note that under Modernisation and Replacement Scheme, GSI could spend only Rs. 50.00 crore as against the allocation of Rs. 110.00 crore during 2017-18 due to delay in finalisation of contract. As a result the RE Budget under the Scheme has been reduced from Rs. 154.30 crore to Rs. 107.30 crore. In this regard, the Committee are not satisfied with the reason put forward by the Ministry that due to delay in finalization of contract, the milestone has slipped. The Committee would like to be apprised of the reasons for delay in finalization of contract and the corrective steps undertaken to ensure optimum utilization of funds by GSI during 2018-19. The Committee would also like the Ministry to extend all possible support to GSI for procurement of all machineries/equipment etc. in a time-bound manner lest the modernization programme of GSI may get further delayed. The Committee also desire the Ministry to seriously monitor the affairs of GSI and take expeditious steps to address all constraints, the organization is facing under its modernization programme.

#### **Action Taken**

- To improve the capabilities in the field and laboratories for generating various types of earth science data and their processing for proper interpretation as well as to give support to operational activities, GSI shows its constant endeavor to procure modern machineries and equipment's under the scheme 'Modernisation & Replacement'.
- GSI has started the procurement process of Geo-technical Vessel (GTV) during FY 2017-18 and it will be completed by FY 2019-20.
- During FY 2017-18, GSI had made a provision of Rs. 154.30 crore under Capital Head during BE stage which included the major fund provision of Rs. 110 crore for instalment payment towards procurement of Geotechnical vessel (GTV) but due to delay in finalization of contract, milestone has slipped. According at RE stage, fund has been reduced to Rs. 107.30 crore under capital Head of FY 2017-18. During FY 2017-18, Rs. 83.85 crore has been utilized under capital head till March, 2018 which included the first instalment payment for GTV. An amount of Rs. 23.15 crore was provisioned for making the 2nd GTV instalment payment but the same could not be paid as the vendor could not arrange the Reverse Bank Guarantee timely.
- As per the agenda of the tendering process for procurement of Geotechnical Vessel (GTV), the finalisation of the contract was scheduled to be completed by July, 2016. The finalization of contract was delayed due to the procedural time taken for obtaining the SFC approval for GTV. This was necessitated as SFC members wanted clarity on the requirement of the vessel as it is a custom made one. Moreover, there was request from the participating

shipyards for extension in the dates for final tender submission and there was delay in getting clarifications on the *Active Heave Compensator* from the technically qualified shipyards.

- The SFC approval for GTV was obtained on 29-12-2016 and the contract was signed on 25-01-2017. As per the contract GSI has set milestones for instalment payment for GTV costing approximately Rs. 250 crore. The payment schedule is against shipyard achieving various milestones subject to submission of bank guarantee for the instalment amount.

<b>Instalment</b>	<b>Amount</b>	<b>Milestone</b>	<b>Payment Schedule</b>
1 <sup>st</sup> Instalment	10% of quoted amount	advance payment on signing contract	Paid in June 2017
2 <sup>nd</sup> instalment	10% of quoted amount	after 25% block fabrication and erection	March, 2018 (An amount of Rs. 23.15 crore could not be paid as the vendor could not arrange the Reverse Bank Guarantee timely)
3 <sup>rd</sup> instalment	30% of quoted amount	after installation and launching of major equipment	Sept, 2018
4 <sup>th</sup> installment	20% of quoted amount	after dock trials	Jan 2019
5 <sup>th</sup> instalment	30% of quoted amount	After delivery, acceptance and sea trials	April 2019

As per the milestone, GSI has to make payment of 1<sup>st</sup> and 2<sup>nd</sup> instalment during FY 2017-18. However, 2<sup>nd</sup> instalment payment was not made as vendor could not arrange the Reverse Bank Guarantee in time and made provision of payment of Rs. 125 crore in two instalment (Rs.75 crore & Rs. 50 crore) during FY 2018-19 for GTV. It is expected that the procurement of GTV will be completed in FY 2019-20 as per schedule.

- GSI continuously upgrades its instrumental capabilities by procuring state of the art equipments for its scientific work. During the XII Plan period GSI had targeted acquisition of the Ocean Going Research Vessel (Samudra Ratnakar) besides the procurement of other sophisticated Laboratory and Drilling Equipment / instruments. GSI completed the acquisition of Samudra Ratnakar which started taking up cruises from FS 2013-14. GSI also procured major laboratory/field and drilling

equipment including Laser Raman Spectroscopy system, Trinocular polarising microscopes, LA-MC-ICPMS, IP resistivity equipment, Multi-parameter borehole logger, Atomic Absorption Spectrometer, Heavy duty skid mounted Diamond Core Drill of 1000 m capacity, Scintillation Detector, ICPMS, Hydro cyclone, Vibratory cup mill etc. Besides, GSI also procured field /machinery equipments to carry out all scheme activities e.g. survey & mapping, mineral exploration, research & development, multidisciplinary geoscience, training & capacity building etc.

