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STANDING COMMITTEE ON
COAL AND STEEL
(2010-2011)
FIFTEENTH LOK SABHA

MINISTRY OF MINES

DEMANDS FOR GRANTS
(2011-12)

SEVENTEENTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI
August 2011/ Bhadra, 1933 (Saka)

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COAL AND STEEL
(2010-11)

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DEMANDS FOR GRANTS
(2011-12)



Presented to Lok Sabha on 29.08.2011

Laid in Rajya Sabha on 29.08.2011

LOK SABHA SECRETARIAT
NEW DELHI
August, 2011/Bhadra, 1933 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL(2010-11)

Shri Kalyan Banerjee - Chairman

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3. Shri Jaywant Gangaram Awale
4. Shri Sanjay Bhoi
5. Shri Abu Hasem Khan Choudhury
6. Shri Ismail Hussain
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28. Shri Dhiraj Prasad Sahu
29. Shri Nand Kumar Sai
30. Shri Jai Prakash Narayan Singh
31. Shri R.C. Singh

*Ceased to be Member of the Committee w.e.f. 18.08.2011

SECRETARIAT

- | | | | |
|----|-------------------|---|-------------------------|
| 1. | Shri Ashok Sarin | - | Joint Secretary |
| 2. | Shri Shiv Singh | - | Director |
| 3. | Smt. Madhu Tandon | - | Sr. Committee Assistant |

(iii)

INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorized by the Committee to present the Report on their behalf, present this Seventeenth Report (Fifteenth Lok Sabha) on Demands for Grants (2011-12) relating to the Ministry of Mines.

2. The Demands for Grants of the Ministry of Mines were laid on the Table of the House on 14.03.2011. Under rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Coal and Steel are required to consider the Demands for Grants of Ministries under their jurisdiction and make Report on the same to both the Houses of Parliament.

3. The Committee took evidence of the representatives of the Ministry of Mines on 28th April, 2011.

4. The Report was considered and adopted by the Committee at their sitting held on 19.08.2011.

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

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

**NEW DELHI;
26 August, 2011
04 Bhadra, 1933 (Saka)**

**KALYAN BANERJEE
Chairman,
Standing Committee on Coal and Steel**

REPORT

CHAPTER-I

Introductory

Minerals are valuable natural resources being finite and non-renewable. They constitute the vital raw materials for many basic industries and are a major resource for development. The history of mineral extraction in India dates back to the days of the Harappan civilization. The wide availability of the minerals in the form of abundant rich reserves made it very conducive for the growth and development of the mining sector in India. The country is endowed with huge resources of many metallic and non-metallic minerals. Mining sector is an important segment of the Indian economy. Since independence, there has been a pronounced growth in the mineral production both in terms of quantity and value. India produces as many as 87 minerals, which include 4 fuel, 10 metallic, 47 non-metallic, 3 atomic and 23 minor minerals (including building and other materials).

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

- (a) Legislation for regulation of mines and development of minerals within the territory of India, including mines and minerals underlying the ocean within the territorial waters or the continental shelf or the exclusive economic zone and other maritime zones of India as may be specified, from time to time by or under any law made by Parliament.
- (b) Regulation of mines and development of minerals other than Coal, Lignite and Sand for stowing and any other mineral declared as prescribed substances for the purpose of the Atomic Energy Act, 1962 (33 of 1962) under the control of the Union as declared by law, concerning regulation and development of

minerals in various States and the matters connected therewith or incidental thereto.

- (c) All other metals and minerals not specifically allotted to any other Ministry/Department, such as Aluminium, Zinc, Copper, Gold, Diamond, Lead and Nickel.
- (d) Planning, development, and assistance to, all institutions dealt with by the Ministry.
- (e) Administration and Management of Geological Survey of India
- (f) Administration and Management of Indian Bureau of Mines

1.3 The Ministry of Mines has jurisdiction over the following attached/ subordinate offices, namely:

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

1.4 The Ministry of Mines has following three Public Sector Undertakings(PSUs) under its jurisdiction, namely:

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

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

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

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

1.7 The detailed Demands for Grants of the Ministry of Mines were presented to Lok Sabha on 14.03.2011. Since this year the Demands for Grants (2011-12) have already been passed by Parliament, the Committee's observations/recommendations as detailed in the succeeding paragraphs relate to implementation of the plans/projects of the PSUs/Organisations under its administrative control. The Ministry should ensure proper utilization of allotted funds and observations/recommendations of the Committee should be taken into consideration while implementing plans/projects.

CHAPTER-II

ANALYSIS OF DEMANDS FOR GRANTS (2011-12) OF THE MINISTRY OF MINES

The Ministry of Mines have presented the Demands for Grants No. 66 for the year 2011-12 to the Lok Sabha. The Demand includes provision for Plan and Non-Plan expenditure under Revenue and Capital Sections for the Ministry proper, attached/subordinate offices and Public Sector Undertakings under its administrative control. The details of Demands under Revenue and Capital Sections are shown in **Annexure-I**. The Plan and Non-Plan provisions made in the Ministry of Mines for the year 2010-11 and 2011-12 are as under:-

Major Head	BE 2010-11			RE 2010-11			BE 2011-12		
	Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
Revenue	160.21	366.14	526.35	160.21	420.11	580.32	174.79	440.28	615.07
Capital	39.79	--	39.79	79.79	--	79.79	39.21	--	39.21
Total	200.00	366.14	566.14	240.00	420.11	660.11	214.00	440.28	654.28

2.2 When asked about the reasons for variations between BE and RE during 2010-11 and BE 2011-12 by the Ministry have furnished as follows:-

"The variation between BE & RE during the year 2010-11 under Plan is due to payment of first installment of Rs.40.00 crore for procurement of Ocean Going Research Vessel and under Non-Plan is due to payment of increased salary and payment of arrears to the officers and staff on MACP etc.

The increase under Non-Plan and Plan 2011-12 is normative only."

