14

# STANDING COMMITTEE ON COAL AND STEEL (2019-2020) SEVENTEENTH LOK SABHA

#### **MINISTRY OF MINES**

"DEMANDS FOR GRANTS(2020-2021)"

[Action Taken by the Government on the Observations/ Recommendations contained in the Seventh Report of the Standing Committee on Coal and Steel (Seventeenth Lok Sabha)]



**FOURTEENTH REPORT** 

LOK SABHA SECRETARIAT
NEW DELHI
SEPTEMBER, 2020/BHADRAPADA, 1942(Saka)

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(SEVENTEENTH LOK SABHA)

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**"DEMANDS FOR GRANTS(2020-2021)"** 

[Action Taken by the Government on the Observations/ Recommendations contained in the Seventh Report of the Standing Committee on Coal and Steel (Seventeenth Lok Sabha)]

Presented to Hon'ble Speaker on 9.09.2020

Presented to Lok Sabha on \_\_\_.09.2020

Laid in Rajya Sabha on \_\_\_.09.2020



LOK SABHA SECRETARIAT
NEW DELHI
SEPTEMBER, 2020/BHADRAPADA, 1942(Saka)

# CONTENTS

		Page
Composition o	f the Committee	(ii)
Introduction		(iv)
Chapter – I	Report	1
Chapter – II	Observations/Recommendations which have been accepted by Government	13
Chapter – III	Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies	
Chapter – IV	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee	
Chapter – V	Observations/Recommendations in respect of which final replies of the Government are still awaited	
	ANNEXURES	
I	Minutes of the sitting of the Standing Committee on Coal and Steel (2019-20) held on 02.09.2020	
II	Analysis of Action Taken by the Government on the Recommendations contained in the Fourth Report of the Standing Committee on Coal and Stee (Seventeenth Lok Sabha)	f I

# COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL(2019-20)

#### Chairperson Shri Rakesh Singh

#### Lok Sabha

- 2-Shri Balubhau Dhanorkar alias Suresh Narayan
- 3. Shri Vijay Kumar Hansdak
- 4. Shri Kunar Hembram
- 5. Shri Raghurama Krishnaraju Kanumuru
- 6. Shri C. Lalrosanga
- 7. Shri S. Muniswamy
- 8. Shri Ajay Nishad
- 9. Shri Basanta Kumar Panda
- 10. Smt. Riti Pathak
- 11. Shri Komati Reddy Venkat Reddy
- 12. Shri Chunni Lal Sahu
- 13. Shri Arun Sao
- 14. Dr. Beesetti Venkata Satyavathi
- 15. Shri Sushil Kumar Singh
- 16. Shri Pashupati Nath Singh
- 17. Shri Sunil Kumar Singh
- 18. Dr. Alok Kumar Suman
- 19. Dr. Thirumaavalavan Thol
- 20. Shri Shyam Singh Yadav
- 21. Shri Tokheho Yepthomi

#### Rajya Sabha

- 22. Dr. Vikas Mahatme
- 23. Shri Prashanta Nanda
- 24. Shri Ram Vichar Netam
- 25. Shri Samir Oraon
- 26. Shri Dhiraj Prasad Sahu
- 27. Shri Prabhakar Reddy Vemireddy
- 28. Shri B. Lingaiah Yadav\*
- Shri Anil Desai# 29.
- 30. Shri Venkataramana Rao Mopidevi<sup>^</sup>
- 31. Vacant

<sup>\*</sup>Nominated w.e.f. 3<sup>rd</sup> December, 2019 \* Nominated w.e.f. 21<sup>st</sup> December, 2019 ^ Nominated w.e.f. 23<sup>rd</sup> July, 2020

# **SECRETARIAT**

Shri Pawan Kumar - Joint Secretary
 Shri Arvind Sharma - Director

3.Smt. Geeta Parmar - Additional Director

4.Smt. Madhu Tandon - Executive Officer

#### 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 Fourteenth Report (Seventeenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Seventh Report (Seventeenth Lok Sabha) of the Standing Committee on Coal and Steel on "Demands for Grants (2020-2021)" relating to the Ministry of Mines.

- 2. The Fourth Report (Seventeenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 12.03.2020. Replies of the Government to all the observations/recommendations contained in the Report were received on 12.06.2020.
- 3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 02.09.2020.
- 4. An analysis on the Action Taken by the Government on the observations/ recommendations contained in the Seventh Report (Seventeenth 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; RAKESH SINGH
02 September, 2020 Chairperson
11 Bhadrapada, 1942(Saka) Standing Committee on Coal and Steel

#### **REPORT**

#### **CHAPTER I**

This Report of the Committee deals with Action Taken by the Government on the observations/recommendations contained in the Seventh Report (Seventeenth Lok Sabha) of the Standing Committee on Coal and Steel on "Demands for Grants (2020-21)" relating to the Ministry of Mines which was presented to Lok Sabha and laid in Rajya Sabha on 12.03.2020.

- 2. The Report contained 16 Observations/Recommendations. The Action Taken Replies have been received from the Ministry of Mines in respect of all the 16 observations/recommendations contained in the Report on 12.06.2020. These have been categorised as follows:-
- (i) Observations/Recommendations which have been accepted by the Government:

Serial Nos. 1, 2,3, 4, 5, 7, 8, 9, 10,11, 12, 14 and 16

Total: 13 Chapter-II

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

Total: NIL Chapter-III

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

Serial Nos. 6 and 15

Total: 02 Chapter-IV

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

Serial No. 13

Total: 01 Chapter-V

- 3. The Committee trust that utmost importance would be given 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 that Action Taken Replies the on Observations/ Recommendations contained in Chapter-I and final action taken reply in respect of the recommendation contained in Chapter V of this Report, for which interim reply has been given by the Government 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 Report.

# **RECOMMENDATION (SI. No.2)**

# Non-Ferrous Metal Scrap Recycling Policy

- 5. Taking into account the scarce mineral resources in the country, the Committee had desired the Ministry of Mines to ensure best use of available mineral resources and metals produced and emphasised on recycling of metals which does not lead to loss of property and use lesser energy in making recycled products besides being environment friendly. The Committee further desired that Ministry should frame a policy on recycling of non-ferrous metals to achieve its vision including doubling of the production of minerals in next 5 years with resultant reduction in import dependency.
- 6. The Ministry in its Action Taken Reply has submitted as under:-
  - "The Ministry has initiated the procedure for formulation of National Non-ferrous Metal Scrap Recycling Policy. The draft Policy was circulated for stakeholder consultation on 27<sup>th</sup> March 2020. The comments have been received and are being analysed. Further, it is understood that NITI Aayog circulated a draft Note for the Cabinet on National Material Recycling Policy and setting up of National Material Recycling Authority. To bring synergy in the endeavours of the Government, Ministry of Mines is in contact with NITI Aayog for

aligning the policy with NITI Aayog's initiative. Coordination with Ministry of Steel and Ministry of Environment, Forest and Climate Change is also being explored in this regard."

7. In their original Report, the Committee had emphasised on the need to make best use of scarce mineral resources and metals produced and desired that the Ministry of Mines should frame a policy on recycling of non-ferrous metals which does not lead to loss of property and also use lesser energy in making recycled products besides being environment friendly. Such a move would also help the Ministry to achieve its vision including doubling of the production of minerals in next 5 years with resultant reduction in import dependency.

From the action taken reply, the Committee find that the Ministry has drafted National Non-ferrous Metal Scrap Recycling Policy and circulated the same for stakeholder consultation on 27<sup>th</sup> March 2020. The comments so received are being analysed. The Committee have been informed that NITI Aayog has circulated a draft note for the Cabinet on National Material Recycling Policy and setting up of National Material Recycling Authority. In this regard, the Ministry of Mines is in contact with NITI Aayog for aligning the policy with NITI Aayog's initiative in order to bring synergy in the endeavours of the Government. Further, coordination with Ministry of Steel and Ministry of Environment, Forest and Climate Change is being explored. In view of the foregoing, while acknowledging the need to have

synergy in the endeavours of the Government, the Committee expect that the desired modalities will be completed expeditiously and desire that they be apprised of the progress made with regard to National Non-ferrous Metal Scrap Recycling Policy.

