

4

**STANDING COMMITTEE
ON ENERGY (1999-2000)
THIRTEENTH LOK SABHA**

DEPARTMENT OF ATOMIC ENERGY

**DEMANDS FOR GRANTS
(1999-2000)**

[Action Taken by the Government on the Recommendations contained in the Sixteenth Report of the Standing Committee on Energy (Twelfth Lok Sabha)]

FOURTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI
February, 2000/Phalguna, 1921 (Saka)**

CONTENTS

COMPOSITION OF THE COMMITTEE

INTRODUCTION.....

CHAPTER I Report

CHAPTER II Recommendations/Observations which have been accepted by the Government

CHAPTER III Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies.....

CHAPTER IV Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee..

CHAPTER V Recommendations/Observations in respect of which final replies of the Government are still awaited.....

ANNEXURES

I. Extracts of Minutes of the Second sitting of the Standing Committee on Energy (1999-2000) held on 28th January, 2000

II. Analysis of Action Taken by the Government on the recommendations contained in the Sixteenth Report of the Standing Committee on Energy (Twelfth Lok Sabha).....

COMPOSITION OF THE STANDING COMMITTEE ON ENERGY
(1999-2000)

Shri Sontosh Mohan Dev - Chairman

MEMBERS

Lok Sabha

2. Shri Basudeb Acharia
3. Shri Prasanna Acharya
4. Shri Prakash Yashwant Ambedkar
5. Shri Rajbhar Babban
6. Shri Vijayendra Pal Singh Badnore
7. Shri Jagmeet Singh Brar
8. Shri Lal Muni Chaubey
9. Shri A.B.A. Chani Khan Choudhury
10. Shri Bikash Chowdhury
11. Shri M. Durai
12. Shri Sanat Kumar Mandal
13. Shri K. Muraleedharan
14. Shri Amar Roy Pradhan
15. Shri Ravindra Kumar Pandey
16. Shri Dalpat Singh Parste
17. Shri B.V.N. Reddy
18. Shri Chada Suresh Reddy
19. Shri B. Satyanarayana
20. Shri Harpal Singh Sathi
21. Shri C.K. Jaffer Sharief
22. Shri Chandra Pratap Singh
23. Shri Tilakdhari Prasad Singh
24. Shri Manoj Sinha
25. Shri Ramji Lal Suman
26. Prof. Ummareddy Venkateswarlu

Rajya Sabha

27. Shri Lakhiram Agarwal
28. Shri Jalaludin Ansari
29. Shri Gandhi Azad
30. Shri E. Balanandan
31. Shri Brahamakumar Bhatt
32. Shri Dara Singh Chauhan
33. Shri Manohar Kant Dhyani
34. Shri Aimaduddin Ahmad Khan (Durru)
35. Dr. Alladi P. Rajkumar
36. Shri Ananta Sethi

37. Dr. Akhtar Hasan Rizvi
38. Shri Vedprakash P. Goyal
39. Shri Rama Shanker Kaushik
40. Shri Santosh Bagrodia

SECRETARIAT

- | | | | |
|----|--------------------|---|----------------------|
| 1. | Dr. A.K. Pandey | - | Additional Secretary |
| 2. | Shri John Joseph | - | Joint Secretary |
| 3. | Shri P.K. Bhandari | - | Deputy Secretary |
| 4. | Shri R.S. Kambo | - | Under Secretary |
| 5. | Shri P.C. Tripathy | - | Committee Officer |

NTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorized by the Committee to present the Report on their behalf, present this Fourth Report (Thirteenth Lok Sabha) on the Action Taken by the Government on the recommendations contained in the Sixteenth Report of the Standing Committee on Energy (Twelfth Lok Sabha) on "Demands for Grants (1999-2000) of the Department of Atomic Energy."

2. The Sixteenth Report (Twelfth Lok Sabha) of the Standing Committee on Energy was presented to Lok Sabha on 22nd April, 1999. Replies of the Government to all the recommendations contained in the Report were received on 17th August, 1999.
3. The Standing Committee on Energy (1999-2000) considered and adopted this Report at their sitting held on 28th January, 2000.
4. An analysis of the Action Taken by the Government on the recommendations contained in the Sixteenth Report (Twelfth 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 the body of the Report.

New Delhi;
February 23, 2000
Phalgun 4, 1921 (Saka)

SONTOSH MOHAN DEV
Chairman,
Standing Committee on Energy.

CHAPTER I

REPORT

The Report of the Committee deals with Action Taken by the Government on the recommendations contained in the Sixteenth Report (Twelfth Lok Sabha) of the Standing Committee on Energy on 'Demands for Grants (1999-2000) of the Department of Atomic Energy' which was presented to Lok Sabha on 22nd April, 1999.

2. Action Taken Notes have been received from the Government in respect of all recommendations contained in the Report. These have been categorized as follows:

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

SL. Nos. 1, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12.

(ii) Recommendations/observations which the Committee do not desire to pursue in view of Government's reply.

Nil

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

Sl. No. 13

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

Sl. No. 2

3. The Committee desire that final reply in respect of the recommendation for which only interim reply has been given by the Government should be furnished to the Committee at the earliest.

4. The Committee have examined the replies furnished by the Department of Atomic Energy in regard to various observations/ recommendations made by them. The Committee were distressed to observe that in spite of their umpteen recommendations that the Department of Atomic Energy should utilize the budgetary allocations

fully, the Department have failed to do the needful over the years. The Committee view this as a serious lapse on the part of the Department. The Committee also observe with anguish that the Department are not adhering to the time schedule of their various projects which is resulting in enormous time and cost overruns are not convincing. The clearly points to administrative slackness on the part of the Department. The Committee expect that the Department would take corrective measures to ensure fuller utilization of budgetary allocations and also minimize time and cost overruns of various projects under implementation and apprise them within three months of the presentation of this Report.

5. The Committee will now deal with the action taken by the Government on some of their recommendations.

A. Internal and Extra Budgetary Resources (IEBR)

Recommendation (Sl. No. 2, Para No. 2.21)

6. The Committee had observed that a target of Rs. 451.00 crore had been fixed for realization of Internal and Extra Budgetary Resources (IEBR) during the year 1999-2000. considering the facts that the actual realization of IEBR during the year 1997-98 was only Rs. 301.08 crore and that the anticipated realization of IEBR during the year 1997-98 was only Rs. 261.09 crore, this target seemed quite unrealistic. The Committee were at a loss to understand the rationale behind fixation of unrealistic IEBR targets year after year. The Committee had, on earlier occasions, emphasized on the fixation of realistic IEBR targets. They had reiterated the same so that there was no setback to the planned activities of the Department.