2.3 Replying to the details for budgetary allocation of the Ministry of Mines, both at BE and RE stages and its actual utilization during the last three years and regarding major heads showed shortfalls or enhanced expenditure in utilization of funds earmarked during 2010-11 and reasons for major changes in utilization, if any, details of the specific heads under which funds were surrendered, the Ministry have stated as under:

"The year-wise details for budgetary allocation of the Ministry of Mines, both at BE and RE stages and its actual utilization during the last three years is at **Annexure-II.**"

2.4 Asked about the steps taken/proposed to be taken and suggestions, if any, for the improvement in the implementation of the schemes, the Ministry have stated as under:-

"In the Ministry, monthly meeting to monitor the progress of expenditure and status of progress of schemes are taken by Secretary (Mines). Besides, Quarterly Performance Review Meeting in respect of each organizations/PSUs under this Ministry is being taken regularly."

2.5 The details of proposed plan outlay & approved outlay of Ministry of Mines for the Year 2011-12 is given below:-

(₹. in crore)			
S. No.	Name of PSUs/ Orgns	Annual Plan 2011-2012(Proposed)	Approved by Planning Commission
1.	NALCO	1163.00	1057.00
2.	HCL	297.00	297.00
3.	MECL		
	(a) Promotional	9.00	8.00
	(b) Capital	9.00	9.00
4.	GSI	576.65	181.00
5.	IBM	21.86	22.00
6.	S&T	13.60	9.42
7.	Constructions:		
	GSI	22.00	5.00
	IBM	5.00	1.00
	Total	2117.11	1589.42

2.6 The Ministry has informed the Committee that as far as plan allocation is concerned, the Gross Budgetary Support (GBS) of this Ministry is allocated at Rs.220.00 crore for the Plan 2011-12 as against proposed Rs.641.69 crores by the Ministry. The ceiling of I&EBR has, however been fixed at Rs.1369.42 crores against proposed amount of Rs.1475.42 crores. The funds have been allocated in view of overall availability of the funds with the Government of India.

2.7 The PSUs/Organisation-wise distribution of Approved Outlay for Annual Plan for 2011-2012 showing IR, EBR, GBS, NBS and Ext. Aid is given below: -

(₹.in crores)

Sl.	PSUs /	ANNUAL PLAN 2011 -2012						
No.	Orgns.	OUTLAY	IR	EBR	G.B.S.	N.B.S	NER	TSP
1	NALCO	1057.00	1057.00		-	-		
2	HCL	297.00	297.00		-	-		
3	MECL							
	Pro-motional	8.00			8.00	8.00		
	Capital	9.00	9.00		-	-		
4	GSI	181.00	-		181.00	181.00	18.10	7.24
5	IBM	22.00	-		22.00	22.00	2.20	0.88
6	S&T	9.42	5.95	0.47	3.00	3.00	-	
7	*CONST.							
	- GSI	5.00			500	500		
	- IBM	1.00			1.00	1.00		
	TOTAL :	1589.42	1368.95	0.47	220.00	220.00	20.30	8.12

* Included in the Demands for Grants of Ministry of Mines of Urban Development & Poverty Alleviation.

2.8 From the above table it may be seen that against the total plan outlay of 2117.11 crore proposed by the Ministry, Planning Commission had approved total of 1589.42 crore with IEPR of Rs. 1369.42 crore and BS of Rs. 220.00 crore.

2.9 When the Ministry was asked to furnish a detailed note on the plan outlay and investment in PSUs for the year 2011-12, the Ministry have submitted as under:-

"National Aluminium Company Ltd.(NALCO)

The detailed scheme-wise amount proposed by NALCO for 2011-12 and approved by planning commission is as under:-

Sl.	Particulars	Rs. in crore	
		Proposed	Approved
1	On going / New Schemes		
a)	IInd Phase Expansion	286	180

b)	Coal – Utkal E Block	94	94
c)	Pottangi bauxite Mines.	1	1
d)	Up gradation of alumina plant	162	162
e)	Greenfield Projects & Growth Plans	232	232
f)	3 rd phase expansion of Alumina Plant	2	2
g)	220KA Up-gradation of Smelter	40	40
2	Additions/ Modifications/Replacements (AMRs)	346	346
	Total:	1,163	1,057

Hindustan Copper Limited(HCL)

There is no budget allocation for HCL in the Demands for Grant of Ministry of Mines for 2011-12. Annual plan of HCL is totally funded from Internal & Extra Budgetary Resources (IEBR) and the budget estimates for 2011-12 is Rs 297 crore comprising of the following:

i) Replacement & Renewal(R&R): A plan outlay of Rs **23.00** crore has been proposed by HCL on account of Renewal and Replacement (R & R), i.e for replacement of existing plant and machinery to enable the company to sustain its current level of operations.

ii) Mine Development: An allocation of Rs **85.00** crore has been proposed on account of Mine Development Activity for both KCC and MCP mines to enable the Company to meet its targeted ore production.

iii) Mine Expansion: An allocation of Rs **189.00** crore has been proposed for mine expansion activity and mine-wise future expansion plan is as under:

a) Khetri Copper Complex:

- Expansion of Khetri mines from 0.5 to 1.0 Mta at a total cost of Rs **174.00** crore and allocation for 2011-12 is Rs **23.00** crore
- Expansion of Kolihan mines from 0.5 to 1.5 Mta at a total cost of Rs **275.00** crore and allocation for 2011-12 is Rs **13.00** crore
- Development of Banwas Mine with a capacity of 0.6Mta . at a total cost of Rs **91.00 crore** and allocation for 2011-12 is Rs **14.00** crore
- The combined capacity of KCC mines to increase from 1.0 million tonne to 3.1 million tonne per annum .

b) Singhbhum Copper Belt Mines:

- Expansion of Surda mine from 0.42 to 0.9 Mta at a total cost of Rs **216.00** crore and allocation for 2011-12 is Rs **67.00** crore

c) Reopening of closed mines;

- Rakha with enhanced capacity of 1.4 Mta at a total cost of Rs **347.00** crore and allocation for 2011-12 is Rs **48.00** crore
- Kendadih mines with enhanced capacity of 0.21 Mta at a total cost of Rs **87.00** crore and allocation for 2011-12 is Rs **24.00** crore

Mineral Exploration Corporation Ltd.(MECL)

The promotional mineral exploration programme are being carried out by MECL on behalf of and funded by Ministry of Mines under its plan outlay. The exploration schemes are prepared in conformity with the national priorities assigned by the different working groups on mineral exploration. The results of regional exploration carried out by Geological Survey of India in different part of the country forms the basis for formulation of the schemes for detailed exploration. In addition, MECL shall also take up pre-selection studies to locate new mineral prospects. The schemes prepared by MECL based on the available data are examined by the Technical Sub-Committee, *inter-alia*, consisting of representatives from GSI, IBM, and concerned State Government of Standing Committee of Promotional Projects (SCPP) and after detailed examination the schemes are finally approved by the SCPP. To facilitate full utilization of annual allocated fund, to take care of unforeseen law & order situation affecting implementation / non commencement of scheme(s) and the time taken in obtaining the forest clearance now-a-days studies are done and remedial action taken before commencement of Detailed Exploration. The SCPP meets periodically for review and monitors the performance of the on going projects and approve mid course corrections, if any.