# **RECOMMENDATION (SI. No.4)**

# **Utilisation of Budget outlays**

- 8. The Committee had noted that during 2018-19 and 2019-20, budgetary allocation of Rs. 1669.52 crore and Rs. 1675.55 crore, respectively were made for the Ministry of Mines which were scaled down to Rs. 1350.02 crore and Rs. 1528.22 crore, respectively at RE stage and utilisation remained at Rs. 1266.74 crore (93.83%) and Rs. 1176.68 crore (up to January, 2020), respectively. The shortfall was due to slow progress of NMET funded exploration projects during the years. Further, observing imposition of restriction by the Ministry of Finance for carrying out expenditure up to 25% and 10% in the last quarter/month of the year 2019-20 and the Ministry's likely expenditure of Rs. 1250.00 crore, the Committee had desired that the Ministry of Mines should gear up its machinery to timely execute the projects/utilize the allocated funds and not leave things for the fag end of the year so that physical and financial targets fixed for the year are fully achieved.
- 9. The Ministry in its Action Taken Reply has submitted as under:-

"It was the endeavour of the Ministry of Mines to timely execute the projects and to fully utilize the allocated funds. However, there was a shortfall in achieving the financial target towards the end of the financial year 2019-20 mainly due to suspension of various activities of GSI in view of spread of Novel Corona Virus (COVID-19) and the lockdown in India. Further, during the Financial Year 2019-20, an amount of Rs.72.30 crore provided as Grant-in-aid General under HRD head and earmarked for conducting the 36<sup>th</sup> International Geological Congress (IGC) at Greater Noida, from 2<sup>nd</sup> March to 8<sup>th</sup> March, 2020 could not be utilized fully as the event was postponed due to the COVID-19 pandemic. This resulted in straightway surrender of Rs.57.58 crore of Grant-in-aid General and expenditure under HRD head was restricted to 23.34% only. GSI could also spend

only Rs.20.08 crore (44.63 % of RE grant) because of limited scope of field activity falling in SC areas which resulted in savings of Rs.24.92 crore. Due to these savings in the Grant-in-aid General and SCSP heads amounting to Rs.82.50 crore, the total expenditure incurred by GSI was restricted to 91.97% of the available RE grant. However, consequent upon the shortfall in both financial and physical achievements during the financial year 2019-20, GSI has planned to complete the remaining physical targets of the Field Season 2019-20 as a spill over items on priority within the budget provision of 2020-21 with an aim to achieve the objective of all programmes. Further, it may be mentioned that the funds under Development Action Plan DAPSC and DAPST are being utilized as per the guidelines issued by the NITI Aayog."

10. While observing that budgetary allocations to the Ministry of Mines were reduced at RE stage during 2018-19 and 2019-20, the Committee had observed that during 2019-20, out of RE of Rs. 1528.22 crore, the likely expenditure was stated to be Rs. 1250.00 crore(81.79%) only. The Committee had desired the Ministry to gear up its machinery to avoid any shortfall in targets. In action taken reply, the Ministry has stated that though it was its endeavour to timely execute the projects and fully utilize the allocated funds, however, there was a shortfall in the financial target in 2019-20 mainly due to suspension of various activities of GSI in view of spread of Novel Corona Virus (COVID-19) and the lockdown in the country and thus the total expenditure by GSI was restricted to 91.97% of the available RE grant. According to the Ministry, GSI has now planned to complete the remaining physical targets of the Field Season 2019-20 as spill over items on priority within the budget provision of 2020-21 with an aim to achieve the objectives of all programmes. Besides, funds under Development Action Plan for SCs and STs are being utilized as per the guidelines issued by the NITI Aayog. Taking note of the unprecedented situation occurred due to spread of COVID-19 that led to some unspent balance of the Ministry, the Committee would like to know the utilisation of funds during 2019-20 as the expected expenditure was targetted at Rs.1250 crore.

# **RECOMMENDATION (SI. No.6)**

#### **Geological Survey of India (GSI)**

- 11. The Committee had noted with concern that though GSI had proposed an budget allocation of Rs.1464.89 crore for the year 2020-21, it received Rs.1349.98 crore only. It was informed, due to curtailment of the budget grant during 2019-20,GSI was not able to make installment payment to Shipping Corporation of India (SCI) for the last two quarters and therefore pending dues would be cleared from budget grant for 2020-21 and GSI would submit the revised demand of budget. Considering that GSI is entrusted with conducting geological surveys and is the prime provider of geoscientific information and mineral resource assessment data to the Government, industry and public, the Committee had recommended that Ministry of Mines should ensure that plan allocations for GSI be stepped up and the revised estimates be submitted in due course to meet the physical targets.
- 12. The Ministry in its Action Taken Reply has submitted as under:-
  - "During the Financial Year 2019-20, GSI could make installment payment to SCI for 1<sup>st</sup> and 2<sup>nd</sup> quarters in full and 3<sup>rd</sup> quarter in part as operational and maintenance charge of GSI vessels under Survey & Mapping head due to curtailment of fund at RE stage. Further, due to postponement of 36<sup>th</sup> IGC due to spreading of Novel Corona virus (COVID-19), GSI had surrendered Rs.57.58 crore under Grant-in-aid General Head. However, the 36<sup>th</sup> IGC is rescheduled to be held in November, 2020. So, for clearing pending dues of SCI as well as to participate in the 36<sup>th</sup> IGC, GSI will require additional funds. Presently, the BE grant 2020-21 has been distributed to all regional/operational offices for execution of all activities for the field

season 2020-21 and initiatives have been taken for optimum utilization of the fund (at least 60% of BE grant) in first two quarters of the Financial Year 2020-21. Keeping in view the change in requirement of funds for execution of all activities during the financial year 2020-21, GSI will submit the revised demand of budget (both Revenue & Capital) to the Ministry of Mines after completion of first two quarters with an aim for optimum utilization of the fund. As regards the stepping up of the funds, if GSI achieves targets during RE stage as per schedule, the Ministry of Mines would take up with the Ministry of Finance for enhancement as well as from other savings."

Taking note of the curtailments of funds allocated to GSI against the proposed funds during 2020-21, the Committee had recommended to the Ministry of Mines to ensure that plan allocations for GSI be stepped up and the revised estimates be submitted in due course. In its action taken reply, the Ministry has due postponement Committee that to the informed 36th International Geological Congress due to spreading of COVID-19, GSI has surrendered Rs.57.58 crore under Grant-in-aid General Head. It has been stated that GSI would require funds for clearing pending dues of Shipping Corporation of India (SCI) as well as to participate in the 36th IGC which is rescheduled for November, 2020. Keeping in view the change in requirement of funds for execution of all activities during the financial year 2020-21, GSI will submit the revised demand of budget (both Revenue & Capital) to the Ministry of Mines after completion of first two quarters with an aim for optimum utilization of the funds. If GSI achieves targets during RE stage as per schedule, the Ministry of Mines would take up with the Ministry of Finance for enhancement as well as from other savings. In this context, the Committee would impress upon the Ministry to ensure sustained and focused efforts towards completion of GSI projects scheduled for first two quarters of the financial year 2020-21 and then in a convincing manner take up the matter for enhancement of the requirement of funds for GSI with the Ministry of Finance at RE stage. The Committee trust that the Ministry would take suitable steps and apprise the Committee of the progress in the matter.

# RECOMMENDATION (SI. No.8)

# Indian Bureau of Mines (IBM)

- 14. The Committee had noted that during 2018-19, against BE and RE of Rs.129.08 crore and Rs. 107.09 crore, respectively, IBM had utilised Rs. 98.97 crore. Further, during 2019-20 against BE and RE of Rs. 124.31 crore and Rs. 109.11 crore, respectively, IBM was able to utilize Rs. 82.74 crore up to 31 January, 2020. The reasons put forward for decrease of Rs.15.20 crore under revenue provision at RE stage during 2019-20 was reported to be non-filling up of vacant/new posts and also non-materialization of payment towards MTS project. Taking note of the fact that allocated funds could not be utilized, the Committee had desired to be assured that IBM takes all necessary steps to resolve these issues and the budgetary allocation of Rs. 128.31 crore for the year 2020-21 would be optimally utilized.
- 15. The Ministry in its Action Taken Reply has submitted as under:-
  - "Against the BE of Rs.124.31 crore and RE of Rs.109.11 crore, IBM has incurred an expenditure of Rs.96.22 crore during the year 2019-20 up to 31.3.2020. It is submitted that as a result of restructuring of IBM, there was upgradation, merger and redesignation of some posts and revision of the then existing recruitment rules was necessary before filling up of the existing as

well newly created posts. Accordingly, some of the Recruitment Rules have been finalized &published whereas some are presently under consideration of the Ministry/DOPT/UPSC. As such, it is taking some time for filling up of vacant/newly created posts by direct recruitment through UPSC/SSC. Further, the payments to the Implementing Agency and vendors associated with the Mining Tenement System (MTS) project have not been made during the year 2019-20 as, before release of payments to implementing agency, a number of technical formalities such as Field Trials to close the gaps from operational perspective, User Acceptance Testing (UAT) etc. have to be completed, which were still in progress.As desired by the Committee, the IBM will take all necessary efforts/steps to resolve the issues towards filling up of vacant/new posts as well as payment to the vendors associated with MTS project during the year 2020-21 and optimally utilize the allocation of Rs.128.31 crores made to the IBM in the Budget Estimates by the Ministry for the year 2020-21. However, IBM respectfully submits that within its sphere of activities, there is no scope to incur expenditure towards funds allocated under Tribal Sub-plan, Scheduled Caste Sub-plan and OCE (NER) and the matter is being taken up with the Ministry for transferring these funds to GSI for its fruitful utilization."