7. The Department of Atomic Energy have, inter-alia, stated in their reply that the IEBR target for the Nuclear Power Corporation of India Limited (NPCIL) for 1999-2000 was Rs. 384 crore. It is anticipated that NPCIL would have an internal surplus of Rs. 499 crore during 1999-2000 and after taking into consideration the redemption liability at Rs. 331 crore, the net internal surplus is estimated at Rs. 168 crore during 1999-2000. In addition to the internal surplus, NPCIL would mobilise market borrowings by private placement of Bonds at Rs. 216 crore. The IEBR target of Rs. 384 crore is, therefore, likely to be achieved during 1999-2000. The Department have further stated that on the basis of projections of profit and depreciation, it is expected that the Indian Rare Earths Limited (IREL) will be able to raise the targeted IEBR. However, in respect of the Electronics Corporation of India Limited (ECIL), the generation of IEBR has received a setback because of stagnation of sales since 1995-96, reduced margins because of increasing competition and

rising manpower costs. The Corporation has sought help of the Government in increasing the volume of business in the Defence and Telecom Sectors and also submitted a proposal for financial restructuring of the Corporation. These proposals are under examination and, on approval, are expected to improve the profitability of the Corporation as well as its ability to raise IEBR.

8. The Committee are happy to learn that two out of three undertakings of the Department viz. the Nuclear Power Corporation of India Limited (NPCIL) and the Indian Rare Earths Limited (IREL) are likely to achieve their IEBR targets for the year 1999-2000. This is no doubt a positive sign the situation would have been a healthier one if the third undertaking viz. the Electronics Corporation of India Limited (ECIL) had also risen to the occasion by being in a position to realise the requisite Internal and Extra Budgetary Resources (IEBR). Unfortunately, it has not been the case because of stagnation of sales, reduced margins and rising manpower costs. The Committee have been informed that ECIL has sought the help of the Government in increasing the volume of business in the Defence and Telecom Sectors and also submitted a proposal for financial restructuring of the Corporation. The details of the proposal as well as the action taken by the Government thereon may be submitted to the Committee at the earliest. The Committee may also be apprised of the extent of targets met for IEBR in respect of NPCIL, and ECIL and reasons for not adhering to targets, if any. The Committee would also like to reiterate that the Department should ensure that realistic targets are fixed for the undertakings during the budget exercise.

B. Atomic Power Station

Recommendation (SI No. 9, Para No. 2.43)

9. The Committee were pleased to note that the overall generation of nuclear power by the operating atomic power stations during 1996, 1997 and 1998 had exceeded the targets fixed in this regard though there had been some shortfalls in case of two operating stations. At the same time, the Committee were unhappy to observe that in case of some operating stations, the generation targets set for a particular year had been lower than those of previous years and in some other cases, lower targets had been fixed in spite of higher achievement in the previous year. This had happened in case of Tarapur Atomic Power Station (TAPS), Madras Atomic Power Station (MAPS), Narora Atomic Power Station (NAPS) and Kakrapar Atomic Power Station (KAPS). The Committee had disapproved of the practice for fixing lower generation targets. The Committee had recommended that targets should be fixed on a realistic basis with due attention to previous achievements. The Committee had also recommended that the Department should also endeavour to increase the Plant Load Factor (PLF) of its various plants, which can lead to higher generation.

10. In their reply, the Department have stated that the generation targets for operating units are based on the anticipated shutdowns which are governed by regulatory stipulation, in-service inspection surveillance, etc. and considering the average performance of the units for the past five years. The Department have also stated that NPCIL is putting all efforts to improve the performance of operating units ensuring the safety. The company has consistently improved its performance, registering Plant Load Factors of 67%, 71% and 75% for the financial years 1996-97, 1997-98 and 1998-99 respectively and also increasing the set targets.

11. The Committee are happy to note that the Plant Load Factors of the operating power stations have consistently improved during the last three years. However, the Committee find it difficult to accept the standard reply of the Department that targets for operating units are set on the basis of anticipated shutdowns and the average performance of the units for the past five years. The Committee would like to be apprised of the specific reasons for fixing lower generation targets in case of each of the four units mentioned above.

C. Nuclear Power Projects

Recommendation (S1. No. 12, Para No. 2.56)

12. The Committee had noted that a number of Nuclear Power Projects in the country were getting delayed primarily due to lack of funds. The Committee had observed that in the present scheme of things, funds were being made available to the Department only after a project was sanctioned. As a result, the Department were not able to carry out the pre-project activities prior to the sanction of a project. It is in this context that the Committee had recommended that prior to sanction of a project, the Planning Commission/Ministry of Finance should consider the feasibility of making a provision of 5 to 10 per cent of the project cost in budget of the Department so as to enable them to carry out pre-project activities beforehand.

13. The Department of Atomic Energy in their reply have stated that Committee's recommendations for provision of funds for pre-project activities, prior to project financial sanction, would enable NPCIL to reduce the gestation period of the project and thereby reducing the project cost. In line with these recommendations NPCIL is approaching Government to accord sanction for funds needed for pre-project activities for future projects.

14. In their reply, the Ministry of Finance have stated that it may not be feasible to agree to the recommendation of the Committee regarding making a provision of 5 to 10 per cent of the project cost in budget for pre-project expenditure due to the following reasons:-

- (i) Finance Ministry presume that before any Ministry/ Department of the Government of India decide to implement a particular project, all necessary aspects, strengths and weaknesses, risks, and probabilities, etc., of the project have duly been studied. Separate budgetary allocations for such research and development works, wherever required, do exist under specific heads in respect of the relevant Ministries/Department. Wherever expenditure is critically required in gestation period of the project, it is usually made part of the project cost itself. Thus, keeping separate budgetary allocations for pre-project activities may result in double provisioning for the same expenditure.
- (ii) The plan resources are extremely scarce keeping in view the requirements. It is often not possible to accommodate sufficient provisioning for significant projects in a year's budget. In such a situation, it may be extremely difficult to provide for separate funds for the pre-project activities in respect of one set of project while several projects themselves cannot be accommodated. Also in case, such provision is made in respect of projects of one Ministry/Department, there may be competing demands from various other Ministries/Departments.
- (iii) Secretary, Department of Atomic Energy (DAE) has himself pointed out in due course of deposition before the Committee that there is also a risk of wastage of public money on pre-project activities, if the project is not ultimately taken up, even though the risk is rare. The Finance Ministry would also like to concur with this view and state that scarce resources need to be judiciously spent without impending risk of wastage.
- (iv) We would like to suggest that cost of foreseen and compulsory pre-project activities should ordinarily be built in the project cost itself. We would also suggest that delayed implementation of the project could be caused by a variety of reasons including technical, administrative and others, which may have to be appropriately tackled for reduction in gestation period.

The Ministry of Finance have also stated that since this relates to provisioning of plan expenditure, the Planning Commission and not the Ministry of Finance will have to take a final view.

15. The Planning Commission in their reply have stated that they agree with the observations of the Committee that completion of certain essential pre-projects activities prior to the sanction of a Nuclear Power Project will eliminate delays in the final execution of the project to a great extent. Depending on the availability of resources and priority of a particular project the Planning Commission would seriously consider allocation of the required fund for pre-project activities.