MECL is also replacing and upgrading its Plants & Machineries in a phased manner through its internal resources and gradually outlays in this regard and utilizations have increased."

STATEMENT SHOWING THE AMOUNT EARMARKED DURING THE TWO PREVIOUS ANNUAL PLANS AND THE AMOUNT SPENT											
(Rs. In Crore)											
SI No	Name of Public Sector Undertakings /Organisation	ANNUAL PLAN			ANNUAL PLAN			ANNUAL PLAN			ANNUAL PLAN
		2008-09			2009-10			2010-11			2011-2012
		BE	RE	Actual	BE	RE	Actual	BE	RE	Act. Upto Dec.10	BE
1	2	6	7	8	9	7	8	9	10	11	12
1	NALCO.	1888.00	1701.00	1391.28	1391.00	950.00	693.00	1389.00	713.00	463.41	1057.00
2	HCL.	60.00	60.00	59.91	40.00	80.78	80.45	150.35	150.35	111.21	297.00

3	MECL. - PROMOTION AL - CAPITAL	12.00 8.00	9.00 8.00	9.00 5.16	10.00 10.00	10.00 10.00	5.65 10.00	7.00 8.00	7.00 8.00	5.81 0.57	8.00 9.00
4	GSI	160.00	147.65	132.30	160.00	138.00	119.71	162.00	202.00	122.74	181.00
5	IBM	19.00	22.61	20.44	19.00	19.00	25.88	28.00	28.00	16.63	22.00
6	S&T	7.00	7.00	6.75	9.82	8.27	7.14	8.82	9.00	5.93	9.42
7	CONSTRUCT ION	6.00	3.00	3.00	8.00	6.00	5.93	10.00	11.45	N/A	6.00
TOTAL:		2160.00	1958.26	1627.84	1647.82	1222.05	947.76	1763.17	1128.80	726.30	1589.42

GEOLOGICAL SURVEY OF INDIA(GSI)

2.10 The Geological Survey of India (GSI) set up in 1851, has not only grown into a repository of geo-science information required in various fields in the country over the years, but has also attained the status of a geo-scientific organisation of international repute. The main function of GSI relate to creation and updation of national geo-scientific data and mineral resource assessment. GSI also conducts geo-technical and geo-environmental studies. With its headquarters at Kolkata, GSI has six regional offices at Lucknow, Jaipur, Nagpur, Hyderabad, Shillong, Kolkata and offices in almost all States of the country.

2.11 The Geological Survey of India is an attached office to the Ministry of Mines. Government in January 2008 had constituted a High Powered Committee (HPC) to thoroughly review the functioning of Geological Survey of India and assess its capacity to meet the emerging challenges taking into account the technological and manpower resources of the organization. The report of the Committee was submitted in March 2009 and accepted by Government in May 2009. The revised organizational structure, submitted by the Committee and accepted by the Government, has been largely implemented.

2.12 The Geological Survey of India shall aspire to:

- to develop into a world class institution for fundamental as well as applied geoscience, always keeping up with the latest technologies and methodologies.
- to create a close-knit national geoscientific community through leadership and collaborative partnerships; and

- to acquire and provide expertise and widely disseminate geoscientific information to facilitate informed decision-making by policy makers and public and enable use of geoscientific information for sustainable socio-economic development.

2.13 When asked about the achievements during first 4 years of 11th Plan, the Ministry of Mines have stated as follows:-

TARGET AND ACHIEVEMENTS DURING XI PLAN-FIRST FOUR YEARS

Name of the Scheme /Project / Programme	XI Plan Target	Target Vs Achievement		Target Vs Achievement		Target Vs Achievement		Target Vs Achievement	
		Target (April 2007 to March 2008)	Achievement (April 2007 to March 2008)	Target (April 2008 to March 2009)	Achievement (April 2008 to March 2009)	Target (April 2009 to March 2010)	Achievement (April 2009 to March 2010)	Target (April 2010 to March 2011)	Achievement (April 2010 to March 2011)
I. SURVEY AND MAPPING									
(a) Ground Survey									
Spl. Thematic Mapping (sq.km.) (1:25,000 scale)	35,000	5597	5742	6340	6399	6,924	6978	8627	8890
Systematic Geological Mapping (sq km)	-	699	885	-	-	-	-	730	1064
Geochemical Mapping(in sq.km.) (1:50,000 scale)	1,80,000	24858.40	24526	21459.60	18617	19,533.40	19058	24844.40	25489.6
Geophysical Mapping (in sq.km.) (1:50,000 scale)	84,000**	20800	23707	23205	20939.50	18,714.90	20643.50	19166	17643.5
(b) Aerial Survey Multisensor/Aeromagnetic Survey* (with Twin Otter (lkm.)	77,500 sq km	28050	15992	27264	27737	29,690	10534	28000	4227#
(c) Marine Survey									

Parametric Studies within EEZ	1,50,000 sq km as R&D projects								
Bathymetry (lkm.)		13500	3349 ; No cruise due to major overhauling of the ship.	12375	12792	11,803	9347	4440	4713
Magnetic (lkm)		13500	2015; No cruise due to major overhauling of the ship.	12375	15782	13,203	12232	3200	3323
Territorial Water (sq.km.)		2410 + Parametric surveys	3124+parametric surveys	3000 + parametric surveys	3105 + parametric surveys	2,533 + Parametric studies	1,594 + Parametric surveys	2450 + Parametric studies	2220+ Parametric surveys
II. MINERAL EXPLORATION									
a) Large Scale Mapping (sq.km.)	13,530.50	1169.58	1316.50	1129.58	1108.8	2033.26	1658.9	2068.07	2424.83
b) Detailed Mapping (sq.km.)	172	32.40	33.89	30.648	25.305	28.11	35.76	33.3292	32.215
c) Drilling (metre)	4,29,000	80832.20	69935.65	74498.79	63078.03	71530.30	55988.34	67802.36	57960.53