[O.M. No.5/4/2018-I.F.(467) Dated 05.06.2018, Ministry of Mines]

## **Recommendation No. 7**

### **INDIAN BUREAU OF MINES(IBM)**

The Committee note that IBM is engaged in the promotion of scientific development of mineral resources of the country, conservation of minerals, protection of environment in mines. IBM performs regulatory functions with respect to the relevant provisions of Mines and Minerals (Development & Regulation) Act, 1957 and enforcement of the rules framed there under, namely Mineral Conservation and Development Rules, 1988 and Minerals Concession Rules 1960 besides Environmental (Protection) Act, 1986 and Rules made there under. IBM also undertakes scientific, techno-economic, research oriented studies in various aspects of mining, geological studies, ore beneficiation and environmental studies. The Committee observe that during 2017-18, against the BE of Rs. 111.08 crore and RE of Rs. 115.09 crore, IBM could utilize only Rs. 88.75 crore (upto January, 2018). The Committee further note that for IBM, an annual plan outlay of Rs. 129.08 crore has been approved to implement its schemes during 2018-19. The Committee also note that there has been an increase of Rs.4.01 crore at RE stage in comparison to BE due to payment of salary for the month of Jan. & Feb., 2018 and also for making payment towards MTS project & National Remote Sensing Centre (NRSC). As regards the BE 2018-19 of Rs.129.08 crore, the Committee were informed that the increase of Rs.18.00 crore is due to Cadre re-structuring; Payment towards MTS project; payment towards backlog to Nagpur Municipal charges; Outsourcing of services; Setting up of NRSC Centre at Hyderabad & Nagpur; and Opening of Skill Development Centre at Varanasi. According to the Ministry of Mines, the funds allocated to IBM may not be sufficient for implementation of schemes and IBM may face some shortage of funds in areas like setting up of MTS Cell and Geo-informatic Centre, etc. As a result, the IBM may have to request for Supplementary funds to meet these expenditures. Taking note of the above admission of the Ministry of Mines regarding insufficient allocation of funds to IBM during 2018-19 required for implementation of important schemes like setting up of MTS Cell and Geo-informatic Centre, etc., the Committee recommend that budgetary allocation to IBM may be suitably enhanced at Revised Estimate stage and the Ministry of Finance may

be impressed upon to allocate funds as required by IBM so that various activities under taken by them are executed smoothly and timely without any funds constraint. The Committee would also like to be apprised of the present status of cadre restructuring plan of IBM alongwith progress made in setting up of NRSC at Hyderabad and Nagpur as well as opening of Skill Development Center at Varanasi.

### **Action Taken**

(i) **Present status of cadre restructuring plan of IBM**

The notification for the restructuring has been issued vide notification dated 15.05.2018. Recruitment Rules (RR) are being framed/ amended/ rescinded accordingly for those posts which have been created/upgraded/abolished in consultation with DOPT and UPSC as per DOPT guidelines.

(ii) **Setting up of NRSC at Hyderabad and Nagpur**

Action for setting up of "Geo-informatics Lab" with Main Centre at IBM HQ, Nagpur and a Sub-Centre at IBM Hyderabad is in progress. The Ministry has accorded Administrative approval & Expenditure sanction for Rs.3.52 crores vide letter no.37/4/2017-M.III dated 6.10.2017. The procurement of hardware and software for these Centres is being processed. The remote sensing laboratory at Nagpur has been made operational by available equipment which will be supported with new equipment to which they will be provided.

(iii) **Opening of Skill Development Centre at Varanasi:**

IBM has been following up the matter of opening up of National Mining Skill Development Centre at Varanasi. IIT-BHU has agreed to provide space (approx. 730sq.m) within their premises for construction of building. Discussions are going on with IIT-BHU officials for providing temporary space till the building for the centre is constructed. IBM is taking up the proposal for construction of the building and infrastructure for development of the Centre.

The directions of the Hon'ble Committee for taking up the matter of allocation of additional funds with the Ministry of Finance have been noted and the Ministry of Finance would be requested to enhance the budgetary support for 2018-19 at RE stage so that various activities under taken by them are executed smoothly and timely without any funds constraint.

[O.M. No.5/4/2018-I.F.(467) Dated 05.06.2018, Ministry of Mines]

### **Recommendation No. 8**

#### **MINING PLAN/PROPOSAL APPROVED BY IBM**

As regards the Mining Plan/Proposal approved by IBM for fresh grants of mining lease, the Committee observe that while during 2014-15, 185 Mining Plans were approved by IBM, during 2015-16 and 2016-17, the number of Mining Plans approved by IBM reduced significantly to 46 and 67 respectively. During 2017-18 (upto January, 2018) only 26 Mining Plans have been approved by IBM and 2 cases were reported to be under process. In this regard, the



Committee would like to be apprised of the reasons for lower number of Mining Plans approved by IBM during 2015-16, 2016-17 and 2017-18 as compared to 2014-15. The Committee would also like to know about the total number of Mining Plans received during each of the last 3 years and approved within 45 days of statutory time period. The Committee would also like to be apprised of the present status of implementation of star rating of Mines by IBM and the time frame within which all mines in the country will be covered under the programme.

#### **Action Taken**

The Government has amended the MMDR Act, 1957 in 2015. As per amended MMDR Act, 2015 the lease period has been extended up to 50 years which has resulted in non-submission of mining plans for renewal purpose. Also as per MMDR amendment Act, 2015 all fresh Mining Leases are now being granted by Auction route and Mining Plans have to be submitted by successful bidder as per the Provisions of Mineral Auction Rules. Since its inception in March, 2015, till April, 2018 36 blocks have been auctioned in the country as a whole.

Further, in exercise of the powers conferred by clause (e) of Section 3 of the MMDR Act, 1957, the Central Government declared 31 major minerals as minor minerals in addition to the minerals already declared as minor minerals, vide Notification S.O. 423 (E) dated 10.2.2015. Prior to this notification the total number of mining leases were 9921 which has now reduced to 3948 only. As such Mining Plans for these 31 minerals have started going to State Governments for approvals.