16. The Committee find it difficult to accept the contention of the Ministry of Finance that keeping separate budgetary allocations for pre-project activities may not be possible. In fact the stand of the Ministry appears to be self-contradictory. While the Ministry accept that before any project is taken by any Ministry/Department, all necessary aspects, strengths and weaknesses, risks and probabilities, etc. of the project have duly been studied. Yet, they feel that there is a risk of wastage of public money and are not prepared to make any provision for the pre-project expenditure. In any case, even without making specific provision for pre-project activities, Government money is being spent on these works from one had or the other. But it dilutes the responsibility of the Ministry/Department handling project to adhere to the time schedule simply on the ground that sufficient money was not available for the project even if they themselves may be responsible for improper allocation of money to different projects. The Committee view that if separate allocations are made for pre-project activities, allocations for the main project can be reduced proportionately and it would be easy to fix responsibility in case of delays in execution of projects. The risk of wastage of public money on pre-project activities, if the project is not ultimately taken up, would be few and far between. Moreover, this loss would accrue to the nation by way of reduction in gestation period of projects. Further, the Committee strongly feel that nuclear energy, which is at present accounting for less than 3 per cent of electricity generation in the country, should be accorded top most priority as a source for meeting the country's energy requirements in view of the limitations of the commercial energy source viz. coal, oil and natural gas. The Committee, therefore, reiterate their earlier recommendation that in case of long gestation period projects, a provision of 5 to 10 per cent of the project cost may be allocated to the Department for carrying out pre-project activities beforehand. Now that the Planning Commission agree with the recommendation, it is hoped that this would be implemented for future projects immediately.

D. Heavy Water Plants

Recommendation (Sl. No. 13, Para No. 2.61)

17. The Committee had observed that non-availability of feed gas from ammonia plant of the Rashtriya Chemicals and Fertilizers (RCF) had resulted in prolonged outages of the Heavy Water Plant at Thal. Further, the operation of the Talcher Heavy Water Plant had been suspended due to erratic and uncertain operation of ammonia plants of the Fertilizer Corporation of India (FCI), Talcher. The Committee were at a loss to

understand the rationale of the Department of Atomic Energy (DAE) in entirely depending upon these agencies for meeting the requirements. The Committee had desired that DAE should take up the matter with the concerned agencies in this regard. The Committee had recommended that alternative arrangements should be explored for obtaining ammonia gas for Heavy Water Plants at Thal and Talcher. The Committee had desired to know whether DAE had taken up the matter with the concerned authorities and the reaction of the various plant authorities on vital supplies to the Department.

18. In their reply, the Department of Atomic Energy have stated that the Heavy Water Plants at Thal and Talcher are integrated with the respective fertilizer plants and making alternate arrangements for supply of feed synthesis gas to this plant is technically not feasible. The Department have also stated that the question of poor supply of synthesis gas had been taken up with FCI, Talcher prior to the decision to suspend the operation of the Heavy Water Plant, Talcher. However, due to technical reasons, FCI was not in a position to improve the supply of synthesis gas. Regarding the supply of synthesis gas to the Heavy Water Plant at Thal, the Heavy Water Board is constantly in touch with the RCF and the situation was improved. The Department have further stated that the action to replace some of the old equipment has also been taken so that outages due to equipment failures can be minimized.

19. The Committee are not convinced by the assertion of the Department of Atomic Energy that making alternate arrangements for supply of feed synthesis gas to the Thal and Talcher Heavy Water Plants is not technically feasible. As a matter of fact, the question of alternative arrangements for supply of feed gas should have been kept in mind at the time when the plants were set up at Talcher. Now that it is difficult to make alternate arrangements, the Committee would like to be informed as to what the Department propose to do with that plant and how much loss it is likely to cause to the exchequer. The steps taken to meet the shortage of heavy water caused by the closure of this plant may also be intimated. The Committee recommend that the Department should undertake a review of all the plants and see whether the supply of basic raw material for those plants is ensured. The Department should also chalk out alternative supply lines for each of the plants in operation.

CHAPTER II

RECOMMENDATION/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 1, Para No. 2.20)

The Committee note with concern that two out of three sectors of the Department viz. Research & Development Sector and Industries & Minerals Sector have failed to utilise the budgetary allocations in the Plan category during the year 1997-98, judiciously. While there has been a shortfall of Rs. 23.20 crore in the Budgetary support component of the Plan category in the I&M Sector, the shortfall in Plan expenditure in the R&D Sector has been as much as Rs. 51.07 crore. The reason advanced by the Department that shortfall in 1997-98 was due to the ban imposed by foreign Governments on export of technology is hardly convincing, as control regime has existed since 1974. The Committee have come to the conclusion that the scarce resources at the disposal of the Department have not been fully utilised. The Committee feel that the shortfall in expenditure – shown as savings in the Grants – are indicative of poor budgeting or shortfall in the performance for which corrective measures are required to be taken. This is bound to have a deleterious impact on the Plan activities of the Department. The Committee expect that the Department will take corrective measures in this regard in future and utilise the earmarked amount fully.

Reply of the Government

1.1 The R&D Sector includes budget provisions of Plan projects of the following R&D units/ institutions, viz. Bhabha Atomic Research Centre (BARC), Indira Gandhi Centre for Atomic Research (IGCAR), Centre for Advanced Technology (CAT), Variable Energy Cyclotron Centre (VECC), Atomic Minerals Directorate for Exploration and Research (AMD), Tata Institute of Fundamental Research (TIFR), Tata Memorial Centre (TMC) Saha Institute of Nuclear Physics (SINP), Institute of Physics (IOP), Institute of Mathematical Science (IMMS), Mehta Research Institute (MRI) and Institute of Plasma Research (IPR).

1.2 The unit-wise details of BE and actual expenditure in 1997-98 under Plan of the R&D Sector unit/institution is as under:-

(Rs. in crore)			
Sl No.	Unit/Institute	BE 1997-98	Actual Expenditure 1997-98
1.	BARC	55.00	32.07
2.	IGCAR	22.00	14.27
3.	CAT	25.00	19.71
4.	VECC	10.00	6.42

5.	AMD	7.00	6.45
6.	TIFR	19.00	25.21
7.	TMC	15.80	17.83
8.	SINP	6.00	6.25
9.	IOP	2.50	1.39
10.	IMMS	1.50	0.75
11.	MRI	2.00	1.66
12.	IPR	19.00	16.35
13.	DAE Projects	3.20	0.12
14.	AERB	1.00	1.00
15.	Grant-in-aid	16.00	12.29
16.	Housing	20.00	12.16
Total		225.00	173.93

1.3(a) The shortfall in the plan expenditure (1997-98) was Rs. 51.07 crore. However, if we compare the expenditure with the revised estimate of Rs. 211.75 crore, then the shortfall is only Rs. 37.82 crore.

(b) BARC had a shortfall of Rs. 22.93 crore as the individual projects/ schemes were still being firmed up. However, during 1997-98 BARC had concentrated on the successful completion of the ongoing schemes. In respect of new schemes, design and development activities were focused upon, which do not necessarily get reflected in the expenditure profile. In respect of the project 'Powder Metallurgy Programme', the major equipment named Scanning Electron Microscope & EDS could not be procured because of embargo, leading to a saving of Rs. 75 lakh. In the case of project 'Intense Particle Beams Generation with KALI-5000', a saving of Rs. 9.50 lakh under M&S was due to the delay in procurement of items like oil storage tank, high power tube, rotary pump, beam current transformer etc., and met glass switches which could not be procured as the standard US suppliers did not respond. In respect of the project 'Advances in Nuclear Medicines', the saving was due to non-receipt of sect. gamma camera. Under the head '4861' (I&M Sector) for the project 'Waste Immobilization Plant, at Tomboy', a saving of Rs. 47.78 lakh was due to slow progress of civil works due to bad soil conditions and delay in ventilation works due to termination of original work order.