* Flying Season: normally in October – March

** Target reduced due to reduced manpower.

Aerial Survey Multisensor/Aeromagnetic Survey during April 2010-March 2011

- No Airborne survey conducted in F.S. 2010-2011.
- Navigational system PNAV -2100 not working.
- M/s PICO, Canada had been asked to send budgetary proposal since the currently installed geophysical sensors were supplied by Scintrex Ltd., and were manufactured by Pico Envirotech.
- Pico has sent a budgetary proposal for 1,89,930 dollars and assured that the delivery of geophysical airborne system will be made in 6 to 8 weeks. The proposal is under processing.
- Regarding the outsourcing of the pending airborne surveys over Chandrapur - Brahmapuri areas, Maharashtra, the NGRI had submitted a detailed proposal involving a cost of approximately Rs. 6 crores.
- However, in the light of the PICO proposal of time bound upgradation work it has been decided that the outsourcing option will not be pursued and instead the immediate upgrade option through Pico Envirotec will be pursued.

2.14 A statement showing the details of physical target and achievement of GSI for 2010-11 is given is at Annexure-III.

Major head	BE-2010-11			RE 2010-11			BE 2011-12		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue	110.80	318.29	429.09	110.80	362.04	472.84	127.90	375.80	503.70
Capital	35.00	--	35.00	75.00	--	75.00	35.00	--	35.00
Total	145.80	318.29	464.09	185.80	362.04	547.84	162.90	375.80	538.70

2.15 On being enquired about the reasons for increased funds during 2010-11 at RE stage as compared to BE, the Ministry have stated as follows:-

"Fund increased to the tune of Rs. 40.00 crore to accommodate the payment towards ship procurement under Plan Budget and Rs.43.75 crore to meet the expense on salary for new recruits and regular salary."

2.16 The Committee desired to know whether the plan outlay to GSI to the tune of Rs. 547.84 crore proved sufficient to carry on the ongoing schemes/projects during 2010-11, the Ministry have stated as under:-

"The figures of Rs.547.84 crore given above includes Plan as well as Non-Plan. During the FY 2010 -11, an amount of Rs. 177.92 crore has been spent under Plan Budget (excluding NER) against the allotment of Rs. 185.80 crore, which works out to 96% of utilization of fund against allotment and Rs. 359.70 crore has been utilized under Non Plan Budget. Collectively under Plan and Non Plan Budget already an amount of Rs. 549.53 crore against the initial allotment of Rs. 464.09 crore has been spent during FY 2010-11 and it was possible due to additional financial support of Rs. 40.00 crore under Plan from the Planning Commission released during second Batch of Supplementary."

2.17 As against Rs.576.65 crore proposed by the Ministry, Planning Commission has approved only Rs.181.00 crore for GSI. When enquired about as to how GSI would be able to complete the scheme/targets for which the plan outlay was proposed, the Ministry have stated as follows:-

"GSI had proposed at BE Stage Rs. 576.65 crore the financial Plan Outlay (BE) for the FY 2011-12. Under this budget grant, Rs. 373. 00 crore was proposed under M&E head. However, Planning Commission has finally granted Rs. 181.00 crore as the Plan Budget to GSI for FY 2011-12. The total cost of the vessel as per revised EFC document is Rs.549.50 crore (Rs.531.00 crore to Shipyard and Rs. 18.50 crore towards consultancy charges). The final agreement with the shipyard was signed on 4th March'11. The Govt had already sanctioned Rs. 40.00 crore as Second Batch of Supplementary during the FY 2010-11 and the 1st Installment Rs.39.74 crore (7.5 %) has already been paid to Shipyard (M/s Hyundai Heavy Industries) for construction of Ocean Going Research Vessel(OGV). During FY 2011-12 itself, Rs. 146.02 crore (Rs. 66.37 crore – 2nd installment falling due in July'11 and Rs. 79.65 crore – 3rd Installment falling due in March'12) is required for payment to M/s HHI. Discussions have been held between the Ministry of Mines and Ministry of Finance and additionality is likely to be provided in Supplementary in July 2011."

2.18 When asked as to how many schemes/projects are under implementation at present and the details of the schemes, their present status, estimated cost,

schedule of completion and reasons for delay, if any, the Ministry have stated as under:-

Scheme	Components /Activities
(a) Survey & Mapping [Mission I - Baseline Data Generation]	Systematic Geological Mapping, Specialised Thematic Mapping, Geochemical Mapping, Geophysical Mapping, Geomorphological Mapping, Airborne and Marine Surveys, Hyperspectral Survey, Photo Geology & Remote Sensing
(b) Mineral Exploration [Mission II - Natural Resource Assessment]	Coal (including lignite), iron ore, basemetals, and other minerals.
©Information / Dissemination [Mission III – Geoinformatics]	Map, Publication, Information Technology
(d) Specialised Investigation (e)Research & Development & Other Exploration (Antarctica) [Mission IV -Fundamental & Multidiscip-linary Geoscience]	Geotechnical, environmental, landslide, earthquake geology and seismology, glacial, geothermal and shallow subsurface geological studies, medical geology , Petrology, palaeontology, geochronology, chemical, geophysical Polar Studies in Antarctica and Arctic
(f) Human Resource Development [Mission V -Training and Capacity building]	Training
(g) Modernisation and Replacement [S & T Support System]	Acquisition and replacement of instruments/ equipment

The schemes are continuous in nature. The area of operation goes on changing from one Plan period to the next often with re-defined focus in response to policy changes made by the Govt. or to emergence of new concepts in earth science. For each activity domain, against respective schemes, there are several items of investigations or programmes. These items are area specific and scheduled for completion within a defined time frame, with specified manpower and material inputs. It needs pointing out that some items are formulated as a successor programme as prompted by results obtained from the preceding work. The schedule of completion again depends upon the outcome of the investigation. Normally an item continues for two to three years (Items under Survey and Mapping and Mineral Exploration schemes). Some of the investigations eg. Earthquake, landslide, glaciological studies required uninterrupted and long term observation in particular area. Planning for such studies may not always fit into the framework for Annual Plan for Five Yearly Plan because they cannot be segregated into discrete stages."