16. Taking note of the under-utilisation of funds allocated to IBM during 2018-19 and likely under-utilisation of funds during 2019-20, the Committee had cautioned the Ministry/IBM to take all necessary steps to resolve the pending issues which led to under-utilisation of allocated funds. From the action taken reply, the Committee note that during 2019-20, against BE and RE of Rs.124.31 crore and Rs.109.11 crore, respectively, IBM has been able to utilise Rs.96.22 crore(88.18%). However, the Ministry has assured that the IBM will take all necessary steps to resolve the issues towards filling up of vacant/new posts as well as payment to the vendors associated with Mining Tenement System project during the year 2020-21 so as to optimally utilize the allocated

funds of Rs.128.31 crore. The Committee have been informed that within sphere of activities of IBM there is no scope to incur expenditure towards funds allocated under TASP, SCSP and OCE (NER) and the matter is being taken up with the Ministry for transferring these funds to GSI for its fruitful utilization. In this regard, the Committee would like to be apprised of the exact amount allocated to IBM under TASP, SCSP and OCE (NER) and progress in the matter for transfer of funds.

# **RECOMMENDATION (SI. No.15)**

# National Mineral Exploration Trust (NMET)

- 17. The Committee had noted with regret that NMET having mandate to expedite the mineral exploration in the country and provided with BE and RE of Rs.150 crore and Rs.110 crore, respectively during 2019-20was likely to utilize Rs.68 crore up to March, 2020. It was stated that utilization of NMET budget primarily depend on the progress of work of NMET funded exploration projects carried out by Notified Exploration Agencies (NEAs) and there was under-utilisation as NEAs has submitted bills of lesser amount than projections provided by them. Also, there was non-commencement of Phase-II work of the aerogeophysical survey project by the Project Implementing Agencies (PIAs) due to litigation issue. The Committee had desired NMET to ensure that it would take all necessary steps to resolve the above prevailing issues with foresight and coordinated efforts and budget outlay of Rs.150 crore for the year 2020-21 would be optimally utilized.
- 18. The Ministry in its Action Taken Reply has submitted as under:-
  - "(i)The NEAs have been asked to provide year-wise phasing of projections containing information regarding work to be carried out along with work milestones and corresponding cost etc. for better projections and monitoring of NMET funded projects.

- (ii) The exploration agencies have been asked to submit claims for payment in time and adhere to the timelines of the exploration projects.
- (iii)Regarding the matter pertaining to litigation of Phase-II work of the aero geophysical survey, the entire process is getting delayed due to two fresh petitions filed by one of the bidders for blocks 5 & 7 and 6 & 8 in the Hon'ble High Court of Karnataka on 24.01.2020 vide WP No.1905/2020 and WP 1906/2020. Future course of action will be taken according to the outcome of the court cases. The cases are likely to be heard after lock down.
- (iv) The Schedule of Charges (SoC) for projects funded through NMET has been circulated to all Notified Exploration Agencies (NEAs) for information and also uploaded on the website of NMET. New SoC is applicable w.e.f. 01.04.2020.
- (v) As per the decision of 14<sup>th</sup> Executive Committee meeting of NMET, a Strategic Plan Group consisting of experts from Government and Mineral industry was constituted to prepare a Strategic Plan for mineral exploration to utilize fund towards achieving objectives of NMET. The group has recently submitted its report along with recommendations."
- 19. The Committee had expressed their concern over underutilisation of funds by NMET having mandate to expedite the
  mineral exploration in the country. Against BE and RE of Rs. 150
  crore and Rs. 110 crore, respectively during 2019-20, NMET was
  likely to utilise Rs.68 crore up to March, 2020. The reason put
  forward for lesser utilisation were submission of bills of lesser
  amount than projections by Notified Exploration Agencies (NEAs)
  on which the progress of work of NMET funded exploration
  projects largely depends besides non-commencement of Phase-II
  work of the aerogeophysical survey project by the Project
  Implementing Agencies (PIAs) due to litigation issue. The

Committee had desired NMET to ensure optimal utilisation of Rs.150 crore allocated for the year 2020-21.

The Ministry in its action taken reply has informed about the steps taken by NMET to resolve the issues for under-utilisation of funds. However, the Committee find that no assurance has been given by NMET with regard to optimal utilization of budget outlays of Rs. 150 crore for the year 2020-21. The Committee note that a Strategic Plan Group consisting of experts from Government and Mineral industry was constituted in the 14th Executive Committee meeting of NMET to prepare a Strategic Plan for mineral exploration to utilize fund towards achieving objectives of NMET. The group has recently submitted its report along with recommendations. The Committee would like to be informed of the major recommendations of the said Strategic Plan Group and hope that NMET would implement these recommendations so that the allocation of Rs. 150 crore during 2020-21 is fully utilised. The Committee would like to be apprised of the action Plan of NMET for 2020-21 and beyond to make the country `Atam Nirbhar' in mineral production.

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#### CHAPTER -II

# OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

# RECOMMENDATION (SI. No.1) National Mineral Policy (NMP), 2019

The Committee note that in so far as the regulation in mineral sector is concerned, the main focus is in ease of doing business by e-governance, ΙT enabled system, awareness information campaigns. The Committee also note that National Mineral Policy (NMP), 2019 aims to attract private investment through incentives while the efforts would be made to maintain a database of mineral resources and tenements under Mining Tenement System. Further, it not only reiterates the utilisation of the district mineral fund for equitable development of project affected persons but also proposes a long-term Export Import policy for the mineral sector to provide stability and as an incentive for investing in large-scale commercial mining activity. For attaining self-sufficiency in major minerals production, doubling the production of minerals in next 5 is being targetted with resultant reduction in import dependency, by allocating and regulating minerals in transparent and sustainable manner and intensifying exploration to find deep-seated minerals and effectively implement vision stated in the National Mineral Policy 2019. The Committee observe that delay in taking various clearances also acts as a hindrance for prospective bidders, which adversely affects investment in mining of minerals. The Committee feel that if these clearances are already in place at the time of auction, it will give a boost to the auction process by greater participation and higher competition. Consequently, delays in start of production will be reduced. The Committee recommend that the Ministry should make all efforts to put such a system in place at the earliest. While observing that the NMP, 2019 has very forward looking recommendations for the Mining Sector, the Committee recommend the Ministry to implement the same without any further delay.

#### **ACTION TAKEN**

- (i) A detailed plan of action with definite time line has already been prepared to implement the recommendations of National Mineral Policy, 2019.
- (ii) Some of the recommendations are already implemented through Mineral Laws amendment Bill 2020 and some other recommendations are in advance stage of processing.
- (iii) Since most of the recommendations require structural changes, the implementation may take more time. However, Ministry of Mines has taken action towards the same.

- (iv) GSI has prepared a draft vision document on REE. The comments of AMD on vision document have been incorporated. The document is being finalized after incorporating suggestions/comments from the domain experts.
- (v) GSI has compiled 12 booklets on mineral specific commodities viz. Gold, Chromium, Platinum Group of Elements (PGE), Base metals, Tungsten, Diamond, Fertilizer minerals, Graphite, Manganese, Iron ore, Bauxite and Limestone. The books are being finalized by taking comments from experts and Industry. The next 5 year exploration plan of the GSI would be driven by the recommendations given in the booklet.
- (vi) National Mineral Policy (NMP), 2019, proposes that as part of initiative for ease of doing business the states shall make an endeavour to auction mineral blocks with pre-embedded statutory clearances. To achieve this objective of ease of doing business in Mining Sector, it is decided to encourage State Government to take up pilot projects for auction of mineral blocks with pre-embedded clearances required for starting mining operations. Auction of blocks with pre-embedded clearances will go parallelly with the normal auction process. Ministry of mines in consultation with Ministry of Environment Forest & Climate Change has issued the guidelines for auction of mineral blocks with pre-embedded clearances for mining projects so that the State Governments will be an applicant for requisite clearances on behalf of prospective bidders so as to ensure that the blocks are auctioned with pre-embedded clearances.

[Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020]

## **RECOMMENDATION (SI. No.2)**

The Committee also observe that mineral resources are scarce and finite and therefore desire that Ministry should ensure to make best use of available mineral resources and metals produced using these resources. In this direction, Ministry should seriously look into recycling of metals. This is important as recycling of metals does not lead to loss of property and use lesser energy in making recycled products and can also prove to be environment friendly. The Committee desire that Ministry should frame a policy on recycling of non-ferrous metals. The Committee are also of the view that such steps would help the Ministry to achieve its vision including doubling of the production of minerals in next 5 years with resultant reduction in import dependency.