#### **Status of disposal of Mining Plans within 45 days**

It is informed that as prescribed by Rule 16(3) of Mineral (OAHEM) Concession Rules, 2116, the period of disposal of the Mining Plans is 90 days. However, IBM has reduced the time limit to 45 days vide letter No. N-11013/MP/90-CCOM-Vol-VIII(PF) dated 22.07.2016 for expeditious and effective disposal of Mining Plans. Details of Mining plans received and approved during the year 2015-16 to 2017-18 are furnished below

<b>Year</b>	<b>No. of Mining Plans Received</b>	<b>No. of Mining Plans approved (total)</b>	<b>No. of Mining Plans approved within 45 days</b>
2015-16	61	46	01
2016-17	87	67	47
2017-18	33	31	31

#### **Status of implementation of Star Rating of Mines & the time frame within which all mines in the country will be covered**

1. The Ministry has started a system of Star Rating of Mines for major minerals to implement sustainable development framework in the mining sector and facilitate sustainable and responsible mining. The evaluation template for Star Rating of major minerals was notified vide notification dated

23.05.2016. A web enabled online system for evaluation of measures has been developed and launched on 18th August,2016 as a vital step for ensuring compliance of environmental protection and social responsibility by the mining sector.

2. The year-wise status of Star Rating for the year 2015- The Star Rating system needs to be extended to cover minor minerals as well for adoption of measures for efficient and responsible mining practices. A template for star rating of minor minerals has been developed by the Central Government and has been circulated to the States on 30.01.2018, for instituting the Star Rating for Minor Minerals which would help in adoption of SDF in the minor mineral leases. All minor mineral regulation and administration, falls under the domain of State Government. Thus the Star Rating System for minor minerals is being implemented by them. 16 and 2016-17 are given in **Table** below.
3. The system of Star Rating of Mines is expected to encourage self-driven mechanism among miners for better performance and bring a system of responsible and scientific mining with standardized mining practices. The efforts are being made to cover all mining lease holders under the program.

**Year wise status of Star Rating for year 2015-16 and 2016-17**

	Year 2015-16		Year 2016-17	
	Self assessment	After validation	Self assessment	After validation
Total No. of Lessee got 5 star rating	74	34	162	61
Total No. of Lessee got 4 star rating	169	106	282	204
Total No. of Lessee got 3 star rating	256	71	286	193
Total No. of Lessee got 2 star rating	63	4	140	24
Total No. of Lessee got 1 star rating	89	2	153	47
Total No. of Lessee got 0 star rating	5	0	20	4
<b>Total</b>	<b>656</b>	<b>217</b>	<b>1043</b>	<b>533</b>

[O.M. No.5/4/2018-I.F.(467) Dated 05.06.2018, Ministry of Mines]

**Comments of the Committee**

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

## **Recommendation No. 9**

### **MINERAL EXPLORATION CORPORATION LTD. (MECL)**

The Committee note that the Mineral Exploration Corporation Limited (MECL), a Miniratna Category-II PSU under Ministry of Mines is the premier exploration agency in the country and carries out its exploration activities under Promotional programme funded by Government of India and on contractual basis on behalf of other agencies including Public Sector, Private Sector and State Government(s) on mutually agreed terms and conditions. The Committee find it appreciable that MECL has added 161 billion tonnes of mineral resources to National Mineral Inventory upto September, 2017. MECL has carried out detailed exploration for ferrous, non ferrous, precious, industrial and other minerals on behalf of Ministry of Mines and a total of 6.88 billion tonnes of resources have been established in respect of above said minerals. The Committee also note that after Amendment in the MMDR Act 2015, MECL has been identified by Government of India as "Nodal Agency" for mineral exploration under National Mineral Exploration Trust (NMET) for speedy and expeditious exploration of mineral block so as to enable the State Government(s) concerned for carrying out their auctioning. MECL is also engaged in regional exploration of coal & 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 49.40 billion tonnes of coal and 30.83 billion tonnes of lignite resources have been established by MECL on behalf of Ministry of Coal upto September 2017. Regarding allocation of funds for promotional drilling, the Committee note that a grant of Rs.6.00 crore was earmarked in BE 2017-18 to MECL for Promotional work. However, the actual utilisation of funds up to November, 2017 has been Rs.13.00 crore. Now, a provision of Rs.19.75 crore has been kept for the year 2018-19. The main reasons for increase in BE 2018-19 compared to 2017-18 is for completion of the approved projects by Standing Committee on Promotional Projects (SCPP) during 2015-16 and 2016-17 which will be continued in 2018-19 as well as for taking up new projects. Regarding fund of Rs. 13 crore raised and utilized upto November 2017, the Committee note that Ministry of Mines provided an amount of Rs. 6 crore in RE 2017-18 while balance amount of Rs. 7 crore has been utilized from internal resources of MECL which shall be taken up during 2018-19 from the budget to be provided. The Committee also note that during 2017-18, IEBR of MECL was revised to Rs. 50 crore from BE of Rs. 21.4 crore. The actual utilization of IEBR upto 31.01.2018 was, however, only Rs. 19.34 crore. Now, a plan outlay of Rs. 40 crore has been made for MECL for the year 2018-19. The Committee were informed that new mineral exploration proposals are being formulated and put up to SCPP for their approval during the year 2018-19. Therefore, additional funds will be required during the year 2018-19 for the completion of the approved projects and new projects. In addition, MECL plan to

take up 4 new projects for Copper- Rajasthan, Maharashtra; Lead Zinc – Rajasthan; Tugsten – Maharashtra; and Gold- Karnataka during 2018-19. These new projects are under preparation for discussion in the meeting of SCPP. The Committee also express their satisfaction to note that MECL has been fully utilizing the funds allocated to it for the Promotional work on behalf of Ministry of Mines and steps have been taken by MECL for proper utilization of funds during 2018-19. However, the Committee note that under targeted Capital Expenditure of Rs. 50 crore only Rs. 19.34 crore by MECL could be utilized during 2017-18 (upto January, 2018). The Committee would, therefore, like to be apprised of the reasons for lower utilization of the funds. The Committee would also like to be apprised of the total Capital Expenditure utilized by MECL during 2017-18 and the steps taken by MECL to ensure full utilization of Plan Outlays of Rs. 40 crore during 2018-19.