2.19 While examining the Demands for Grants(2010-11), the Standing Committee on Coal and Steel in their 5th Report recommended that the Ministry should resort to campus placement of Geologists and S&T Personnel and tie-up with institutions/universities. The Ministry of HRD may be requested to increase the number of seats of geologists in universities and technical institutions and at the

same time the geologist stream may be introduced in other universities and technical institutions.

2.20 When the Ministry was asked to furnish a status note in this regard, they have stated as under:-

"All the recruitments in GSI are made through SSC or UPSC. Hence, campus selection may not be possible particularly in respect of Organized services of Govt. of India. As regards increased in number of seats for geoscientists at University level, the Ministry in collaboration with Confederation of Indian Industry (CII) had conducted a study entitled 'Mapping of Human Resources and Skills for the Mining Industry in India' in 2010 which projects the requirements of S&T and skilled manpower. The report has been sent to the Ministry of Human Resources Development and Planning Commission in November, 2010 for action with regard to design curriculum and planning of courses. A follow up meeting was held on 30.11.2010 with the Ministry of Human Resources Development, Ministry of Coal, Indian School of Mines University (ISMU), Dhanbad, Department of Atomic Energy, CMPDIL, Indian Bureau of Mines etc. followed up by a letter to Ministry of Human Resource Development and to Planning Commission in March, 2011."

2.21 When the Ministry was also asked to state the current status of the modernization of GSI and expenditure proposed during 2011-12 for this purpose, they have further replied as under:-

"The Current Status of Modernisation Programme: During the XI Plan (2007-12), GSI so far projected for acquisition of Rs. 200.16 crore worth low value modernisation items like Field, Laboratory equipment and Drilling rigs including accessories and Rs. 627.50 crore towards acquisition of high value modernisation items like Research Vessel, Geotechnical Vessel, Heliborne Survey Systems, Fixed Wing Aircraft with Time Domain Survey Systems etc.

During the first four years (FYs 2007-08, 2008-09, 2009-10 & 2010-11) of the XI Plan, GSI could utilize Rs. 179.83 crore against the allotment of Rs. 196.25 crore under ME head, which is meant for modernisation programme."

2.22 On being enquired about the current status of procurement of high cost equipments and furnishing the details, the Ministry have stated as follows:-

1. "Status of acquisition process of Ocean Going Vessel

- (a) The contract between M/S Hyundai Heavy Industries Co., Ltd., (M/S HHI) and President of India represented by the Director General, Geological Survey of India was signed on 04.03.2011 at Kolkata.

- (b) Payment of the first installment amounting to US\$ 8.802.750, being 7.5% of the contract amount (equivalent to Rs. 39,74,44,163/- @ Rs. 45.15 per US dollar), was made on 16.03.2011 and M/S HHI acknowledged that they have received the payment on 17.03.2011.
- (c) M/S HHI submitted the tentative schedule of project management proposal and corresponding payment schedule as per the contract.
- (d) M/S HHI submitted a detailed schedule of project management proposal and List of drawings on 31.03.2011. These documents have been forwarded to the consultants for review.

2. Status of acquisition process of Geotechnical Vessel

- (a) Consequent to detailed and elaborate discussions between 10th and 15th January, 2011 at Kolkata. M/S Alion Science and Technology, USA, the consultants submitted the detailed Market Survey Report on Scientific Equipment, Instrument Recommendation Report and Build Specifications for scrutiny and approval of GSI. The documents were received by GSI on 25.03.2011 and are under scrutiny.
- (b) The approved recommendations of the Technical Evaluation of the EOJ with list of short-listed shipyards were forwarded to the Ministry of Mines on 11.02.2011 for concurrence.
- (c) Once the technical specifications are finalized by GSI, RFP can be supplied to the short-listed shipyards on receiving concurrence from the MOM.

3. Status of acquisition process of Heliborne Sensors

Acquisition of Helicopter "Dhruv" is already over. The Geophysical Sensors have already been received and their onboard integration is under process and likely to be completed during the current FY 2011-12 i.e. with XI Plan.

So far under Modernisation programme (under M& E Head) following expenditure was taken up during the XI Five Year Plan Period

Year	Allotment	Expenditure
2007-08	51.25	36.75
2008-09	37.00	37.26
2009-10	34.00	31.63
2010-11	74.00	74.19 (including ship payment and Heliborne sensors)
Total	196.25	179.83
2011-12	34.00	Processing work initiated
Grand Total	230.25	

INDIAN BUREAU OF MINES(IBM)

2.23 The Indian Bureau of Mines is primarily responsible for the promotion of conservation of minerals, protection of environment in mines, systematic and

scientific development of the mineral resources of the country other than coal, petroleum and natural gas, atomic minerals and minor minerals.

2.24 Main activities of Indian Bureau of Mines (IBM):

- To promote systematic and scientific development of mineral resources of the country (both onshore and offshore).
- To approve mining plans, schemes and mine closure plans having regard to conservation of minerals and protection of mines environment.
- To collect, collate and maintain database on exploration, prospecting, mines and minerals and to bring out publications / bulletins highlighting the problems and prospects of mining industry.
- To play a pro-active role in minimizing adverse impact of mining on environment by undertaking environmental assessment studies on regional basis.
- To conduct *suo moto* techno-economic field studies in mining, geology, mineral processing and environmental aspects including analysis of ore and minerals and to promote R & D activities in these areas.
- To provide technical consultancy services on promotional basis within the country and abroad in the field of mining, geology, mineral processing and environment.
- To provide training to the scientific, technical and other cadres of the department and persons from the mining industry and other agencies for human resource development.
- To advise the Government on matters in regard to the mineral industry, relating to environment protection and pollution control, export and import policies, trade, mineral legislation, fiscal incentives and related matters.