(c) In respect of CAT, as against the approved budget of Rs. 25 crore for the year 1997-98, an amount of Rs. 19.71 crore was spent leading to a saving of Rs. 5.29 crore. The major saving occurred under the project 'DAE-CERN Collaboration', which was due to delay in fabrication of Liquid Nitrogen Tanks for CERN as the acceptance report for a tank supplied to CERN at the first instance was pending with them. There was also a

shortfall in the expenditure against Indus-R as one of the major project design parameters was under review by an International Advisory Committee appointed by DAE in 1997-98. Due to anticipated change in the design of the magnet, the purchase order which was to be placed on Mis BHEL, Bhopal (Rs. 1.62 crore) for fabrication of dipole magnets was delayed. Hence funds earmarked for its payment remained unspent during the year. Some shortfall of expenditure was also due to difficulty in identifying reliable Indian manufacturers.

(d) In the case of VECC, there has been a shortfall of Rs. 3.58 crore and it was mainly due to the shortfall in the expenditure in the Super- conducting Cyclotron P~. Due to import restriction on sensitive items, the main critical item of Helium Liquefier (costing approx. Rs. 4 crore in the international market) could not be procured, which resulted in the saving. Apart from that, parallel efforts for procurement fabrication of all the major items was also taken up but some of the indigenous manufacturers took considerable time to honour their commitments.

(e) The shortfall of Rs. 7.73 crore in the expenditure of ICCAR was mainly due to less expenditure in three schemes. In the case of Metallurgy projects, the shortfall of Rs. 3.40 crore was due to the delay in procurement of high technology equipment. The Servo Hydraulic Machine and High Temperature Sintering Furnace were delayed due to embargo and obtaining the export clearance, for which Rs. 1.04 crore could not be utilised. In the Radio Chemistry project, the civil work could not commence in 1997-98, but the physical and financial targets are likely to be achieved in 1999-2000. Under the Fuel Processing projects there was slow progress in the civil work, but now the work has picked up and the building will be ready in 1999-2000.

2.1 The I&M Sector includes budget provision of Plan projects of R&D units, viz., Bhabha Atomic Research Centre (BARC), Indira Gandhi Centre for Atomic Research (IGCAR), Centre for Advanced Technology (CAT) and Atomic Minerals Directorate for Exploration & Research (AMD); I&M units, viz., Nuclear Fuel Complex (NFC), Heavy Water Board (HWB) and Board of Radiation & Isotope Technology (BRIT) and public sector undertakings (PSUs), viz., Electronics Corporation of India Ltd. (ECIL), Indian Rare Earth Ltd. (IREL) and Uranium Corporation of India Ltd. (UCIL).

2.2 The Unit/PSU-wise details of BE and actual expenditure in 1997-98 under Plan of the I&M Sector units/PSUs are as under:

(Rs. in crore)			
Sl No.	Unit/Institute	BE 1997-98	Actual Expenditure 1997-98
1	2	3	4
1.	BARC	38.50	19.13
2.	IGCAR	8.00	12.83

1	2	3	4
3.	CAT	1.97	1.50
4.	AMD	2.00	0.90
5.	NFC	22.00	19.18
6.	HWB	7.00	4.95
7.	BRIT	3.50	4.26
8.	ECIL	20.03	20.03
9.	IREL	3.00	0.02
10.	UCIL	24.00	24.00
Total		130.00	106.80

2.3(a) The shortfall in the Plan expenditure (1997-98) of BARC was mainly due to the fact that the amount was provided keeping in view the large number of projects proposed by the unit under the IX Plan I&M Sector. Since there was a cut in the outlay, a lot of projects had to be reformulated to adjust the decreased Plan outlay. As most of the new schemes could not take off for this reason the continuing schemes were accorded priority so as to complete them as per schedule. However, the Projects like Waste Immobilization Plant, Trombay had to suffer set back due to the slow progress of civil works on account of bad soil conditions, contractual problems due to termination of the contract for ventilation works which were subsequently awarded to a new contractor.

(b) The shortfall in the Plan expenditure (1997-98) of AMD was due mainly to shifting of the salary provision of Rs. 0.85 crore from Plan to non-Plan.

(c) The shortfall in the Plan expenditure (1997-98) of WC was due mainly to the delay experienced in commissioning of some equipment and consequent spill-over in payment therefore under the New Uranium Oxide Fuel Project, New Uranium Oxide Fuel Assembly Project and New Zircaloy Fabrication Project. All these projects were commissioned soon after 1997-98 (i.e., in 1998-99) and the balance payments made in 1998-99, wherever due.

(d) In case of HWB, the shortfall in expenditure in 1997-98 was mainly on account of three Plan projects. Saving of as much as Rs. 1.92 crore occurred in these three projects due to unanticipated delay in releasing purchase orders owing to reasons like need for post-tender negotiations with vendors, need for retendering because of initial poor response to tender enquiries and modification in scope.

(e) In case of IREL, of the total budgeted provision (1997-98) of Rs. 3 crore, that of Rs. 1 crore towards equity participation in proposed new joint ventures (JV) could not be utilised because the negotiations with the proposed JV partners could not be concluded.

The saying in the budgeted (1997-98) provision of Rs. 2 crore for thorium extraction/storage activities (which IREL undertakes as an agent of the Government) was on account of the time needed by IREL to prepare a comprehensive revised project for this purpose in the light of the suggestions of the Atomic Energy Regulatory Board. This project was, however, finalised in 1998-99 and its implementation started.

3. Observation of the Committee in this regard has been noted for necessary action.
[DAE OM No. 1/2(6)/99-Vol.III Dated August 12,1999]

Recommendation (SI. No. 3, Para No. 2.22)

The Committee are dismayed to note that under Major Head 4861 comprising items like Bhabha Atomic Research Centre (BA.RC), Nuclear Fuel Complex (NFC), Fuel Reprocessing Industry and Extension (FRIE) etc., there has been a shortfall to the extent of Rs. 23.20 crore in the utilisation of budgetary allocations in the Plan category during 1997-98. The Committee find that in as many as 20 schemes under this Head, expenditure has been short of the budgetary allocation. While no expenditure was incurred in 9 such schemes in spite of budgetary provision, the expenditure has been less than 50 per cent of the budgetary allocations in the Plan category during 1997-98. The Committee find that in as many as 20 schemes under this Head, expenditure has been short of the budgetary allocation. While no expenditure was incurred in 9 such schemes in spite of budgetary provision, the expenditure has been less than 50 per cent of the budgetary allocation in 5 other schemes. Again, under Major Head 4861, the Budget Estimates (BE) of Rs. 138.00 crore in Plan category has been reduced to Rs. 100.52 crore in the Revised Estimates (RE) stage in the year 1998-99. The Committee observe that in case of 18 schemes under this Major Head, approved Plan BE of 1998-99 has been scaled down at RE stage. The basic reason for non-utilisation of the budgeted amount is “delay in receipt of financial sanction for the new plan schemes” as mentioned by the Department in its reply. This clearly shows administrative slackness on the part of the Government resulting in time and cost overruns of the schemes. The Committee are also not convinced by the argument of the Department that significant impact is not felt on the physical targets. The Committee take a serious note of the inability of the Department to utilise the scarce budgetary resources and expect the Department to take corrective measures in this regard in future.