#### **ACTION TAKEN**

The Ministry has initiated the procedure for formulation of National Non-ferrous Metal Scrap Recycling Policy. The draft Policy was circulated for stakeholder consultation on 27<sup>th</sup> March 2020. The comments have been received and are being analysed. Further, it is understood that NITI Analog circulated a draft Note for the Cabinet on

National Material Recycling Policy and setting up of National Material Recycling Authority. To bring synergy in the endeavors of the Government, Ministry of Mines is in contact with NITI Aayog for aligning the policy with NITI Aayog's initiative. Coordination with Ministry of Steel and Ministry of Environment, Forest and Climate Change is also being explored in this regard.

[Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020]

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

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

# RECOMMENDATION (Sl. No.3) Budgetary Provisions and Utilization

The Committee find that the budgetary allocation proposed by the Ministry of Mines under Demand No. 68 for the year 2020-21 is Rs. 1701.40 crore, which comprises Rs. 1587.04 crore under revenue section and Rs. 114.36 crore under capital section. Hence there is a marginal increase of Rs. 25.85 crore, if compared with BE, 2019-20 of Rs. 1675.55 crore and an increase of Rs. 173.18 crore, as compared to RE, 2019- 20 of Rs. 1528.22 crore. The Committee note that the increase in BE, 2020-21 has resulted in increase in budget allocation for establishment expenditure of GSI, Survey & Mapping Head of GSI, dissemination activity, Minor works under expenditure, Capital head of GSI and for projects under NMET. The Committee hope that the Ministry of Mines would make sincere efforts to execute their projects/schemes targetted for the year 2020-21 at a steady pace so that the funds allocated to the Ministry at BE stage are not reduced at RE stage as Ministry of Finance has issued directions to optimally utilise funds in first three quarters and restricted the funds to be utilized in the last quarter.

#### **ACTION TAKEN**

It is the endeavor of the Ministry of Mines to timely execute the projects and to fully utilize the allocated funds. Further, as desired by the Committee, sincere efforts would be made to execute the projects/schemes targeted for the year 2020-21 at a steady pace so that the funds allocated to the Ministry at BE stage are not reduced at RE stage.

In this connection, it may also be mentioned that the following steps inter-alia have been taken by GSI to ensure full utilization of funds during the financial year 2020-21:-

(i) GSI has critically reviewed the demand of fund submitted by the operational units for execution of all activities under different missions during the financial year 2020-21 and budget grant has been judiciously allocated in all heads giving priority to all committed expenditures and for execution of operational activities so that physical targets of the financial year 2020-21 can be achieved with the available funds.

- (ii) For effective planning and management of funds, the heads of the regions / missions / support systems have been communicated well in advance about the budget grant allotted for execution of all activities of GSI under revenue and capital heads during the financial year 2020-21 and they have been advised to plan for utilization of 60% allocated fund in first two quarters to meet the expenditure for all technical and administrative activities including capital asset procurement.
- (iii) It may be mentioned that the Salary expenditure of GSI in 2019-20 was Rs.663.36 crore. A provision of Rs.218.05 crore (including wages) has been made towards the Salary expenditure in Quarter 1 of the current year 2020-21. This amount would be spent and the execution of projects/schemes will thereafter be reviewed based on the release of funds. Further, keeping in view, the change in requirement of fund for execution of all activities during the financial year 2020-21, GSI will review the financial performance and accordingly submit the revised demand of budget (both revenue & capital) after completion of two quarters with an aim for optimum utilization of the fund in first three quarters so that expenditure in the last quarter may be restricted as per directive of the Ministry of Finance.

[Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020]

# **RECOMMENDATION (SI. No.4)**

The Committee note that during 2018-19, budgetary allocation of Rs. 1669.52 crore for the Ministry of Mines was scaled down to Rs. 1350.02 crore at RE stage. Again, during 2019-20, budgetary allocation of Rs. 1675.55 crore was reduced to Rs. 1528.22 crore at RE stage. The Ministry has stated that the variations in allocations at BE and RE stage are a part of the budgeting process and allocation is done by the Ministry of Finance as per the resources available with them. The Committee feel that such reduction of annual plan outlays would lead to shortfall in completion of projects/schemes of the Ministry targeted for a year. The Committee further note that the Ministry of Mines could not utilize the reduced allocations at RE stage during the last two years. Out of the allocation of Rs. 1350.02 crore at RE, 2018-19, the Ministry could utilize Rs. 1266.74 crore (93.83%). Again, out of the allocation of Rs.1675.55 crore at BE, 2019-20, the Ministry could utilize Rs. 1176.68 crore up to January, 2020. The reason for the shortfall is stated to be under-utilisation of NMET budget due to slow progress of NMET funded exploration projects during the year. The Committee learn that as per the trend of expenditure during the year 2019-20 by the Ministry of Mines, the Ministry of Finance has imposed the restriction for carrying out expenditure up to 25% and 10% in the last quarter/month and as a result, the Ministry would be able to utilize Rs. 1250.00 crore during 2019-20. In this regard, the Committee desire the Ministry of Mines to gear up its machinery to timely execute the projects/utilize funds and does not leave things for the fag end of the year lest it leads to shortfall in physical and financial targets during the year.

#### **ACTION TAKEN**

It was the endeavor of the Ministry of Mines to timely execute the projects and to fully utilize the allocated funds. However, there was a shortfall in achieving the financial target towards the end of the financial year 2019-20 mainly due to suspension of various activities of GSI in view of spread of Novel Corona Virus (COVID-19) and the lockdown in India. Further, during the Financial Year 2019-20, an amount of Rs.72.30 crore provided as Grant-in-aid General under HRD head and earmarked for conducting the 36th International Geological Congress (IGC) at Greater Noida, from 2<sup>nd</sup> March to 8<sup>th</sup> March, 2020 could not be utilized fully as the event was postponed due to the COVID-19 pandemic. This resulted in straightway surrender of Rs.57.58 crore of Grant-in-aid General and expenditure under HRD head was restricted to 23.34% only. GSI could also spend only Rs.20.08 crore (44.63 % of RE grant) because of limited scope of field activity falling in SC areas which resulted in savings of Rs.24.92 crore. Due to these savings in the Grant-in-aid General and SCSP heads amounting to Rs.82.50 crore, the total expenditure incurred by GSI was restricted to 91.97% of the available RE grant. However, consequent upon the shortfall in both financial and physical achievements during the financial year 2019-20, GSI has planned to complete the remaining physical targets of the Field Season 2019-20 as a spill over items on priority within the budget provision of 2020-21 with an aim to achieve the objective of all programmes. Further, it may be mentioned that the funds under Development Action Plan DAPSC and DAPST are being utilized as per the guidelines issued by the Niti Aavoq.

[Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020] **Comments of the Committee** 

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

# **RECOMMENDATION (SI. No.5)**

# Geological Survey of India (GSI)

The Committee note that budgetary allocation of Rs.1322.93 crore was made to GSI for the year 2019-20 for undertaking various activities under revenue and capital heads. The same was, however, reduced to Rs.1241.59 crore at RE stage with overall reduction of Rs.81.34 crore. In view of reduction of funds, GSI has stated to have judiciously reallocated funds for different activities in order to achieve physical targets for Field Season 2019-20 of different missions with optimum utilisation of the funds. The Committee note that GSI has been able to spend Rs. 1013.22 crore (81.61%) up to 10 February, 2020 and likely to spend Rs. 1214.59 crore (97.83%) up to 31 March, 2020. In view of the restrictions imposed by the Ministry of Finance for carrying out expenditure up to 25% and 10% in the last

quarter/month, the Committee apprehend the optimum utilization of funds by GSI during 2019-20. The Committee hope that GSI will at least now make serious efforts for timely utilization of budgetary allocations for the year 2020-21.

#### ACTION TAKEN

#### **Geological Survey of India (GSI)**

As mentioned above, the lock down because of the COVID-19 pandemic and the limited scope of field activity falling in SC areas resulted in savings in the Grant-in-aid General and SCSP heads of GSI amounting to Rs.82.50 crore. Consequently, the total expenditure incurred by GSI was restricted to 91.97% of the available RE grant. However, the following steps have been taken by GSI to ensure full utilization of funds during the Financial Year 2020-21:-

- (i) Monitoring of fund utilization under different heads will be done periodically by making synergy with all region/missions of GSI, Controller of Accounts and the Ministry of Mines.
- (ii) For effective planning and management of funds, the heads of the regions / missions / support systems have been communicated well in advance about the budget grant allotted for execution of all activities of GSI under revenue and capital heads during the financial year 2020-21 and they have been advised to plan for utilization of 60% allocated fund in first two quarters to meet the expenditure for all technical and administrative activities including capital asset procurement.
- (iii) Priority will be given to clear the pending dues of the financial year 2019-20 as well as execution of the spill over projects of the Field Season 2019-20 from the budget grant of the financial year 2020-21 for smooth functioning of all activities.
- (iv) Keeping in view, the change in requirement of fund for execution of all activities during the financial year 2020-21, GSI will submit the revised demand of budget (both Revenue & Capital) after completion of two quarters with an aim for optimum utilization of the fund in first three quarters so that expenditure in the last quarter may be restricted as per directive of the finance ministry.
- (v) All financial transactions are being done electronically under PFMS module of Government of India so that status of fund utilization can be monitored by all concerned authorities.

[Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020]

## **RECOMMENDATION (Sl. No.7)**

The Committee note that during the Financial Year 2020-21, budget grant of Rs.17.80 crore has been allocated under 'Research & Development' head which is higher than BE, 2019-20 of Rs. 12.15 crore and RE, 2019-20 of Rs.10.05 crore. The Committee also note that the provision has been made to expedite chemical analysis of

voluminous rock/ sediment/soil samples, likely to be generated in geological mapping and mineral exploration projects of GSI. Analysis of chemical samples will be done from other government laboratories in addition to in-house chemical analyses at GSI laboratories so that project work can be completed within Field Season Programme schedule. Taking note of the fact that the funds of Rs. 12.15 crore allocated at BE, 2019-20 for R&D activities were reduced to Rs. 10.05 crore at RE stage, the Committee find it encouraging that the Revised estimates are likely to be fully utilized. Keeping in view the importance of R&D activities in providing support to various ongoing projects of especially geological mapping and mineral exploration and also to sort out the identified geological problems, it is imperative that R & D is prioritized and the Government provides necessary assistance including sufficient budgetary support to enrich the research activities. The Committee trust that budgetary allocation of Rs.17.80 crore under R & D head will be maintained at same level at RE, 2020-21 and if required, be suitably stepped up.

#### **ACTION TAKEN**

# **Geological Survey of India (GSI)**

During the financial year 2020-21, budget grant of Rs.17.80 crore has been provisioned for chemical analysis of voluminous rock/sediment/soil samples generated in geological mapping and mineral exploration projects of GSI. Further, during the Field Season 2020-21, GSI has considerably increased Geochemical mapping programmes with a view to produce seamless geochemical map of the country. A voluminous soil/sediment samples will be generated in GCM programmes. Analysis of chemical samples will be done from other government laboratories if required in addition to in-house chemical analyses at GSI laboratories so that project work can be completed within the Field Season Programme schedule.

Though the budgetary allocation for the financial year 2020-21 is less than what was demanded, sincere efforts will be made through the IF Division of the Ministry of Mines to maintain the budgetary allocation of Rs.17.80 crore under R & D head at the same level at RE 2020-21 and, if required, to increase this allocation in future as per requirements. Under R & D GSI has been implementing projects on environmental studies in Himalayan regions, Arctic and Antarctic. Beside this projects have been taken up on geogenic contaminations in ground water and tributary water.

[Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020]

# RECOMMENDATION (Sl. No.8) Indian Bureau of Mines (IBM)

The Committee note that funds utilization by IBM was Rs. 98.97 crore against BE of Rs. 129.08 crore and RE of Rs. 107.09 crore

during 2018-19. Similarly, during 2019-20, against BE of Rs. 124.31 crore and RE of Rs. 109.11 crore, IBM has been able to utilize Rs. 82.74 crore up to 31 January, 2020. The reasons put forward for decrease of Rs.15.20 crore under revenue provision at RE stage during 2019-20 are reported to be non-filling up of vacant/new posts and also nonmaterialization of payment towards MTS project. Taking note of the fact that allocated funds could not be utilized, the Committee would like to be assured that IBM takes all necessary steps to resolve these issues and the budgetary allocation of Rs. 128.31 crore for the year 2020-21 would be optimally utilized.

#### **ACTION TAKEN**

## **Indian Bureau of Mines (IBM)**

Against the BE of Rs.124.31 crore and RE of Rs.109.11 crore, IBM has incurred an expenditure of Rs.96.22 crores during the year 2019-20 up to 31.3.2020. It is submitted that as a result of restructuring of IBM, there was upgradation, merger and re-designation of some posts and revision of the then existing recruitment rules was necessary before filling up of the existing as well newly created posts. Accordingly, some of the Recruitment Rules have been finalized &published whereas some are presently under consideration of the Ministry/DOPT/UPSC. As such, it is taking some time for filling up of vacant/newly created posts by direct recruitment through UPSC/SSC. Further, the payments to the Implementing Agency and vendors associated with the Mining Tenement System (MTS) project have not been made during the year 2019-20 as, before release of payments to implementing agency, a number of technical formalities such as Field Trials to close the gaps from operational perspective, User Acceptance Testing (UAT) etc. have to be completed, which were still in progress.

As desired by the Committee, the IBM will take all necessary efforts/steps to resolve the issues towards filling up of vacant/new posts as well as payment to the vendors associated with MTS project during the year 2020-21 and optimally utilize the allocation of Rs.128.31 crores made to the IBM in the Budget Estimates by the Ministry for the year 2020-21. However, IBM respectfully submits that within its sphere of activities, there is no scope to incur expenditure towards funds allocated under TASP, SCSP and OCE (NER) and the matter is being taken up with the Ministry for transferring these funds to GSI for its fruitful utilization.

[Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020] **Comments of the Committee** 

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

#### **RECOMMENDATION (SI. No.9)**

The Committee are concerned over the decrease in the number of approved Mining Plans for fresh grant of mining lease during the last three years by IBM. During 2016-17, 2017-28, 2018-19, the

approved Mining Plans were, 67, 31 and 21, respectively. During 2019-20, 14 Mining Plans have been approved till 31 January, 2020 and 9 cases were reported to be under process. In this regard, the Committee would like to be apprised of the reasons for decrease in Mining Plans approved during the last three years along with the total number of Mining Plans received during all these years and approved within statutory time period of 45 days. The Committee would further 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 are proposed to be covered.

#### **ACTION TAKEN**

# **Indian Bureau of Mines (IBM)**

i) The reasons for lower number of mining plans approved by IBM during 2016-17, 2017-18, 2018-19 and 2019-20 are as under:-

The Government had promulgated an MMDR Amendment Ordinance, 2015 on 12<sup>th</sup> January, 2015 to amend certain provisions of MMDR Act, 1957. The Ordinance has become Act after vetting by Parliament, on 27<sup>th</sup> March, 2015. 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, 97 blocks are auctioned in the country, as per the available information.

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. Thus, the total number of major mineral leases are reduced substantially. As such, Mining Plans for these 31 minerals are being approved by the concerned State Governments.

There are no set targets for processing/disposal of mining plans. The mining plans are processed and disposed of as and when the Applicant/Lessee/Owner, submits it to IBM. Lesser number of Mining Plans were submitted to IBM during the year 2016-17 to 2019-20 as compared to earlier years due to exclusion of 31 minerals declared as minor minerals w.e.f. 10.02.2015 & amendment to MMDR, Act 2015.

ii) Status of disposal of Mining Plans within 45 days Details of Mining plans for grant of lease received and approved during the year 2016-17 to 2019-20 are furnished below:-

Year	No. of Mining Plans received	No. of Mining Plans approved	Approved within time limit of 45 days
2016-17	87	67	34
2017-18	33	31	22

2018-19	32	21	10
2019-20	43	35	14

It is may be mentioned here that in accordance with the Rule 11(5) of MCDR 1988 and Rule 16(3) of MCR-2016; the Indian Bureau of Mines shall dispose of the application for approval of the mining plan within a period of ninety days from the date of receipt. As per the directives of the Ministry, the mining plan approval process was expedited to be completed within 45 days to facilitate the mining industry. Thus, some of the cases had fallen beyond 45 days for various reasons viz. late submission of final copies by the lessee, sought extension for final submission and for legal issues etc. However, this has no bearing on grant of mineral concession, as per the actual status. The status of Mining Plans is regularly monitored by IBM on weekly basis, for ensuring its disposal, within the stipulated time.

iii) Status of implementation of Star Rating of Mines & the time frame within which all mines in the country will be covered is as under:-

The concept of Star Rating of Mines was first notified by the Ministry of Mines vide its Notification No.- 31/4/2016-M.III dated 23<sup>rd</sup> May 2016, along with its evaluation template. Later, the Star Rating of Mines was mandated by Rule 35 of MCDR, 2017. The web enabled Star Rating system for self-assessment, was launched on 18.08.2016. Prior to that IBM carried out manual evaluation of the submitted hard copies of assessment reports. Based on evaluation of the performance of mining lease operators on the various parameters encompassed by the Principals of the Sustainable Development Framework (SDF) approved by Ministry of Mines; validation of self-assessed templates are carried out by IBM and accordingly ratings are given from 0 to 5. The year wise 5 Star Rated mines are given below:-

Performance Year	No. of 5 Star Rated mines	l e e e e e e e e e e e e e e e e e e e
2014-15		Awarded during the first national conclave on mines and minerals, organized at Raipur on 4-5 July 2016.
2015-16		Awarded during second national conclave on mines and minerals held at New Delhi on 15th February 2017.
2016-17		Awarded during 3rd national conclave on mines & minerals held at New Delhi on 20th March, 2018.
2017-18	57	
2018-19	Under process	

For the performance year 2018-19, so far, 887 online templates have been filed by the mine operators. Field verification of these mines for

final evaluation is under progress and so far in 454 mines field verification has been completed. Validation and final assessment by HQ level committee is under progress. As soon as normal working hours after the lockdown restrictions will be resumed, the task will be completed.