### **Action Taken**

During 2017-18, MECL has provisionally utilized Rs. 34.20 crore against the targeted Capital Expenditure of Rs. 50 crore. MECL planned Capital Expenditure of Rs. 50 crore for 2017-18, keeping in view of construction of new ultra modern laboratory complex at MECL premises and procurement of new advance laboratory equipment. However, the procurement of new laboratory equipment has been withheld due to delay in completion of new laboratory building. As such, the full utilization of targeted Capital Expenditure of Rs. 50 core has not been achieved during 2017-18.

MECL has noted the observation of Hon'ble committee and would like to kindly inform that the MECL will take all efforts for full utilization of targeted Capital Expenditure for 2018-19. MECL is taking up the modernizations plan of the company on top priority as per the approved Strategic Plan to achieve the target of Capital Expenditure.

[O.M. No.5/4/2018-I.F.(467) Dated 05.06.2018, Ministry of Mines]

### **Recommendation No. 10**

The Committee also note that MECL has completed 15 promotional exploration projects during 2014-15 to 2017-18 (upto January, 2018) and their Geological Reports (GRs) have been submitted. On perusal of these projects, the Committee observe that out of these 15 promotional exploration projects, 6 projects namely Pahardia block, district West Singhbhum, Jharkhand , Parasi East block, district Ranchi, Jharkhand Parasi East block, district Ranchi, Jharkhand, Ajjanahalli East block, Block A, district Tumkur, Karnataka (G2), Kempinkote block, district Hassan, Karnataka (G2/G1) and KGF Project,(Old Tailing Dump), (G-2) District Kolar were related to Gold. The Committee also note that more than Rs. 18 crore were expended by MECL on these 6 promotional exploration projects. Although, the Ministry of Mines informed the Committee that the States have to initiate auction of projects on which Geological Reports (GRs) have been submitted, the Committee feel that since Government of India has released funds to MECL for promotional exploration, the Ministry

of Mines should ensure that all promotional exploration projects for which GRs have been submitted are brought to mineral exploitation stage. The Committee would like to be apprised of the monitoring mechanism available with the Ministry of Mines in this regard.

#### **Action Taken**

Ministry of Mines has in place Standing Committee on Promotional Projects (SCPP) as well as, a Technical Sub-Committee of SCPP for periodic appraisal, monitoring and review of the promotional projects of MECL.

After amendment of MMDR Act, 2015, MECL has been directed to forward copies of all the geological reports of promotional exploration projects to the respective State Governments for auctioning of blocks. Accordingly, MECL is submitting geological reports of blocks, where exploration has been completed, immediately to the respective State Governments. Five Blocks explored by MECL under the promotional scheme have been auctioned till date and seven blocks are under auctioning.

[O.M. No.5/4/2018-I.F.(467) Dated 05.06.2018, Ministry of Mines]

#### **Comments of the Committee**

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

#### **Recommendation No. 11**

#### **NATIONAL ALUMINIUM COMPANY LTD.(NALCO)**

National Aluminium Company Limited (NALCO), a Navratna CPSE under Ministry of Mines is an integrated and diversified mining, metal and power group 'A' CPSE with gross sales turnover of Rs. 7,933 crore in financial year 2016-17. The Committee note that the approved Capital outlay of Rs.1,158 crore projected for the Financial Year 2017-18 at BE stage, was left unchanged at RE stage. According to the Ministry of Mines, the actual utilization of funds was however, Rs. 618.54 crore upto January, 2018 which comes to 53.41% of the approved outlays. The under utilization of funds has been attributed by NALCO for reduction in expenditure mainly on account of rephrasing/scaling down in plan outlay under the heads of Renewable energy, i.e, Solar power plant and Wind power plant, where the company anticipate non-availability of Power Purchase Agreement (PPA) for sale of power. The Committee further note that the physical achievement in various category of product segment as on Jan'2018 varies from 80% to 88% of the target and the Company expects to achieve the annual production target in Mines & Refinery but in case of Aluminium metal, the achievement may be less due to non-availability of required quantity of coal. The Committee observe from the information provided to them that though actual expenditure on Utkal-E Coal Mines at Rs. 111.44 crore (upto January, 2018) exceeded Revised Estimates of Rs. 106.05 crore, the Company's fund utilization for Pottangi Mines & 5th Stream Refinery and AMR was Rs. 44.08 crore and Rs. 383.84 crore as against the RE of Rs. 81.85 crore and Rs. 747.05 crore respectively. While appreciating the physical performance of NALCO during 2017-18, the Committee expect that as

targeted, the Company will be able to achieve Rs. 468 crore of Capital Expenditure on Pottangi Mine & 5th Stream Refinery and Addition, Modification & Replacement (AMR) Scheme of NALCO during February and March, 2018. At the same time, the Committee recommend that NALCO may take all necessary steps ensuring proper and optimum utilisation of planned outlay of Rs 1100.00 crore for 2018-19 and achievements of planned targets contemplated under its action plan and overview of Management for implementation of various schemes/programmes for 2018-19. The Committee further recommend that the Ministry of Mines/NALCO may also take up the issue of non-availability of adequate quantity of Coal with authorities concerned so that the production of Aluminium metal is not hampered for want of required quantity of coal. The Committee also recommend that remedial measures may also be undertaken for execution of Power Purchase Agreement (PPA) with Discoms for country's green energy projects. The Committee may be apprised of the action taken in this regard.