2.25 The Details of physical targets along with explanation of financial requirements of IBM for 2010-11 and 2011-12 are as follows:

Sl.No.	Activity	Annual Target 2010-11 & 2011-12	Explanation for financial requirements
Scheme No.1 Inspection of Mines for scientific and systematic mining, mineral Conservation and mine environment.			
1.	Inspection of Mines for enforcement of provision of MCDR, 1988 and examination of MP/MS	2,000 mines (2010-11) 2,500 mines (2011-12)	These inspections serve to achieve systematic development of mineral deposits, conservation of minerals and protection of the environment, in addition to inspection for grant/renewal of mining leases on behalf of the Central Government. The inspecting Officers posted in various regional offices need to travel to interior mining locations for implementation of provisions of MCDR, 1988. The budget allocation is essential to support the activities.
2.	Regional Mining Geological Studies	Updation of NMI in 2010-11 12 Studies in 2011-12	
3.	Approval of Mining	As & when	

	Plans & Scheme of Mining	received	
Scheme No.2 Mineral Beneficiation Studies, utilization of low grade and sub grade ores and analysis of environmental samples			
1.	Mineral Beneficiation		
	i) Ore dressing investigations	60 in 2010-11 70 in 2011-12	The budgetary allocation is essential to support the R&D and sophisticated equipment of ore dressing facilities.
	ii) Chemical Analysis	40,000 in 2010-11 50,000 in 2011-12	
	iii) Mineralogical studies	2000 in 10-11 2,300 in 11-12	
	iv) In-plant studies	-	
Scheme No.3 Technological Up gradation and modernization.			
1.	Tech.Consultancy Assignments	As & when received	The budgetary allocation is essential to support the sophisticated equipment/instruments, field visits etc.
2.	Mining Research	-do-	
3.	Training courses	12 courses each in 2010-11 and 2011-12	
4.	Preparation of Mineral Maps with forest overlays	100 multi mineral maps in respect of Madhya Pradesh and Uttarakhand in 2010-11. 100 multi mineral maps in respect of Goa, Kerala, West Bengal, Haryana, Himachal Pradesh, Jammu & Kashmir and North Eastern States in 2011-12.	
5.	Quinquennial Updation of NMI as on 1.4.2010 adopting UNFC	<u>Targets 2010-11</u> a) Data collection for freehold areas and leasehold public areas from exploration agencies for approximately 3,500 deposits. b) Processing of data, scrutiny and finalization of deposit-wise inventory of 30 minerals and tabulation of data sheets. c) Synthesis of inventories of freehold and public sector and private sector leasehold deposits. d) Computerization of updated inventories as on 1.4.2010 for 15 minerals. <u>Targets 2011-12</u> a) Data collection for freehold areas and leasehold public areas from exploration agencies for	The budgetary allocation is essential to support the sophisticated equipment/instruments, field visits, etc.

		approximately 5,100 deposits. b) Processing of data, scrutiny and finalization of deposit-wise inventory of 40 minerals tabulation of data sheets. c) Synthesis of inventories of freehold and public sector and private sector leasehold deposits. d) Computerization of updated inventories as on 1.4.2010 for 55 minerals.	
Scheme 4.Collection, processing, dissemination of data of mines and Minerals through Various Publications			
Release of IBM publications		18 Publications will be released each in 2010-11 and 2011-12	The budgetary allocation is essential to support maintenance of infrastructure, visits to various State Governments and Mineral Based Industries etc.
Scheme No.5 : Management of Solid Waste from Mining in India : Shelved.			
Scheme No.6: Computerized Online Register of Mining Tenement System.			
	To develop an Online National Mineral Information System by linking Central and State Govt. organizations engaged in administration of mineral resources.	<u>Targets 2010-11</u> Award of job for Registry component and system integration and software development. Trial run for two districts. Development of computer centres at two States. Defining the hardware for the project and installation at two States i.e. Chattisgarh and Karnataka as also initiation for replication in other ten States.	The budgetary allocation is essential to get the project implemented and by setting up the infrastructure at IBM, State DGM's, GSI and the Ministry of Mines, for Survey and obtaining other data. The budget is essential to support the maintenance of infrastructure, for training of IBM officers and procurement of Hardware & software, etc.

2.26 The details of amount earmarked in 2010-11 and 2011-12 are given below:-

(Rs. in crore)

Major head	BE 2010-11			RE 2010-11			BE 2011-12		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2853	24.66	28.07	52.73	24.66	36.98	61.64	19.14	38.55	57.69

2.27 Replying to the reasons for increased outlay from 52.73 crore in BE 2010-11 to Rs. 57.69 crore in BE 2011-12, the Ministry of Mines have stated as under:-

"The reasons for increase outlay from Rs. 52.73 in BE 10-11 to Rs. 57.69 in BE 2011-12 is mainly due to less allocation of budget grant under salaries during 2010-11. Govt. has allotted Rs. 8.91 crores under Salaries Non-Plan in the year 2010-11 in 2nd supplementary."

2.28 When enquired about the reasons for variations between BE and RE in 2010-11 and BE 2011-12, the Ministry have stated as under:-

"The reasons for variation between 2010-11 and 2011-12 under Plan is mainly due to shifting of expenditure under salary for the continuing schemes from Plan to Non-Plan and less budgetary requirement for Scheme No.6 - "Computerized On line Register of Mining Tenement System". (Requirement was of Rs. 4.75 crores in 2010-11 and Rs.1.50 crores during 2011-12, thus requirement is reduced by Rs. 3.25 crores in 2011-12.

The reasons for variation between 2010-11 and 2011-12 under Non-Plan are mainly due to shifting of expenditure under Salary for the continuing schemes from Plan to Non-plan. BE under Salary Head in 2010-11 was Rs.25.52 crores which is increased to Rs.36.00 crores in 2011-12. Thus there is net increase under salary head by Rs. 10.48 crores in 2011-12."

2.29 On being enquired about the total number of illegal mining cases identified during the last two years and what steps have been taken by the Ministry/IBM to curb the illegal mining, the Ministry have furnished as follows:-

"Cases of illegal mining (i) Referred by Ministry of Mines, (ii) Detected by IBM and (iii) Detected by State Governments, during last three years are given below:

I. Cases of Illegal Mining referred by Ministry of Mines:

During 2008-09, IBM received 24 references from Ministry on illegal mining and all the 24 references have been disposed off.

During 2009-10, IBM received 39 references from Ministry on illegal mining of which 34 references have been disposed off and 05 references are under process.