The Star rating has been mandated by Rule 35 of MCDR 2017. As per amended Rule 35 of MCDR, 2017 vide GSR No 570(E) dated 13<sup>th</sup> August 2019, All the mine operators are mandated to achieve at least three-star ratings within a period of four years with effect from the 27<sup>th</sup> February, 2017 or four years from the date of commencement of mining operations, as the case may be, failing which Mining operations are liable to be suspended. In accordance with above provisions, it is proposed to cover all the operating mines of Major Minerals in the country, by March, 2021.

As on 1.4.2019, the total working mines in the country pertaining to the major minerals is 1145. Thus, it is proposed to cover all these working mines under Star Rating of mines, by March, 2021.

Following activities have also been identified for implementation during the year 2020-21 post review meeting with Hon'ble Minister and Secretary (mines) for effective transformation:-

- Preparation of action plan on non-working mines.
- Implementation of space technology application in mine regulation.
- UAV or Drone Survey in mining areas on pilot basis.
- Faceless approval of mining plan with minimal human intervention.
- Eco tourism in mining areas on pilot basis.
- Incentivization /reward to higher star rating lease holders. [Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020]

# **RECOMMENDATION (SI. No.10)**

#### Science and Technology (S&T) Programme

The Committee note that Ministry of Mines provides funds to academic institutions, national institutes and R&D institutions recognized with the Department of Scientific and Industrial Research, Government of India for implementing R&D projects under its S&T Programme. The vision of the programme is to promote research in applied geosciences, mineral exploration, mining and allied areas, mineral processing, optimum utilization and conservation of the mineral resources of the country, for the benefit of the nation. It has been informed that during 2019-20 and 2020-21, the Ministry will focus on widening the outreach of its S&T Programme thereby leading to an increase in the number of project proposals to be sponsored by the Ministry. The Committee, however, note that during 2019-20, budgetary allocations of Rs.24.26 crore for implementing R&D projects

under S&T programme of the Ministry was reduced to Rs. 20.27 crore at RE stage which was on account of less provision for salary, capital grants to autonomous institutions and for S&T projects of the Ministry. The Committee are happy that Ministry has utilized Rs.19.49 crore upto 12.02.2020 and hope that funds allocated would be optimally utilized.

#### **ACTION TAKEN**

## SCIENCE AND TECHNOLOGY (S&T) PROGRAMME

The allocated funds were optimally utilized. The budget allocated in BE 2019-20 was Rs.24.26 crores which was reduced at RE stage to Rs.20.27 crores. Out of this, an expenditure of Rs.20.2683 crore was made in the Financial Year 2019-20.

[Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020]

# **RECOMMENDATION (SI. No.11)**

The Committee further observe that during 2020-21, BE of Rs. 24.13 crore has been kept for S&T Programme of the Ministry. It has been stated that funds allocated during 2019-20 and 2020-21 are not sufficient to meet salary and capital expenditure of grantee autonomous bodies and various ongoing and new S&T projects and the shortage of funds adversely affects the progress of research projects. There is shortfall in Grant-in-aid salary for grantee autonomous bodies. The Committee are of the view that reduction in the proposed grants during 2020-21 for creation of capital assets and the actual allocation for the same may result in non-upgradation of research infrastructure in Autonomous Bodies. In view the vision of the S&T programmes of the Ministry of Mines outlined in the preceding paragraph, it is high time the Government put in place the research priorities under S&T programme of the Ministry of Mines in an articulate manner and provide sufficient budgetary support to enrich the research activities and strive to make it a long term objective.

#### **ACTION TAKEN**

# Science and Technology (S&T) Programme

The priority thrust areas for research in Mining Sector have been outlined in the Guidelines for Science and Technology Programme Scheme of Ministry of Mines and National Mineral Policy, 2019. Further, the priority areas are identified from time to time in consultation with eminent scientists, academics and industry experts. Ministry of Mines is also in the process of operationalization of an online portal for the Science and Technology Programme Scheme of Ministry of Mines which would streamline various processes and procedures involved in the scheme viz. inviting the project proposals, processing the received proposals for scrutiny/ approvals, periodical review of the technical as well as financial progress of projects and

finalization of the projects. This would be of immense help in promoting research. Besides, this will also help in real time monitoring of utilization of funds and the accurate projections for subsequent years. Though the budgetary allocation for the Financial Year 2020-21 is less than what was demanded, sincere efforts will be made through the IF Division of the Ministry of Mines to increase this allocation in future as per requirements.

[Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020]

# **RECOMMENDATION (SI. No.12)**

# **Hindustan Copper Limited (HCL)**

Major activities of Hindustan Copper Limited (HCL) include mining, or beneficiation, smelting, refining and casting of refined copper metal into downstream products. The Committee note that during 2019-20, out of Rs. 402 crore allocated for its expansion projects, HCL could utilise Rs. 103.43 crore up to December, 2019. It has been stated that though under expansion projects at RE stage, the target has been retained at Rs. 402 crore, however, the same amount of expenditure may not be achieved due to delay in awarding of some of the tenders related to mine expansion. Development of second phase of Khetri Mine could not be commenced due to non-finalisation of tender owing to high price quoted by the single bidder. Further, tender related to Chapri-Siddheswar mine was not finalized due to high price quoted by L1 bidder as compared to the departmental estimate. The Committee feel that all these projects are instrumental for exploration and exploitation of copper in the country and hence, the Ministry/HCL should give serious consideration to remove these procedural delays for timely execution of projects. The Committee hope that HCL would take timely steps to remove all the bottlenecks for timely execution of its expansion projects and would optimally utilize their Plan Outlays of Rs. 600 crore during the year 2020-21.

#### **ACTION TAKEN**

## **Hindustan Copper Limited (HCL)**

The following actions are being taken for timely execution of its expansion plan to optimally utilize the plan outlay of Rs.600 crore during year 2020-21:-

(i) The utilization of fund towards mine development at Khetri Copper Complex (comprising of Khetri mine, Banwas deposit and Kolihan Mine) and Malanjkhand Copper Project is estimated approximately Rs.110 crore and Rs.230 crore respectively for the financial year 2020-21. At present contracts for mine development activities at Khetri Copper Complex and Malanjkhand Copper Project are being executed by various agencies. (ii) The utilization of fund towards mine expansion at Malanjkhand Copper Project and Indian Copper Complex is estimated approximately Rs.210 crore and Rs.25 crore respectively for the financial year 2020-21. At present, validity of the Contract for Mine expansion Project at Malanjkhand Copper Project has been further extended. The contracts for mine expansion at Indian Copper Complex are being executed by various agencies.

- (iii) The utilization of fund towards R&R and Green Field is estimated approximately Rs.15 crore and Rs.10 crore respectively for the financial year 2020-21.
- (iv) However. HCL is making all out efforts for obtaining mining lease extension of Surda Mine. After lease extension, contract for development & production shall be finalized for Surda mine at Indian Copper Complex.

[Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020]

## **RECOMMENDATION (SI. No.14)**

# **National Aluminium Company Limited (NALCO)**

The Committee note that during 2019-20, plan outlay of NALCO of Rs. 1041.07 crore was revised upward to Rs. 1055.89 crore at RE stage. Enhancement was primarily due to equity investment in JV of UtkarshaAluminium Dhatu Nigam Ltd. (UADNL), a JV of MIDHANI which was not envisaged at BE stage. However, the Committee find that NALCO will not be able to utilize the plan outlay during 2019-20. NALCO has been able to utilize Rs.555.61 crore upto December, 2019 and likely to utilize Rs. 939.50 crore upto March, 2020. The underutilization of funds has been attributed to envisaging capital expenditure considering construction of boundary wall which was being resisted by villagers. The matter had to be resolved in the beginning of the financial year, however, a settlement could be reached in recent past. Delay in resolving the issue by the State Government has resulted in under utilisation of capital expenditure. The Committee hope that NALCO would optimally utilise the funds of Rs. 1012.21 crore allocated during 2020-21 by taking all necessary steps to overcome the problems being faced in timely execution of the projects.