#### **Action Taken**

1. For the year BE 2017-18, against the budget estimation (BE) of CAPEX, Rs.1158 Cr and revised estimation (RE) of Rs.1087 Cr, company has achieved CAPEX of Rs.1082 Cr (Provisional) which is 99.54% of the RE target. The projection of CAPEX for the company for the year 2018-19 consists of the following major schemes:

Sl.	Particulars	BE (In Rupees Crore)	
		2018-19	
a)	New projects		
	(i) Utkal "D"& "E"-Coal Blocks.	26	
	(ii) 50 MW(25 MW x 2) Wind Power:	63	482
	(iii) 5th Stream Alumina Refinery Project.	393	
b)	Projects in JVs		58
c)	Addition Modification & Replacement (AMR)		560
	<b>Grand Total</b>		<b>1100</b>

The Company has brought in place an actionable plan for achievement of the projected CAPEX Plan, some of these are as under:

- (i) In case of new projects, i.e. Utkal "D"& "E"-Coal Blocks, 50 MW(25 MW x 2) Wind Power & 5th Stream Alumina Refinery Project, pre-project stage have been completed and are under various stage of execution. Subject to other regulatory clearance, the Company expects to achieve the projected target of Rs.482 Crore against these heads.

- (ii) Projects in JV are in Joint Venture partnership with other JV partners, the payment under this head is subject to the progress of the Joint venture. Nominee directors of Nalco in the JV boards periodically review the progress and achievement of CAPEX. Considering the progress achieved so far & plan provided by the JV Company the target of Rs.58 Crore will be achieved.
- (iii) A dedicated Capital Repair Group (CRG) has been constituted to plan, monitor and execute the CAPEX of mostly high value items in AMR.
- (iv) In respect of all CAPEX projects, individual Manager-In-Charges (MICs) have been identified and an on-line monitoring system has been put in place to monitor the progress.
- (v) After Budget phasing by respective MICs, status of critical CAPEX items are discussed during weekly plant meeting chaired by respective Executive Director, being attended by all departments including Finance & Materials. Bottlenecks, if any, are addressed there itself, for timely compilation of activities.
- (vi) For high-value and extremely critical items, review is also done during weekly Production Review meeting of Complex head with all GMs. Milestone planning for all the CAPEX items including forecast for phasing of expenditure has been completed by respective MICs.
- (vii) Similar review through video-conferencing are also made by respective Directors and also by CMD for all items above Rs.1 Cr value at frequent intervals.
- (viii) The progress of CAPEX is put up to the Board and Ministry from time to time.

With defined accountability, regular review and priority accorded by all concerned on CAPEX utilization, the CAPEX target of Rs. 1100 crore for FY 2018-19 would be achieved.

2. The Total requirement of coal for Captive Power Plant, NALCO is about 67 Lakhs MT for 100% capacity production of Smelter ( 4.6 lakh MT of Aluminium).

Out of the above requirement, NALCO has been sanctioned linkage coal from Coal India Limited under Fuel Supply Agreement (FSA) for quantity of 47.16 lakh MT for CPP. Therefore, there is a shortage of 19.84 lakh MT against the total requirement. It is experienced that total FSA quantity of 47.16 Lakh MT has never been realized. Approximately 95.6% of FSA, i.e. 45.11 LMT (Last 3 years average) is supplied by MCL, thereby increasing the shortfall by 2.05 Lakh MT with respect to linkage coal.

With a view to mitigate the difficulties, NALCO has taken the following steps:

- (i) NALCO has represented to the Ministry of Coal through Ministry of Mines for grant of bridge linkage coal till its mines become operational. After continuous follow up by NALCO as well as Ministry of Mines, Ministry of Coal has sanctioned 8.9 lakh MT per annum as bridge linkage coal for a period of three years i.e. up to April, 2019.
- (ii) NALCO is also participating in e-auction notifications as and when published by subsidiaries of CIL & SCCL. The company has been able to get 5.66 lakh MT of coal in 2017-18 through rail & road mode.
- (iii) NALCO is taking up the matter of increase of FSA with Ministry of Mines and Ministry of Coal. In addition NALCO is also examining the option of applying for a coal block.
- (iv) NALCO is also exploring the possibility of importing some quantity of thermal Grade coal through global tender.

During the year 2017-18 ending on 31<sup>st</sup> March, 2018, NALCO has been able to get 61.40 Lakh MT of coal as against planned quantity of 64.45 lakh MT of coal. However, considering the requirement of 67 LMT of Coal for 100% capacity production of Smelter (4.6 Lakh MT of cast metal) the shortfall quantity is of 5.60 Lakh. Current year's short fall of about 3 LMT against the planned quantity is mainly due to non-availability of e-auction coal (*lesser e-auction by Coal India*) and shortfall of about 2LMT of coal as against FSA by Coal India/ MCL.