Reply of the Government

1. The reasons for savings in the expenditure on Plan projects of units during 1997-98 have been detailed in reply to paragraph 2.20.
2. Out of 18 projects under the Major Head 4861 for which the approved Plan BE (1998-99) provision was reduced at RE stage, 12 projects pertain to BARC?IGCAR. the reduction in the provision at the RE stage (1998-99) in respect of projects was, besides the time taken in giving financial sanctions, also due to the cut imposed by the Planning Commission, delay in procurement of some equipment, and time taken for improvement in the design of equipment/ process. Under Major Head 4861 for the project “Fuel

Reprocessing of FBTR of IGCAR”, against a BE of Rs. 12.60 crore in 1998-99, the RE was Rs. 10.30 crore. The reduction works out to 18%. Expeditionary action was taken immediately after receipt of revised financial sanction from the Cabinet, received in March 1999. Bulk of budget provision could be utilised due to the advance action taken in identifying the industries where components of development nature were involved. Some of the components have been fabricated in house so that there is no budgetary expenditure. By augmenting the budget resources for 1999-2000 the shortage in physical and financial targets are planned to be corrected. One of the major components called Master Slave Manipulator was delayed due to difficulty in locating and convincing indigenous manufacturers to take up the work. By discussion, persuasion and speeding up the design activity the manufacturing of the manipulators will commence shortly. A pilot plant has been constructed under the project and it is expected to be commissioned in 1999-2000.

3. Of the 18 projects under the Major Head 4861 for which the approved Plan BE (1998-99) provision was reduced at the RE stage, 4 projects pertain the Nuclear Fuel Complex (NFC). The reduction in provision at the RE stage in respect of these projects was not on account of delay in receipt of financial sanction but due mainly to delay in procurement of some equipment and time taken for improvement in the designs of equipment/process.

4. The observations of the Committee in this regard have been noted for necessary action.

[DAE OM No. 1/2(6)/99-Vol.III Dated August 12,1999]

Recommendation (Sl. No. 4 Para No. 2.23)

The Committee are distressed to observe that during the year 1997-98, under Major Head 5401, comprising items like Bhabha Atomic Research Centre (BARC), Indira Gandhi Centre for Atomic Research (IGCAR), Variable Energy Cyclotron Centre (VECC), Centre for Advanced Technology (CAT), etc., the actual expenditure in Plan category was short of the budgetary allocation by as much as Rs. 68.02 crore. It is observed that expenditure has fallen short of budgetary allocations in case of 21 schemes under this Head. More shocking is the fact that there has been less than 50 per cent expenditure of budgetary allocations in case of 14 out of 21 such schemes. These include 3 schemes in which case no expenditure has been incurred at all despite budgetary provisions. It is also observed that under this Major Head, during the year 1998-99, Budget Estimates (BE) in Plan category of Rs. 174.40 crore has been scaled down to Rs. 117.95 crore at Revised Estimates (RE) stage. In case of 30 schemes under this Head, the approved Plan BE has been reduced at RE stage. As already mentioned by the Committee in its earlier recommendation, the reasons advanced by the Department for reduction in the expenditure on schemes under this Major Head clearly point to administrative slackness and it is difficult to accept that significant impact will not be felt on the physical targets by the reduction of expenditure on schemes under this Head. The Committee desire that the Department should carry out a review of all the schemes

mentioned in the preceding paragraphs and furnish an note to the Committee indicating the extent to which physical targets had been affected during 1997-98 due to less/non-expenditure of the budgeted.

Reply of the Government

1. The main reason for the shortfall in expenditure was the 1997-98 happened to be the first year of the new IX Plan and the Plan size of the R&D Sector was finalized only in August 1997. Since there was a cut in the outlay, a lot of the projects had to be reformulated to adjust for the decreased plan outlay. Further, all the projects proposals for sanction are received during the first year of the Plan period and as such these have to be critically examined, which at times also requires discussions with the units. Scrutiny of these proposals is done by a very limited staff available in the Department, which limits the speed at which projects can be cleared. In spite of this 50 of the total of 77 projects was cleared in 1997-98.
2. The reduction in the outlay of Major Head 5401 (1998-99) was necessitated by the cut imposed by the Planning Commission. As a result of this, reduction in the outlay of certain projects was done only after a thorough review of all the schemes and problems faced in procurement of critical items due to embargo restriction. Against the RE of Rs. 237.48 crore for the R&D Sector (1998-99), the actual expenditure was Rs. 242.74 crore.
3. The observation of the Committee has been noted and action as desired is being taken.

[DAE OM No. 1/2(6)/99-Vol.III Dated August 12,1999]

Recommendation (Sl. No. 5 Para No. 2.30)

The Committee are pained to observe that the financial performance of the Uranium Corporation of India Limited (UCIL) has been rather dismal during the year 1997-98. The gross earning, gross profit and net profit have been short of the targets fixed in this regard. The prospectus for the year 1998-99 are also not very encouraging. The anticipated gross profit of the Corporation during 1998-99 are short of the fixed targets. Though the Department expects that the net profit of the Corporation for the 1998-99 would rise from Rs. 2.95 crore to Rs. 8.68 crore, the Committee find this contention difficult to accept when gross earnings are likely to increase only by Rs. 1 crore over the target. The poor financial performance of the Corporation during 1997-98 has been attributed to less production of uranium concentrate at its different mines ranging from 2.17% to 10% during this period. the production at one centre had been affected by the lower supply of copper tailing from the Hindustan Copper Limited (HCL). But this type of dependence for a critical material necessary for the Department to explore the new and alternative sources for copper tailing, etc. at the earliest.

Reply of the Government

The Company had anticipated a higher profit, after tax, of Rs. 8.68 crore as against Rs. 2.95 crore at the stage of revised estimates. This was mainly on account of anticipated increased earnings due to higher interest and other incomes. However, this expected increase in net profits has been offset on account of the arrears bill for fuel surcharge on electricity tariff, amounting to Rs. 11.34 crore, received from the Bihar State Electricity Board in the month of June, 1999, revising the rates retrospectively. After providing for this unexpected claim on fuel surcharge which was not envisaged either at the stage of revised estimates or while working out the anticipated figures of profit and taking into account other adjustments, the actual net profit after tax of the Company for the year 19998-99 comes to Rs. 3.67 crore. Even then, the actual net profit is higher than that estimated at the stage of revised estimates.

The copper tailing of M/s. Hindustan Copper Limited (HCL) contains small percentage of uranium. UCIL recovers uranium mineral concentrates there from and process it in the uranium mill along with uranium ore from its own mines to produce yellow cake (magnesium-di-uranate). Due to closure of various mines of HCL, availability of copper tailings to UCIL has done down. Neither the Department of Atomic Energy nor UCIL has any control over the availability of these copper tailings constitutes only up to 10% of the total uranium concentrate produced by UCIL. The new uranium mine set up at Narwapahar by UCIL will compensate the shortfall of production arising out of lower availability of copper tailings from HCL.