#### **ACTION TAKEN**

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

Nalco has allocated fund amounting to Rs.1012.21 crore as CAPEX for the Financial Year 2020-21 under new projects, JV projects and Addition, Modification and Replacement (AMR) of existing plants and equipment, details of which are given below:

(Rs. in crore)

SI. No	p. Project Name	BE 2020-
A. N	lew Projects	
1	Utkal - D&E Coal Mines	40.00
2	5 <sup>th</sup> Stream of Alumina Refinery and Pottangi Bauxite Mines	202.10
3	Alternate Sourcing of Bauxite	80.12
4	Green Energy project	18.04
5	Other projects	2.50
	Total	342.76
B. J	V Projects	
1	KABIL	8.00
2	High End Aluminium Alloy Plant in MIDHANI(UADNL)	32.00
C. A	MR	
	Projects under AMR	629.45
	Total	1012.21

Fund utilization plan of these projects are given below:-

## A. New Projects:

#### 1. Utkal - D&E Coal Mines:

- (i) Mining lease of Utkal D has been granted and Mining Lease of Utkal-E is in progress.
- (ii) A sum of Rs.40 crore has been projected for BE 2020-21 towards expenditure related to upfront fee (towards lease agreement)for opening of Utkal -D, construction of Railway siding & R&R colony etc., which is expected to be utilized.

# 2. Expansion of Alumina Refinery & opening of Pottangi Bauxite mine.

## 2.1 5<sup>th</sup> Stream of Alumina Refinery:

- (i) Considering the total order value of Rs.587 crore orders already placed during the last Financial Year (2019-20) including Calciner & 220 KV Switchyard Packages of Refinery and Ash Handling, Cooling Towers and Civil/Structural Packages of Steam Power Plant, it is expected that Rs.202.10 crore allocated will be utilized during the year.
- (ii) The stoppage of work by local villagers has been amicably settled and project execution time line has been rescheduled to reduce the total execution delay period.

#### 2.2 Pottangi Bauxite Mines:

- (i) T&C for grant of ML over revised mining area of 698 ha by Govt. of Odisha issued.
- (ii) Mining Plan has already been approved by IBM, Public hearing is over and grant of EC & FC are in progress.
- (iii) Selection of consultant to facilitate land acquisition process &

selection of agency to facilitate EC for the Overland conveyor corridor is under progress.

# 3. Alternate Sourcing of-Bauxite:

Award of work for project packages are under various stages of tendering. Hence, Rs.80.12 crore projected for payment towards various packages during 2020-21 is expected to be fully utilized.

# 4. Green Energy project: 25.5 MW Wind Power Plant at Kayathar in Tamil Nadu:

- (i) M/s Regen Powertech (P) Limited which is executing the project became financially sick and Insolvency and Bankruptcy Board of India has issued public notice on M/s Regen for commencement of a corporate insolvency resolution process.
- (ii) As discussed with IRP & M/s Regen, IRP-Regen shall submit a detailed proposal on the way forward plan for completion of project. Agreement on modalities for completion of the balance work is expected in April/May, 2020.
- (iii) Considering receipt of an acceptable way forward plan from M/s Regen and commencement of site work thereafter, a sum of Rs.18.04 crore allocated for balance work is expected to be utilized.

#### B. JV Projects:

#### 1. KABIL

Rs.8.00 crore has been provided in the capex budget. The amount will be invested based on equity call of the JV company.

# 2. High End Aluminium Alloy Plantin JV with MIDHANI(UADNL)

- (i) JV Company incorporated in the name "Utkarsha Aluminium Dhatu Nigam Limited" (UADNL) as a Public Limited Company on 21<sup>st</sup> August, 2019.
- (ii) Govt. of Andhra Pradesh has allotted 110 acres of land for the project. Boundary construction work has already been started.
- (iii) Till date NALCO has contributed Rs.20 crore equity to the JVC and Rs.32.00 crore equity payment proposed in BE 2020-21, will be invested based on equity call of the JV company.

#### **UtkarshaAluminium Dhatu Nigam Ltd. (UADNL)**

Expenditure and Major Milestones of the JV project:-

S.No	Year	Expenditure from NALCO in form of equity	Major activities planned
1	2020- 21	Rs.10 crore*	<ul> <li>Completion of land acquisition and transfer to the JV Company.</li> <li>Completion of boundary wall.</li> <li>Submission of application for supply of construction water and</li> </ul>

			construction power.  • Submission of application for EC.  • Engagement of EPCM consultant.  • Appointment of CEO & CFO.			
2	2021-	Rs.30 crore	<ul> <li>Finalisation of EPCM consultant.</li> <li>Finalisation of Technology Supplier and Partners.</li> <li>Obtaining of EC.</li> <li>Obtaining of Consent to establish from the State Government.</li> <li>Contour Survey and Soil Testing.</li> <li>Engineering of different packages.</li> </ul>			
3	2022- 23	Rs .111 crore	<ul> <li>Floating of tenders for different Engineering Packages and finalisation of orders.</li> <li>Start of construction work.</li> </ul>			

<sup>\*</sup>Though there is a provision of Rs.32 crores towards equity from NALCO in the Financial Year 2020-2021, due to COVID-19 pandemic, expected expenditure towards equity would be about Rs.10 crores.

Note: 1) This is in-line with the discussion with the JV Partner MIDHANI.

2) Future expenditure details would be worked out by the JV Company.

#### C. AMR Projects:

- (i) With ageing of plants and to maintain the capacity at the rated level, the Company is required to upgrade and add major systems in logistic, ash management, handling of Bauxite, up-gradation of technology, replacement of plant & major equipment including capital spares, addition of support facilities etc.
- (ii) The Company makes projections for such items under general 'head' Addition, Modification & Replacements (AMR).
- (iii) A sum of Rs.629.45 crore has been allocated in BE 2020-21 under this head, keeping in view various orders placed, progress made and future requirement of the Units.

Major projects are closely monitored through a dedicated project monitoring system and the same is also reviewed at the highest level in a fixed interval. Dedicated teams are in place for execution and monitoring of capital expenditure. Considering the progress of the projects made so far, the projected CAPEX for the Financial Year 2020-21 is likely to be achieved.

However, the COVID-19 pandemic worldwide since last few months will have serious repercussion on project schedules and its execution, as the major tenders are global and the expected bidders had already requested for time extension for submission of the bid or expressed difficulties to travel for discussion/ negotiation on tender related

matters. It is difficult to predict the impact it will have, at this point of time, regarding the disruption in schedules of the projects. To combat the situation arising out of the above, all efforts will be made to maximize CAPEX expenditure and a revised plan will be implemented to minimize the delay wherever possible with due earnestness in consultation with all stake holders.

[Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020]

# **RECOMMENDATION (SI. No.16)**

The Committee note that increasing exploration specially of base and deep seated minerals by intensifying mineral exploration in the through inviting greater participation of exploration agencies, private sector, tapping experts and agencies with new knowledge and state of art technology, are essential to realise the vision of the Ministry. Such steps would supplement the exploration by GSI and MECL. Further, utilisation of funds collected under the National Mineral Exploration Trust (NMET) is commensurate with the objectives for which it was set up, viz. to boost exploration in the country. In this regard, the Committee recommend that NMET should work as autonomous body to respond to emerging challenges in exploration. To achieve these objectives, the Committee desire that the Ministry should explore the possibility of making NMET an autonomous body and function on pattern similar to that of the Directorate General of Hydrocarbons which works under the administrative control of Ministry of Petroleum and Natural Gas.

#### **ACTION TAKEN**

#### **National Mineral Exploration Trust (NMET)**

The Ministry of Mines has already initiated the process for exploring the possibility of making NMET as an autonomous body. In this regard, a letter was forwarded by the Ministry of Mines to the Cabinet Secretariat in March, 2020 for seeking advice of the Cabinet Secretary, Government of India. The reply to above letter has been received wherein it has been clarified that a separate Cabinet approval may not be necessary for the autonomous functioning of NMET. A proposal for modification in NMET Rules and accounting procedure for autonomous functioning is under process.

[Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020]

# CHAPTER-III

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

-NIL-

#### CHAPTER-IV

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

# **RECOMMENDATION (SI. No.6)**

The Committee are apprised that GSI had proposed an allocation of Rs.1464.89 crore (Revenue Rs.1306.59 crore and Capital Rs.158.30 crore) for the year 2020-21 to undertake its activities especially for enhanced geological mapping projects and escalation of the administrative and establishment expenditure during 2020-21. However, GSI received budget grant of Rs.1349.98 crore (Revenue Rs.1241.68 crore and Capital Rs. 108.30 crore). It has been stated that due to curtailment of the budget grant in 2019-20, GSI is not able to make installment payment to Shipping Corporation of India (SCI) for the last two quarters of the year 2019-20 and this pending dues will be cleared from budget grant for 2020-21. Therefore, GSI is planning to submit the revised demand of budget. The Committee are concerned to note that GSI which is entrusted with conducting geological surveys besides being the prime provider of geoscientific information and mineral resource assessment data to government, industry and public, are facing resource crunch. The Committee strongly recommend that Ministry of Mines should ensure that plan allocations for GSI be stepped up and the revised estimates be submitted in due course to meet the physical targets.