3. The National Tariff Policy, 2016 formulated by the Ministry of Power, has specific guidelines on purchase of power generated from renewable energy sources and it inter-alia stipulates that "States shall endeavour to procure power from renewable energy sources through competitive bidding to keep the tariff low." Accordingly, many States/Discoms are presently procuring power through competitive tariff based bidding in e-Reverse Auction mode and many of the Discoms are not willing to sign Power Purchase Agreement (PPA) for purchase of renewable power in Average Power Purchase Cost (APPC) + Renewable Energy Certificate (REC) mode or Feed in Tariff (FIT) mode. So far as NALCO is concerned, in order to safeguard the Company against any risk on execution of Power Purchase Agreement (PPA) with State Discoms, the responsibility of arranging long term PPA has been entrusted to the developer. Accordingly, following provision was made in the tender:

- (i) Conditional LOA will be issued to successful bidder stating that project execution will be taken up after obtaining necessary pre-confirmation documents in favour of the project with respect to long term PPA with State Discom.
- (ii) If the bidder fails to arrange necessary document within a specified time from the date of placement of Conditional LOA, the LOA will be null and void.



NALCO has been successful in obtaining pre-confirmation documents from Tamil Nadu State Discom for long term PPA against our 25.5 MW Wind Power Project in Tamil Nadu.

[O.M. No.5/4/2018-I.F.(467) Dated 05.06.2018, Ministry of Mines]

## CHAPTER – III

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

#### Recommendation No. 12

#### **HINDUSTAN COPPER LIMITED (HCL)**

The Committee observe that major activities of Hindustan Copper Limited (HCL) include mining, ore beneficiation, smelting, refining and casting of refined copper metal into downstream products. HCL has acquired assets of Jhagadia Copper Limited from M/s ARCIL (Asset Reconstruction Company (India) Limited) in 2015-16 and renamed as GCP (Gujarat Copper Project). With this acquisition HCL now have five operation units - one each in the states of Rajasthan, Jharkhand, Madhya Pradesh, Gujarat and Maharashtra. Against the financial outlays of Rs. 400 crore for HCL during 2017-18 at BE and RE stage, the actual utilization by the Company upto December, 2017 was Rs. 312.33 crore only. Although, the Committee were informed that HCL will achieve the scheme-wise target set during 2017-18, the Committee find that expenditure by the 3rd quarter of the financial year (upto December, 2017) was Rs. 184.23 crore for 'Expansion Project' against RE of Rs. 230 crore. For replacement and Renewal work, the BE of Rs. 38 crore were revised to Rs. 10 crore and actual utilization by December, 2017 was Rs. 6.53 crore only. In view of under utilization of allocated funds by HCL during 2017-18 for these projects/schemes, the Committee would like to be apprised of the steps taken by HCL to utilize targeted Scheme/project-wise expenditure for 2017-18. The Committee would also like to be apprised of the reasons for reduction in funds earmarked for Replacement & Renewal works during 2017-18 from Rs. 38 crore at BE stage to Rs. 10 crore at RE stage and allocation of only Rs. 8 crore for the purpose during 2018-19. The Committee feel that a drastic reduction in funds for the purpose will not only hamper the operation of the Company efficiently but also the safety of work force and therefore, desire that HCL should take necessary steps to ensure allocation of appropriate funds for Replacement & Renewal works. The Committee would like to be apprised of the action taken by HCL in this regard.

#### **Action Taken**

1. During the year 2017-18, HCL has incurred a total plan expenditure of Rs 448.84 crore up to February 2018 which has been entirely met from long term borrowings and internal accruals and no budgetary support has been sought from Ministry of Mines. The details are as under:

(Rs in crore)

Particular	2017-18		
	Target		Actual (up to Feb'18)
	BE stage	RE stage	
Replacement & Renewals	38.00	10.00	11.26
Mine development	120.00	150.00	152.66
Expansion Projects	232.00	230.00	283.72
Green field exploration	10.00	10.00	1.20
Total	400.00	400.00	448.84

2. HCL has already achieved the Scheme/project-wise target for Expansion Projects and Replacement & Renewal upto the month of Feb'18.
3. HCL has deployed Heavy earth moving equipments at Malanjkhand Copper Project (MCP) open cast mines which is at present at the fag end of its life. Excavation of MCP open pit mine is currently in progress mainly through hired resources to continue up to the bottom most level, i.e. 340 mRL and deployment of departmental equipments is limited to minimum extent possible. Accordingly procurement of heavy and high value machineries by the company has been minimized. As a result expenditure under the scheme Replacement & Renewal works is reduced from Rs. 38 crore at BE stage to Rs. 10 crore at RE stage for the year 2017-18 which is sufficient to meet the target.
4. During the year 2018-19, the reason for keeping the target for Replacement & Renewal works as Rs 8 crore at BE stage is same as that of 2017-18. However, based on job need and required production target if Replacement & Renewal works is required more than Rs 8.00 crore earmarked at BE stage for 2018-19, the company will allocate the required fund to the extent necessary.

[O.M. No.5/4/2018-I.F.(467) Dated 05.06.2018, Ministry of Mines]