[DAE OM No. 1/2(6)/99-Vol.III Dated August 12,1999]

Recommendation (Sl. No. 6 Para No. 2.38)

The Committee are concerned to note that the Atomic Minerals Directorate for Exploration and Research (AMD) has not been able to achieve the targets of Reconnaissance Survey, Drilling, Detailed Survey under Heavy Minerals Investigations and production of Columbite Tantalite during the year 19996-97. Equally, disturbing is the fact that there has been no Reconnaissance Survey under Heavy Minerals Investigations during the same year. During 1997-98 also, AMD has failed to achieve the targets of Reconnaissance Survey, Regional Survey, Drilling, Investigations and production of Spodumene. Similarly, the Committee find that achievements in respect of Reconnaissance Survey, Regional Survey, Drilling and production of Columbite-Tantalite have fallen short of targets during 1998-99. shortfalls of 100% of Reconnaissance Survey and 20% of Detailed Survey under Heavy Minerals Investigations during 1996-97 have been attributed to additional detailed assignments of drilling accrued out on assignments of drilling carried out on behalf of the Renaissance Gold Company (RGC), Australia in Kerala and the Indian Rare Earths Limited (IREL) in Andhra Pradesh and Orissa. The Committee would like to know as to why the drilling assignments were carried out on behalf of RGC, Australia which affected the achievement of its own targets.

Reply of the Government

1. The reasons for shortfall in achieving the targets for activities referred to by the Committee have been explained in detail in the replies already furnished to the Committee.
2. After the Government of India announced the New National Minerals Policy during 1994-95 paving the way for foreign investment in the mineral industry, several foreign companies evinced interest in the beach sand mineral industry in India. M/s. RGC Pty. Ltd., a member of Rennison Goldfields Consolidated (RGC) Group, Australia contemplated a collaborative venture with the Indian Rare Earths Limited (IREL) in respect of the heavy mineral deposits at Chavara in Kerala.
3. It is pertinent to mention that IREL's mining operations in unexploited beach sand mineral deposits are guided by AMD's evaluation data and AMD is the only unit of the Department of Atomic Energy (DAE) which generates such data. In respect of the beach sand mineral deposits in the Chavara area, M/s. RGC Pty. Ltd. requested IREL for some additional data to confirm the available evaluation results of AMD.

At the specific request of IREL/RGC, this additional work was taken up by AMD and completed during January-April, 1996. During 1996-97 AMD also carried out, on priority detailed investigations on behalf of IREL in some selected beach sand deposits in Andhra Pradesh. These detailed and additional investigations are thus within the assigned role of the AMD.

[DAE OM No. 1/2(6)/99-Vol.III Dated August 12,1999]

Recommendation (Sl. No. 7, Para No. 2.39)

The Committee observe that the Airborne Survey by AMD has been badly affected during 1997-98 and 1998-99 owing to technical snags developed in the aircraft in 1996-97 of the Air Survey Company, Calcutta which were being hired by AMD for this purpose. The Committee have been informed that aircraft from the National Remote Sensing Agency (NRSA) have been hired for Airborne Surveys by AMD and the Surveys have commenced with NRSA aircraft in January 1999. The Committee are pained to observe that though technical snags developed in 1996-97, actual surveys could commence only in January 1999. The Committee view this as a serious lapse on the part of the Department and would like to know the reasons for delay in hiring aircraft for Airborne Survey. Though the Department expects to achieve the Airborne Survey target of 20,000 line km. During the year 1998-99, the Committee find that the same to be highly unlikely to happen. The Committee would like to be apprised of the actual achievement in respect of Airborne Survey during 1998-99.

Reply of the Government

1. The aircraft of Air Survey Company, which was hitherto engaged by AMD for airborne surveys, developed technical snags in 1996-97 and was subsequently phased out.
2. Thereafter AMD made efforts to hire suitable aircraft from other companies such as Eastern Aero Carlo & CO., Calcutta; Taneja Aerospace and Aviation Ltd. Bangalore,

etc. On Security it was found that their aircrafts were not suitable for low altitude flying and AMD would have been required to provide all the equipment on board. In this process, it was found that the NRSA had a Super King B-200 aircraft fitted with state-of-the-art modern navigational and magnetic measurement equipment meeting the technical requirements of AMD for low altitude flying operations. A project proposal was accordingly prepared during the IX Plan envisaging hiring of NRSA aircraft for airborne surveys during the plan period. It was also necessary to test the NRSA aircraft with appropriate payloads of equipment and assess the modifications needed for fitting them in the aircraft. All this was done in 1997-98 and the performance of equipment was tested and found satisfactory.

3. After the satisfactory test flight and obtaining permission of the Director General, Civil Aviation for low altitude flights, airborne surveys to delineate favourable target areas started in January, 1999 from Hyderabad and thereafter from Varanasi. Against a target of 20,000 line km. 23,935 Line km. of airborne survey was actually carried out during 1998-99 in the Bhima basin in Karnataka and the Vindhyan basin in parts of Bihar, Uttar Pradesh and Madhya Pradesh.

[DAE OM No. 1/2(6)/99-Vol.III/Dated August 12,1999]

Recommendation (Sl. No. 8, Para No. 2.40)

The Committee observe with anguish that AMD has been unable to achieve the Drilling and Reconnaissance targets year after year and that the failure in achieving the Drilling targets has been attributed, inter-alia, to frequent breakdown of old rigs/machines which indicates inept administrative handling of the situation by the Department resulting in shortfalls in targets. The Committee expect a clarification from the Department in this regard. It is hoped that the performance of AMD would be analysed and improvements brought in.

Reply of the Government

Action has been initiated to replace, during the IX Plan, 18 rigs out of 24 old rigs. Of these, two have already been procured and 6 are proposed to be procured during 1999-20W. With the induction of new rigs, improvement in the achievement of drilling targets is expected.

[DAE OM No. 1/2(6)/99-Vol.III/Dated August 12,1999]

Recommendation (Sl. No. 9, Para No. 2.43)

The Committee are pleased to note that the overall generation of nuclear power by the operating atomic power stations during 1996, 1997 and 1998 has exceeded the targets fixed in this regard though there have been some shortfalls in case of two operating stations. At the same time, the Committee are unhappy to observe that in case of some operating stations, the generation targets set for a particular year have been lower

than those of previous years and in some other cases, lower targets have been fixed in spite of higher achievement in the previous year. This has happened in case of Tarapur Atomic Power Station (TAPS), Madras Atomic Power Station (MAPS), Narora Atomic Power Station (NAPS) and Kakrapar Atomic Power Station (KAPS). The Committee disapprove of the practice of fixing lower generation targets. The Committee recommend that targets should be fixed on a realistic basis with due attention to previous achievements. The Department should also endeavour to increase the Plant Load Factor (PLF) of its various plants which can lead to higher generation.

Reply of the Government

The generation targets for operating units are set based on the anticipated shutdowns which are governed by regulatory stipulation, in-service inspection surveillance, etc. and considering the average performance of the units for the past five years.

NPCIL is putting all efforts to improve the performance of operating units ensuring the safety. The company has consistently improved its performance, registering Plant Load Factors of 67%, 71% and 75% for the financial years 1996-97, 1997-98 and 1998-99 respectively and also increasing the set targets.

[DAE OM No. 1/2(6)/99-Vol.III/Dated August 12,1999]

Comments of the Committee

(Please see Paragraph 11 of Chapter 1 of the report.)