During 2010-11, IBM received 43 references from Ministry on illegal mining of which 23 references have been disposed off and 25 references including 05 references pending from last year 2009-10, are under process.

II. Cases of Illegal Mining detected by IBM:

During 2008-09 IBM detected 2 cases of illegal mining one each in Jabalpur and Hyderabad region and referred the same to concerned State

Governments. During **2009-10** IBM has detected two cases of illegal mining, one each in Jabalpur & Hyderabad region and have referred the same to the respective state Government.

III. Cases of Illegal Mining Detected by State Governments:

In a nutshell, as per Quarterly Returns received from State Governments, cases of illegal mining detected by them are:

Year	Number of cases detected by the state governments for	
	Major Minerals	Minor Minerals
2007-08	4783	35801
2008-09	5097	39577
2009-10	5329	63987
2010-11 (upto-Dec. 2010)	12814	54473

Steps taken by the Ministry/ IBM to curb the Illegal Mining

The Central Government has been alive to the menace of illegal mining, and the following are some of the important action taken by the Ministry of Mines:

- (i) State Governments were asked to frame rules to control illegal mining as per Section 23 C of MMDR Act.
- (ii) State Governments were requested to set up Task Forces at State and District level to control illegal mining since the year 2005.
- (iii) To reinforce mechanism to control illegal mining, the State Governments were advised to:-
 - ✓ Set up State Coordination-cum-Empowered Committee (SCEC) to coordinate efforts to control illegal mining by including representatives of Railways, Customs and Port authorities.
 - ✓ Frame State Mineral Policy on the basis of model Mineral Policy drafted by the Ministry of Mines and to adopt transparent concession grant policies to reduce scope for illegal mining.
 - ✓ To adopt an Action Plan with specific measures to detect and control illegal mining including, use of remote sensing, control on traffic, gather market intelligence, registration of end-users and setting up of special cells etc.
 - ✓ Ministry of Mines has so far held four meetings with the State Governments to specifically review the action taken by the State Governments on illegal mining on 3.8.2009, 27.11.2009, 22.2.2010 and 16.4.2010. Latest review meeting has been held on 21.9.2010.
 - ✓ In a meeting of all State Mining Secretaries convened on 21.09.2010, action taken by State Governments to curb illegal mining were reviewed and the following important decisions were taken to tighten regulation of mining activities:-
 - (i) State governments to immediately start the process of strengthening their Directorate of Mining and Geology, which has been made a part of the action plan to be monitored by Central Government,
 - (ii) Coordination and information sharing with Railways, Customs and Port Authorities to be activated immediately through State Coordination-cum-Empowered Committees at the highest level,

- (iii) Yearly targets for inspection of endemic areas of illegal mining by Special Task Force constituted in coordination with IBM,
- (iv) Best practices followed by a State Government to curb illegal mining to be adopted by all State Governments,
- (v) Standardization of maps for the purpose of grant of mineral concessions, use of GPS based technologies and speeding up digitization of cadastral maps,
- (vi) To ensure compulsory registration and reporting by miners, Traders/stockiest for better accounting of minerals.
- ✓ A Central Coordination-cum-Empowered Committee has been set up under Secretary (Mines) on 4.3.2009. This Committee has held four meetings (on six monthly basis), on 24.7.2009, 22.12.2009, 18.6.2010 and on 22.12.2010 to consider all mining related issues, including specifically, matters relating to coordination of activities to combat illegal mining. Members include important mineral producing State Governments, Ministry of Environment and Forests, and Ministry of Steel. Railways, Customs, and Ministry of Shipping have also been included as special invitees.
- ✓ Some of the important outcome of the meeting pertaining to illegal mining are given below:
 - All State Governments were requested to computerize the system for collection of royalty and issue of transport permits on similar basis as the Online Royalty Pass System implemented by (n)Code Solutions, a Division of Gujarat Narmada Valley Fertilizers Company (GNFC) Ltd.
 - All State Governments were requested to include representatives of Railways, Customs, Ports and in case of iron ore producing States, representative of Ministry of Steel in the State Coordination-cum-Empowered Committees set up in the State, for better monitoring of the transportation and export of ore.
 - All State Governments were asked to send list of mineral concession cases pending with Ministry of Environment and Forests for clearances.
 - All State Governments were asked to impose the special condition under Rule 27(3) of Mineral Concession rules, 1960 for ensuring that all the mining lease holders assess the resources in their leases as per the UNFC.
 - The State Governments were requested to be more actively engaged in improving the quality of mineral administration, by taking the following steps:-
 - increasing personnel at railway sidings ;
 - removal of restrictions on loading of ores in sidings not used optimally;
 - improving security features of the transit passes (for this purpose, the system of a single permit per rake would need to be implemented);
 - take action against overloading of trucks which is a substantial factor in royalty evasion besides being responsible for deteriorating road quality in mining areas and increasing transport inefficiency;
 - putting in place in-motion weigh-bridges and modernization of checkgates;
 - registration of loading contractors and transporters;
 - better enforcement through intelligence sharing, enforcement squads, joint inspection, mining cell in police organization etc.
- ✓ Mainly because of the proactive stance taken by the Central Government on the issue, the following developments have been reported:
 - Eighteen States (Andhra Pradesh, Bihar, Chattisgarh, Gujarat, Goa, Haryana, Himachal Pradesh, Jharkhand, Jammu and Kashmir, Karnataka, Madhya Pradesh, Maharashtra, Nagaland, Orissa, Rajasthan, Uttarakhand, Uttar

Pradesh and West Bengal) have framed Rules under Section 23C of the MMDR Act, 1957.