## CHAPTER – IV

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

#### Recommendation No. 5

##### **GEOLOGICAL SURVEY OF INDIA (GSI)** **ACHIEVEMENT OF TARGETS**

The Committee note that the main functions of Geological Survey of India (GSI) relate to creation and updation of national geoscientific information and mineral resource assessment. These objectives are achieved through ground surveys, air-borne and marine surveys, mineral exploration, multi-disciplinary geoscientist, geotechnical, geo-environmental and natural hazards studies, glaciology, seism tectonics, and carrying out fundamental research. During the year 2017-18, GSI could utilize Rs. 895.24 crore as against BE and RE of Rs. 1027.87 crore till the end of January, 2018. Thus, only 87.10% of the funds could be utilized till January, 2018. During 2015-16 and 2016-17, the percentage of utilization of funds was 100.15% and 99.63% respectively. The Committee further observe that the physical targets set for GSI under various Schemes/ Projects namely Geochemical Mapping (sq.km), Geophysical Mapping (sq.km), Multisensor/Aeromagnetic Survey, Heliborne Survey, Gravity, preliminary mineral investigation and analysis have also not been satisfactory as is evident from the information made available to the Committee by the Ministry. During 2017-18 (till January, 2018) under Geochemical Mapping (sq. km) Scheme/Project, against the target of 137000, the achievement is 119211.33. Similarly, under Geophysical Mapping (sq. km), the achievement is only 89914.5 against the target of 100000. Further, GSI was able to achieve 8369 against 60,000 target under Multisensor Survey Scheme/Project, while its achievement under Heliborne Survey Scheme/Project remains 2693 as against 25,000. While under the Scheme/Project Gravity, the achievement is 6259 against the target of 16,000 under preliminary mineral investigation Scheme/Project, GSI could achieve 13,391 Analysis against the target of 30,000 and the achievement under the Scheme/Project DTA analysis (nos.) is 18 against the target of 90 samples. According to the Ministry of Mines, the target of Aerial Surveys could not be achieved due to grounding of Helicopter owned by GSI and now it is proposed to be carried out on contractual basis. The Committee expect the GSI to make vigorous efforts in right earnest to utilise fully the funds allocated to them to improve the physical performance and achieve all the physical targets set under various Schemes/Missions. The Committee also desire that the Ministry of Mines should play a more active role to monitor and ensure that funds allocated to GSI are utilized optimally and physical targets

set under various Schemes/Missions are also achieved. The Committee would like to be apprised of the initiatives undertaken by the Ministry/GSI in this regard.

#### **Action Taken**

- Geological Survey of India (GSI) carries out all its activities under five Missions (I to V). The field season activities of 2017-18 were completed on 31<sup>st</sup> March 2018.

During the FY 2017-18, GSI has utilized Rs. 1001.99 crore (97.48%) against BE and RE of Rs. 1027.87 crore. Due attention has been given for optimum utilization of the fund so that the physical targets set for 2017-18 are achieved in schedule time. All the activities under different Missions continued up to March 2018. An amount of Rs. 23.15 crore was provisioned for making the instalment payment for the Geotechnical Vessel but the same could not be paid as the vendor could not arrange the Reverse Bank Guarantee in time.

- Most of the physical targets set for FS: 2017-18 have been achieved with periodical review at different levels.
- During FS 2017-18, against the set target of 1, 37,000 sq km of geochemical mapping 1,54,853.9 sq km have been completed.
- Against the set target of 1, 00,000 sq km of geophysical mapping, 1,23,145.5 sq km have been completed.
- The target for Multisensor /Aeromagnetic Survey (by Twin Otter Aircraft Survey System) for FS 2017-18 was 60000 Line km. Out of this, 16779 Line km has been achieved upto March, 2018. The delay in initiation of the project was due to delay in renewal of contract with outsourcing agency M/s McPhar International Pvt. Ltd & and M/s. Deccan Charter Pvt. Ltd. The outsourced agency took some time in completing the procedural formalities and the survey commenced on 06/12/2017. The outsourced agencies (Mc Phar International Pvt. Ltd. and M/s. Deccan Charter Pvt. Ltd.) will be completing the remaining target by September, 2018.
- In heliborne survey, 2693 Line km has been covered against the target of 25000 Line km for FS 2017-18. The heliborne survey has been discontinued as the helicopter has been approved for decommissioning. The action for disposing off the helicopter is in progress.
- GSI has taken up a national aero-geophysical mapping program (NAGMP) through outsourced agency in obvious geological potential (OGP) areas of the country including remote and inaccessible areas in April, 2017. The aero-geophysical program will be done in three phases over pre-selected OGP areas covering approximately 8.13 lakh sq km with an aim to prepare a composite aero-geophysical map. In the first phase, pilot project of aero-geophysical surveys has been taken up in pre-selected 4 blocks covering about 2.0 lakh sq km OGP area. Out of these four blocks, survey is completed in block 1 & 4 and it is in progress in block 2 & 3. In these four blocks of first phase work 4, 65,492 Line km aerial survey has been completed till 31.03.18. The work is in progress. On request of

Project Implementing Agencies for Block-2 & 3, data acquisition, processing and submission of report is extended till 30th September, 2018. Subsequently in next two phases, another 8 blocks will be taken up in the remaining areas by the outsourced agencies.

- In marine gravity survey, 11,404 Line km has been achieved against the target of 16000 Line km till March 2018. There is a shortfall of 4596 Line km in gravity survey. The shortfall in achieving target is due to non-availability of Gravimeter on board in already completed four cruises as it was as taken out and sent to OEM facility for repair and calibration. The gravimeter failed on board in the month of September, 2017 and as per advice from OEM, the instrument was shifted to USA for repair and calibration. The instrument was received after repairing in the month of February 2018. As a result the projected target has not been fully achieved.
- In marine Preliminary mineral investigation within EEZ, 37710 sq. km area was covered till February, 2018 against the target of 30,000 sq. km.

Differential thermal analysis (or DTA) is a tool for identification of clay minerals in addition to XRD technique for clay mineralogy studies. As per the capacity of the machine, target of 90 samples were planned for analysis during FS 2017-18 and against this target, 61 nos. samples were received as per the need of the projects of FSP: 2017-18. Out of 61nos. samples received, 18 nos. Samples were analysed for DTA studies and the remaining 43 nos. samples were analysed for clay mineralogy studies by XRD. Hence there is no short fall in analysing the total samples collected as per the need of the FSP projects.