Recommendation (Sl. No. 10, Para No. 2.47)

The Committee are unhappy to note that the criticality dates of the Rajasthan Atomic Power Project (RAPP) - 3&4 have been extended time and again. The two units of the Project which were targeted to be commissioned in 1996-97 and 1997-98 respectively, are now likely to achieve criticality in October, 1999 and July, 2000 respectively. The Committee are distressed to observe that the completed cost of the project is likely to go up nearly three and a half times of the original cost. Another area of concern is that the actual expenditure on the project has been less than the approved allocations right from 1992-93 to 1997-98. The percentage of physical progress has also been lower than the targets fixed in this regard during the same period. Considering the fact that the project is aimed to serve as a basis load station for the northern region the committee feel that the Department should have been more active in achieving the expenditure and physical targets. In any case, the Committee hope that there is no further extension of the criticality dates of the project.

Reply of the Government

There has been a loss of 48 months (from May, 94 to May, 98) in construction of RAPP- 3&4 on account of hold on its containment work due to dome incident of Kaiga-1. But a significant portion of delay is being absorbed by parallel working and crashing of downstream activities by employing more resources. Presently, the casting of the dome has been completed and construction of the Plant is in advanced stage. Based on the review of balance activities, RAPP-3&4 are expected to achieve critically in October, 1999 & July, 2000 respectively.

The delay in reengineering of IC dome may be attributed to the time taken in development of analytical capability, iterative cycle of analysis to optimize the design and constructibility and development of high strength and high performance concrete (M60). This type of concrete has been used for the first time in India. Being a development work in nature time needed could not be predicted accurately during the above period.

The proposal for revised cost estimates giving detailed reasons for time and cost overrun was approved by AEC in March, 1999 and is under further processing for obtaining the approval of Cabinet. While approving the proposal, AEC observed that the time and cost overrun were beyond the control of the project implementation authority.

[DAE OM No. 1/2(6)/99-Vol.III/Dated August 12,1999]

Recommendation (Sl. No. 11, Para No. 2.51)

The Committee note that the two units of the Kaiga Atomic Power Project while were expected to achieve criticality in 1996-97, are now likely to achieve criticality in June, 2000 (unit-11 and July,1999 (unit-2). As against the initial sanction cost of Rs. 730.72 crore, the project is now anticipated to cost Rs. 2896 crore – nearly four times of the initial cost. The Committee observe with anguish that the actual/anticipated expenditure on the project has been lower than the approved/proposed allocations from 1992-93 to 1998-99 except the years 1993-94 and 1997-98. equally disturbing has been the physical progress on the project over the years. The percentage of physical progress has been lower than the fixed targets since 1992-93 up to 1998-99 barring the year 1995-96. The Committee understand that the delamination incident of Kaiga-1 inner containment dome in May 1994 played a major role in causing considerable delay on the project. The Committee view that the Department should have put in concerted efforts to save time and cost overruns of the project. The Committee hope and trust that the Department would maintain the present criticality dates of the two units of the project.

Reply of the Government

There has been a loss of 44 months (May 94 to January 98) & 59 months (May 94 to April 99) in construction of Kaiga-2 & Kaiga-1 respectively due to Dome incident. But a significant portion of delay is being absorbed by parallel working and crashing of downstream activities by employing more resources. Presently, the casting of the dome

has been completed and construction of the plant is in advanced stage based on the review of balance activities, Kaiga-2 & Kaiga-1 are expected to achieve criticality in August 1999 & June 2000 respectively.

The delay in reengineering of IC dome may be attributed to the time taken in development of analytical capability, iterative cycle of analysis to optimize the design and constructibility and development of high strength and high performance concrete (M60). This type of concrete has been used for the first time in India. Being a development work in nature, time needed could not be predicted accurately. Therefore, the annual budgets could also not be predicted accurately during the above period.

The proposal for revised cost estimates giving detailed reasons for time and cost overrun was approved by AEC in March, 1999 and is under further processing for obtaining the approval of Cabinet. While approving the proposal, AEC observed that the time and cost overrun were beyond the control of the project implementation authority.

[DAE OM No. 1/2(6)/99-Vol.III/Dated August 12,1999]

Recommendation (Sl. No. 12, Para No. 2.56)

The Committee note that a number of Nuclear Power Projects in the country are getting delayed primarily due to lack of funds. In the present scheme of things, funds are being made available to the Department only after a project is sanctioned. As a result, the Department is not able to carry out the pre-project activities prior to the sanction of a project. This is, in turn, resulting in a longer gestation period for Nuclear Power Projects. It is in this context that the Committee recommend that, prior to sanction of a project, the Planning Commission/Ministry of Finance should consider the feasibility of making a provision of 5 to 10 per cent of the project cost in budget of the Department so as to enable it to carry out pre-project activities beforehand. This will go a long way in reducing the gestation period of Nuclear Power as well as checking the cost overruns.

Reply of the Department of Atomic Energy

Committee's recommendations for provision of funds for pre-project activities, prior to project financial sanction, would enable NPCIL to reduce the gestation period of the project and thereby reducing the project cost. In line with these recommendations NPCIL is approaching Government to accord sanction for funds needed for pre-project activities for future projects viz. Kaiga-3&4 (2x220 MWe PHWRs) and Kudankulam (2x1000 MWe LWRs) Projects.

[DAE OM No. 1/2(6)/99-Vol.III/Dated August 12,1999]

Reply of the Ministry of Finance

It may not be feasible to agree to the recommendation of the Standing Committee on Energy regarding making a provision of 5 to 10% of the project cost in budget for pre-project expenditure due to the following reasons:

1. Finance Ministry presumes that before any Ministry/Department of the Government of India decides to implement a particular project, all necessary aspects, strengths and weaknesses, risks and probabilities, etc. of the project have duly been studied. Separate budgetary allocations for such research and development works, wherever required, do exist under specific heads in respect of the relevant Ministries/Departments. Wherever expenditure is critically required in gestation period of the project it is usually made part of the project cost itself. Thus keeping separate budgetary allocations for re-project activities may result in double provisioning for the same expenditure.

2. The plan resources are extremely scarce keeping in view the requirements. It is often not possible to accommodate sufficient provisioning for significant projects in a year's budget. In such a situation, it may be extremely difficult to provide for separate funds for the pre-project activities in respect of one set of project while several projects themselves cannot be accommodated. Also in case, such provision is made in respect of projects of one Ministry/Department, there may be competing demands from various other Ministries/Departments.

3. Secretary, Department of Atomic Energy (DAE) has himself pointed out in due course of deposition before the Committee that there is also a risk of wastage of public money on pre-project activities, if the project is not ultimately taken up even though the risk is rare. The Finance Ministry would also like to concur with this view and state that scarce resources need to be judiciously spent without impending risk of wastage.

4. We would like to suggest that cost of foreseen and compulsory pre-project activities should ordinarily be built in the project cost itself. We would also suggest that delayed implementation of the project could be caused by a variety of reasons including technical, administrative and others which may have to be appropriately tackled for reduction in gestation period.

5. Since this relates to provisioning of plan expenditure, the Planning Commission and not the Ministry of Finance will have to take final view.

We may, therefore, urge the Committee not to press for such provisioning of pre-project funds. Views of the Planning Commission should also be ascertained on this issue.