#### **ACTION TAKEN**

During the Financial Year 2019-20, GSI could make installment payment to SCI for 1st and 2nd quarters in full and 3rd quarter in part as operational and maintenance charge of GSI vessels under Survey & Mapping head due to curtailment of fund at RE stage. Further, due to postponement of 36th IGC due to spreading of Novel Corona virus (COVID-19), GSI had surrendered Rs.57.58 crore under Grant-in-aid General Head. However, the 36th IGC is rescheduled to be held in November, 2020. So, for clearing pending dues of SCI as well as to participate in the 36th IGC, GSI will require additional funds. Presently, the BE grant 2020-21 has been distributed to all regional/operational office for execution of all activities for the field season 2020-21 and initiatives have been taken up for optimum utilization of the fund (at least 60% of BE grant) in first two quarters of the Financial Year 2020-21. Keeping in view the change in requirement of funds for execution of all activities during the financial year 2020-21, GSI will submit the revised demand of budget (both Revenue & Capital) to the Ministry of Mines after completion of first two quarters with an aim for optimum utilization of the fund. As regards the stepping up of the funds, if GSI achieves targets during RE stage as per schedule, the Ministry of Mines would take up with the Ministry of Finance for enhancement as well as from other savings.

[Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020]

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

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

# **RECOMMENDATION (SI. No.15)**

# **NATIONAL MINERAL EXPLORATION TRUST (NMET)**

The Committee note that NMET with the mandate to expedite the mineral exploration in the country was provided with budgetary allocation of Rs.150 crore during 2019-20. However, the allocation was revised downward to Rs.110 crore at RE stage. The Committee note with concern that NMET could utilise only Rs.42.02 crore upto 31.01.2020 and the likely expenditure up to March, 2020 will be Rs.68 crore approx. due to restriction imposed by the Ministry of Finance on utilization of funds upto 25% of BE or RE, whichever is lower, for the final quarter of the Financial Year. It has been stated that utilization of NMET budget primarily depends on the progress of work of NMET funded exploration projects which are carried out by Notified Exploration Agencies (NEAs). As NEAs have submitted bills of lesser amount than projections provided by them and there was noncommencement of Phase-II work of the aerogeophysical survey project by the Project Implementing Agencies (PIAs) due to litigation issue, the funds allocated could not be utilised. The Committee are of the view that the reasons cited above can be overcome with foresight and coordinated efforts. The Committee would like to be assured that NMET would take all necessary steps to resolve these hurdles and budget outlay of Rs.150 crore for the year 2020-21 would be optimally utilized.

#### **ACTION TAKEN**

## National Mineral Exploration Trust (NMET)

- (i) The NEAs have been asked to provide year-wise phasing of projections containing information regarding work to be carried out along with work milestones and corresponding cost etc. for better projections and monitoring of NMET funded projects.
- (ii) The exploration agencies have been asked to submit claims for payment in time and adhere to the timelines of the exploration projects.
- (iii) Regarding the matter pertaining to litigation of Phase-II work of the aero geophysical survey, the entire process is getting delayed due to two fresh petitions filed by one of the bidders for blocks 5 & 7 and 6 & 8 in the Hon'ble High Court of Karnataka on 24.01.2020 vide WP No.1905/2020 and WP 1906/2020. Future course of action will be taken according to

- the outcome of the court cases. The cases are likely to be heard after lock down.
- (iv) The Schedule of Charges (SoC) for projects funded through NMET has been circulated to all Notified Exploration Agencies (NEAs) for information and also uploaded on the website of NMET. New SoC is applicable w.e.f. 01.04.2020.
- (v) As per the decision of 14<sup>th</sup> Executive Committee meeting of NMET, a Strategic Plan Group consisting of experts from Government and Mineral industry was constituted to prepare a Strategic Plan for mineral exploration to utilize fund towards achieving objectives of NMET. The group has recently submitted its report along with recommendations.

[Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020]

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

(Please see para 19 of Chapter I of the Report)

#### CHAPTER-V

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

#### **RECOMMENDATION (SI. No.13)**

The Committee note with concern that that HCL is facing problem of extension of Surda Mining Lease and Khetri and Kolihan Mining Leases. Extension of Surda Mining Lease of HCL is pending with Government of Jharkhand and renewal of Khetri and Kolihan Mining Leases are pending with the Government of Rajasthan and both the above mining leases are valid upto 31.03.2020. The Committee also note that inspite of long correspondence made by the Ministry of Mines/HCL with both the State Governments, final extension letters are still awaited. As time bound grant of mining leases are of paramount importance for reaping the benefits of various activities of HCL, the Committee would like the Ministry of Mines/HCL to make continuous efforts to get extension of mining leases with the State Governments of Jharkhand and Rajasthan at the highest levels. The Committee would like to be apprised of the progress in the matter.

#### **ACTION TAKEN**

#### **Hindustan Copper Limited (HCL)**

Khetri&Kolihan Mining Leases have been extended up to 31.03.2040 by the Government of Rajasthan.

The Mining lease extension of Surda at Jharkhand has not been issued by the State Government as Environment Clearance (EC) of Surda Mine is yet to be issued by MOEFCC. The EAC meeting for Surda EC was scheduled on 23.3.2020 but due to outbreak of COVID-19 it was postponed. Project considered in 32<sup>nd</sup> meeting of EAC (Violation) on 23.04.2020 through video-conferencing. EAC (Violation) raised additional information (ADS) on 05.05.2020 and reply of ADS submitted on 22.05.2020. The matter was again deliberated at 34<sup>th</sup> meeting of EAC (Violation) held on 04.06.2020. EAC desires LoI from Govt. of Jharkhand for extension of the lease for which application has been submitted to Govt. of Jharkhand on 05.06.2020.

[Ministry of Mines O.M. No.5/2/2020-IF(513) Dated 12<sup>th</sup> June, 2020]

**NEW DELHI**;

**RAKESH SINGH** 

September, 2020

Chairperson

Bhadrapada, 1942(Saka)Standing Committee on Coal and Steel

MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON WEDNESDAY THE 02 SEPTEMBER, 2020 IN COMMITTEE ROOM NO. '1', BLOCK-A, FIRST FLOOR, PHA EXTENSION BUILDING, NEW DELHI.

The Committee sat from 1130 hrs. to 1400 hrs.

# **PRESENT**

# Shri Rakesh Singh- Chairperson

# Lok Sabha

2.	Shri Balubhau Dhanorkar alias Suresh Narayan
3.	Shri Raghurama Krishnaraju Kanumuru

- 4. Shri Ajay Nishad
- 5. Shri Arun Sao
- 6. Shri Sunil Kumar Singh
- 7. Shri Shyam Singh Yadav

# Rajya Sabha

- Dr. Vikas Mahatme
   Shri Prashanta Nanda
   Shri Samir Oraon
- 11. Shri Anil Desai

#### Secretariat

•	1.	Shri Pawan Kumar		-	Joint Secreta	ary		
	2.	Shri Arvind Sharma		-	Director	Director		
	3.	Smt. Geeta Parmar		-	Additional D	irector		
	4.	Smt. Savita Bhatia		-	Deputy Seci	Deputy Secretary		
-						•		
	**	**	**		**	**	**	
2.	**	**	**		**	**	**	
3. Dra		Committee thereafter n Taken Reports on:-	took u	p for c	onsideration	and adoption	of the following	
(i)	**	**	**		**	**	**	
(ii)	**	. **	**		**	**	**	
(iii)	**	**	**		**	**	**	
(iv	) ** ·	**	**		**	**	** <sub>-</sub>	
(v)	**	**	**		**	**	**	

(vi)	contair	ned in the 7	the Governr <sup>th</sup> Report (Se g to the Minist	venteenth Lo	ok Sabha) or	ns/ Recor n Demand	mmendations ls for Grants
(vii)	**	**	**	**	**	**	
	lification	s. The Com	unanimously mittee then au Hon'ble Spe	uthorized the	Chairperson	to finalize	the Reports

5.	**	**	**	**	**	**
6.	**	**	**	**	**	**
7.	**	**	**	**	**	**
8.	**	**	**	**	**	**
9.	**	**	**	**	**	**

A copy of verbatim record of the sitting has been kept.

12<sup>th</sup> September, 2020.

The Committee then adjourned.

6.25%

(Vide Para IV of Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE SEVENTH REPORT OF THE STANDING COMMITTEE ON COAL AND STEEL

I.	Total No. of Recommendations made:	16
II.	Observations/Recommendations which have been accept the Government (vide recommendation at SI. Nos.1,2,3,8,9,10,11,12,14 and 16):	
	Percentage of total	31.25%
III.	Observations/Recommendations which the Committee desire to pursue in view of the Government's replies (vide Recommendation at Sl. No. Nil):	do not
	Percentage of total	0%
IV.	Observations/Recommendations in respect of which r the Government have not been accepted by the Commit (vide recommendation at SI. Nos. 6 and 15):	eplies of tee <b>02</b>
•	Percentage of total	12.50%
٧.	Observations/Recommendations in respect of which fin of the Government are still awaited (vide recommendation at Sl. No.13):	al replies 01

Percentage of total