[O.M. No.5/4/2018-I.F.(467) Dated 05.06.2018, Ministry of Mines]

**Comments of the Committee**

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

## **CHAPTER – V**

### **OBSERVATIONS/RECOMMENDATION IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED**

#### **Recommendation No. 1**

#### **NATIONAL MINERAL POLICY**

The Committee note an increase of about 13% in the total value of mineral production (excluding atomic and fuel minerals) during 2017-18 in the country over that of previous year. During 2017-18, estimated value for metallic minerals is Rs.53, 029 crore or 47.7% of the total value and non-metallic minerals including minor minerals is Rs.60, 512 crore or 53.3% of the total value. The Committee also note that National Mineral Policy, 2008 has been reviewed by a Committee constituted on 14th August, 2017 by the Ministry of Mines as per directions of Hon'ble Supreme Court in its judgment dated 02.08.2017 in the matter of Common Cause Vs. Union of India & Others. [Writ Petition (Civil) No. 114 of 2014]. This Committee has reportedly submitted its Report in December, 2017 and a draft National Mineral Policy, 2018 has been placed in the website of Ministry of Mines for public consultation. While appreciating 13% growth in value of mineral production in the country during 2017-18 over the previous year, the Committee recommend that the Ministry of Mines should ensure fairness and greater transparency in allotment of mineral concessions with a view to achieve optimal utilization of India's Mineral Resources for rapid industrial growth and socio-economic development of the country. The Committee also expect that New National Mineral Policy would be finalized expeditiously on the basis of feedback/inputs received from stakeholders and experts. The Committee would like to be apprised of the progress made in this regard.

#### **Action Taken**

#### **Progress Report of formation of new National Mineral Policy after submission of the Committee Report**

The Committee set-up to review the National Mineral Policy 2008 submitted its Report (comprising draft NMP 2018) to Ministry of Mines, Government of India on 31.12.2017.

The Ministry of Mines accepted the Committee Report and placed the draft NMP 2018 in the public platform for a period of 30 days till 09.02.2018 as part of the Pre-Legislative Consultation Policy process for being proactively shared with the public for eliciting their response. A total of 62 sets of comments were received during this period. In view of the potential importance of the national mineral policy as a system of principles in assisting decision making to achieve rational outcomes for the mineral sector, all the comments were examined and those found appropriate have been incorporated. The draft NMP 2018

was also presented to the Hon'ble Minister for Mines on 05.04.2018 who suggested few amendments in the Draft Policy.

After necessary revision, it will again be submitted to the Hon'ble Minister for the Mines for necessary approval of Cabinet Note on NMP 2018. After the necessary process of Cabinet approval, the new National Mineral Policy will be published.

[O.M. No.5/4/2018-I.F.(467) Dated 05.06.2018, Ministry of Mines]

**NEW DELHI;  
25 July, 2018**

**03 Shravana, 1940 (Saka) Standing Committee on Coal and Steel**

**RAKESH SINGH  
Chairperson**



## **ANNEXURE-I**

### **MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 25 JULY, 2018 IN HON'BLE CHAIRPERSON'S CHAMBER, ROOM NO. '210', B-BLOCK, PHA EXTENSION BUILDING, NEW DELHI.**

The Committee sat from 1500 hrs. to 1530 hrs.

#### **PRESENT**

**Shri Rakesh Singh - Chairperson**

#### **Lok Sabha**

2. Shri Chandulal Sahu
3. Smt. Jyoti Dhurve
4. Dr. Banshilal Mahato
5. Shri Godam Nagesh
6. Shri Ajay Nishad
7. Smt. Riti Pathak
8. Smt. Ranjeet Ranjan
9. Shri Ravindra Kumar Ray
10. Shri Janardan Singh 'Sigriwal'
11. Shri Pashupati Nath Singh

#### **Rajya Sabha**

12. Shri Samir Oraon
13. Prof. Manoj Kumar Jha
14. Shri Prabhaker Reddy Vemireddy

#### **SECRETARIAT**

1. Shri U.B.S. Negi - Joint Secretary
2. Shri Ajay Kumar Garg - Director
3. Shri Arvind Sharma - Additional Director

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

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

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

(ii) \*\* \*\* \*\* \*\*

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

(iv) Action Taken by the Government on the Observations/ recommendations contained in their Thirty-Ninth Report on Demands for Grants (2018-19) of the Ministry of Mines; and

(v) \*\* \*\* \*\* \*\*

4. The Committee adopted the Reports without any changes/modifications. The Committee then authorized the Chairperson to finalise the Reports and present the same to both the Houses of Parliament.

***The Committee then adjourned.***

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\*\*Do not pertain to this Report.

## ANNEXURE-II

(Vide Para IV of Introduction)

### ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE THIRTY-NINTH REPORT OF THE STANDING COMMITTEE ON COAL AND STEEL

I.	Total No. of Recommendations made	12
II.	Recommendations that have been accepted by the Government ( <i>vide</i> recommendation at Sl. Nos. 2,3, 4, 6, 7, 8, 9, 10 and 11)	09
	Percentage of total	75%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies ( <i>vide</i> Recommendation at Sl. No. 12)	01
	Percentage of total	8.30%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee ( <i>vide</i> recommendation at Sl. No. 5 )	01
	Percentage of total	08.30%
V.	Recommendations in respect of which final replies of the Government are still awaited ( <i>vide</i> recommendation at Sl. No. 1)	01
	Percentage of total	08.40%