Reply of the Planning Commission

The Planning Commission agrees with the observations of the Committee that completion of certain essential pre-project activities prior to the sanction of a Nuclear Power Project will eliminate delays in the final execution of the project to a great extent. Depending on the availability of resources and priority of a particular project the Planning Commission would seriously consider allocation of the required fund for pre-project activities.

[Planning Commission OM No. 1-22(4) 2/99-P&E Dated May 25, 1999]

Comments of the Committee

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

CHAPTER III

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

- NIL-

CHAPTER IV

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

Recommendation (Sl. No. 13 Para No. 2.61)

The Committee have observed that non-availability of feed gas from ammonia plant of the Rashtriya Chemicals and Fertilizers (RCF) has resulted in prolonged outages of the Heavy Water Plant at Thal. Further, the operation of the Talcher Heavy Water Plant has been suspended due to erratic and uncertain operation of ammonia plants of the Fertilizer Corporation of India (FCI), Talcher. The Committee fail to understand the rationale of the Department of Atomic Energy (DAE) in entirely depending upon these agencies for meeting the requirements. The Committee desire that DAE should take up the matter with the concerned agencies in this regard. The Committee recommend that alternative arrangements should be explored for obtaining ammonia gas for Heavy Water Plants at Thal and Talcher. The Committee would like to know whether DAE had taken up the matter with the concerned authorities and the reaction of the various plant authorities on vital supplies of the Department.

The reasons for prolonged outages of Heavy Water Plant at Thal have been furnished earlier. The Heavy Water Plants at Thal and Talcher are integrated with the respective fertilizer plants and making alternate arrangements for supply of feed synthesis gas to this plant is technically not feasible. The question of poor supply of synthesis gas had been taken up with FCI, Talcher prior to the decision to suspend the operation of the Heavy Water Plant, Talcher. However, due to technical reasons FCI was not in a position to improve the supply of synthesis gas to the Heavy Water Plant at Thal, the Heavy Water Board is constantly in touch with the RCF and the situation has improved. Action to replace some of the old equipment has also been taken so that outages due to equipment failures can be minimized.

[DAE OM No. 1/2(6)/99-Vol.III/Dated August 12,1999]

Comments of the Committee

[Please see Paragraph 19 of Chapter I of the Report]

CHAPTER V

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

Recommendation (S1. No. 2, Para No. 2.21)

The Committee observe that a target of Rs. 451.00 crore has been fixed for realisation of Internal and Extra Budgetary Resources (IEBR) during the year 1999-2000. Considering the facts that actual realisation of IEBR during the year 1997-98 was only Rs. 301.80 crore and that the anticipated realisation of IEBR during the year 1998-99 is only Rs. 261.09 crore, this target seems quite unrealistic. The Committee are at a loss to understand the rationale behind fixation of unrealistic IEBR targets year after year. The Committee understand that the Department is not in a position to raise funds from international market. Its capacity to raise funds from the domestic market is also grossly limited. As such, it would be in the fitness of things to set IEBR target at realistic/achievable levels. The Committee have already emphasised on the fixation of realistic IEBR targets on earlier occasions. The Committee reiterate the same so that there is no set back to the planned activities of the Department.

Reply of the Government

The break-up of the target of Rs. 451 crore of IEBR for 1999-2000 is as under:

	(Rs. in crore)
NPCIL	384
IREL	041
ECIL	026
Total	451

The IEBR target for NPCIL for 1999-2000 is at Rs. 384 crore. It is anticipated that NPCIL would have internal surplus at Rs. 499 crores during 1999-2000 and after taking into consideration the redemption

liability at Rs. 331 crores, the net internal surplus is estimated at Rs. 168 crores during 1999-2000. In addition to the internal surplus, NPCIL would mobilise market borrowings by private placement of Bonds at Rs. 216 crores. The IEBR target of Rs. 384 crores is, therefore, likely to be achieved during 1999-2000.

On the basis of projections of profit and depredation, it is expected that IREL will be able to raise the targeted IEBR. In respect of ECIL, the generation of IEBR has received a setback because of stagnation of sales since 1995-96, reduced margins because of increasing competition and rising manpower costs. The Corporation has sought help of the Government in increasing the volume of business in the Defence and Telecom Sectors and also submitted a proposal for financial restructuring of the Corporation. These proposals are under examination and, on approval, are expected to improve the profitability of the Corporation as well as its ability to raise IEBR.

[DAE OM No. 1/2(6)/99-Vol.III/ Dated August 12,1999]

Comments of the Committee

(Please see Paragraph 8 of Chapter 1 of the Report)

NEW DELHI;
February 23, 2000
Phalgun 4, 1921 (Saka)

SONTOSH MOHAN DEV,
Chairman,
Standing Committee on Energy

ANNEXURE I

EXTRACTS OF MINUTES OF THE SECOND SITTING OF STANDING COMMITTEE ON ENERGY (1999-2000) HELD ON 28TH JANUARY, 2000

The Committee met from 15.00 hrs. to 17.00 hrs.

PRESENT

Shri Sontosh Mohan Dev - Chairman

MEMBERS

2. Shri Basudeb Acharia
3. Shri Prakash Yashwant Ambedkar
4. Shri Rajbhar Babban
5. Shri Vijayendra Pal Singh Badnore
6. Shri Bikash Chowdhury
7. Shri M. Durai
8. Shri Sanat Kumar Mandal
9. Shri K. Muraleedharan
10. Shri Chada Suresh Reddy
11. Shri Harpal Singh Sathi
12. Shri Tilakdhari Prasad Singh
13. Shri Manoj Sinha
14. Shri Ramji Lal Suman
15. Shri Aimaduddin Ahmad Khan (Durru)
16. Shri Lakhiram Agarwal
17. Shri Manohar Kant Dhyan
18. Shri Vedprakash P. Goyal
19. Dr. Alladi P. Rajkumar
20. Shri Jaialuddin Ansari
21. Shri Santosh Bagrodia

SECRETARIAT

1. Shri John Joseph - Joint Secretary
2. Shri P.K. Bhandari - Deputy Secretary
3. Shri R.S. Kambo - Under Secretary

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

2. Thereafter, the Committee considered the draft Action Taken Report on the 16th Report on Demands for Grants (1999-2000) of the Department of Atomic Energy. One Member made the following observations regarding the working of the Department:

- (i) Failure of the Department to utilise the allocated funds
- (ii) Complacency and administrative lapses on the part of Department.
- (iii) No time commitment is there and as a result of administrative delays, projects are delayed.

3. The draft Report was adopted by the Committee.

4. ** ** **

[illegible]

The Committee then adjourned

** Paragraphs 4 and 5 relating to other matters have not been included.

ANNEXURE II

[Vide Para 4 of Introduction]

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SIXTEENTH REPORT OF THE STANDING COMMITTEE ON ENERGY (TWELFTH LOK SABHA)

I	Total No. of Recommendations made	13
II.	Recommendations that have been accepted by the Government (vide recommendations at Sl. Nos. 1, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12)	11
	Percentage of total	84.62%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies	Nil
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee (vide recommendation at Sl. No. 13)	1
	Percentage of total	7.69%
V.	Recommendations in respect of which final replies of the Government are still awaited (vide recommendation at Sl. No. 2)	1
	Percentage of total	7.69%