- Twenty one States (Andhra Pradesh, Assam, Bihar, Chattisgarh, Gujarat, Goa, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Madhya Pradesh, Manipur, Mizoram, Nagaland, Orissa, Punjab, Rajasthan, Tamilnadu, Uttrakhand, Uttar Pradesh and West Bengal) have set up Task Force at State and/or District level.
- Ten State Governments (Andhra Pradesh, Chhattisgarh, Gujarat, Goa, Haryana, Karnataka, Maharashtra, Orissa, Rajasthan and West Bengal) have set up a Coordination-cum-Empowered Committee.
- States like Andhra Pradesh, Gujarat, Maharashtra, Rajasthan, Karnataka, Jharkhand and Tamil Nadu have undertaken digitization of the mining area to varying extent.
- State Governments of Rajasthan and Orissa have reported to have commenced using satellite imagery.
- State Governments of Gujarat, Jharkhand, Karnataka, Orissa have reported to have started use of holograms/ bar codes in the transport permits.
- During the first half of year 2010, the State Governments detected 35136 cases of illegal mining of minor and major minerals as compared to 41578 cases detected in the full year 2009.
- Central Government through the Indian Bureau Mines had constituted Special Task Forces for inspection of mines in endemic areas by taking the help of Satellite imageries. Special Task Force conducted inspections in a total of 268 mines in the States of Karnataka, Andhra Pradesh, Orissa, Jharkhand and Gujarat and suspended 107 mines under rule 13(2) of Mineral Conservation and Development Rules, 1988 due to serious violations. Further, the Indian Bureau of Mines have recommended for termination of three leases.
- The Ministry of Mines has recently notified (on 9th February 2011) amended Rule 45 in Mineral Conservation and Development Rules, 1988, which stipulates mandatory registration of miners, stockists, traders, exporters, and end-users of minerals, and stringent reporting norms for ensuring end-to-end accounting of the mineral produced.
- The Government has set up a Commission of Inquiry under the Justice M.B. Shah (retired Supreme court Judge) to inquire into instances of illegal mining of iron ore and manganese in several States in the country. The Commission has commenced its inquiry from its office in Ahmedabad."

2.30 During 10th plan, the various general and S&T schemes of IBM were merged with analogous programmes and grouped into four schemes and these schemes are being continued in the 11th plan. In addition, two new schemes, namely Scheme No. 5 - Management of Solid Waste from Mining in India and Scheme No.6 - Computerised Online Register of Mining Tenement System were proposed to be taken up during 11th Plan period. But Scheme No. 5 has since been shelved and scheme No. 6 has been taken up and is continued.

2.31 When asked about the reasons for shelving the scheme no. 5 i.e. management of solid waste from mining in India. And also asked about the objectives of this scheme and as to whether shelving the scheme will adversely affect its objective, the Ministry have stated as follows:-

"The objective of the Scheme on "Management of solid waste from mining in India" was mainly aimed at considering environmental related problem arising due to generation of waste rocks incidental to mining operations in different geo-morphological situations to bring out economically viable solutions of managing waste.

The reasons for shelving the project were that:

- (i) Ore Dressing Division and Mining Research Cell of IBM have already carried out considerable work regarding characterization of waste materials and for management of solid waste in mining sector.
- (ii) With inclusion of concept of Progressive Mine Closure Plan & Final Mine Closure Plan, this aspect has to be addressed by mine management as it is mandatory.

Shelving the scheme will not affect its objectives as the concept of Mine Closure Plan has been introduced as statutory provisions and being implemented."

2.32 When asked about the current status of Scheme No. 6 and also asked to furnish the details, the Ministry have stated as under:-

"Current status of scheme No.6 is as follows:

GIS component of the project was demonstrated by ISRO at the Ministry in March'10 and also to Hon'ble Minister of Mines in May'10 with very limited data, incorporating 21 mining leases (ML), 4 prospecting licenses (PL), 4 Reconnaissance permits (RP) and 2 mineral based industries in respect of Durg District of Chhattisgarh and 20 mining leases in respect of Bellary district. The GIS Component was also linked to Registry component as per TMIS database in a very limited way. The whole exercise was carried out by ISRO, Nagpur and IBM provided necessary assistance. IBM organized a training programme on GIS Database Creation and Utilization for Mining Applications during 16-27 August 2010, under the project at the Indian Institute of Remote Sensing (IIRS) for 15 officers of IBM and State Directorate of Geology and Mining of Andhra Pradesh, Chhattisgarh, Goa, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan and Tamil Nadu.

IBM has submitted a 'status report on the project on computerised on- line register of mining tenement system' to the Ministry covering the work completed for two districts.

In respect of Registry component of the project, IBM jointly with NIC finalized the Terms of Reference for preparation of Detail Project Report (DPR). The process for hiring of consultant for preparation of DPR has been finalized by

NIC. Ministry of Mines has sanctioned Rs.70.89 lakh with drawal of 100% in advance to NICSi as consultancy charges for preparation of DPR. IBM already made 'e-payment' to NICSi.

IBM is following the matter with NIC to draw a road map for a time bound implementation of activities. The project time schedule for DPR preparation is eight months plus three months post DPR hand-holding. Once DPR is complete and approved by the Ministry, the next stage of 'Request for Proposal' (RFP) will be initiated. The Software Development Agency will be finalised based on RFP and initial trials will be conducted the year in 2013-14."

2.33 The Offshore Areas Mineral (Development and Regulation) Act has come into force with effect from 15.01.2010. The Controller General, Indian Bureau of Mines, has been appointed as Administering Authority for the purpose of the Act.

2.34 On being asked about the various measures contemplated for the implementation of the objectives of the Act, the Ministry have stated as follows:-

"The Offshore Areas Minerals (Development and Regulation) Act, 2002 (OAMDR Act), has been framed with an objective to provide for development and regulation of mineral resources in the territorial waters, continental shelf, exclusive economic zone and other maritime zones of India and to provide for matters connected therewith or incidental thereto. The Ministry of Mines has taken several measures for implementation of the objectives of the OAMDR Act as follows:

(i) To ensure that India's exclusive economic zone is explored and exploited to the maximum possible extent, the Ministry of Earth Sciences (MoES) and its agencies are entrusted with the task of sea-bed exploration and mining. The Ministry has initiated a process of dialogue for cooperation between MoES and Geological Survey of India (GSI) in order to institutionalize the process so as to achieve this objective within a time bound framework.

(ii) The Ministry has set up a Committee headed by Controller General of IBM and including officers from National Institute of Oceanography, MoES and GSI Marine Wing to coordinate and evolve an exploration plan to identify new areas of mineral deposits in the offshore areas of the country.

(iii) GSI has completed seabed mapping of 1,28,480 sq km out of 1,50,000 sq km in 5 km x 2 km grid within Territorial Waters (TW) and 18,48,318 sq km out of 18,64,900 sq km in the Exclusive Economic Zone (EEZ) beyond Territorial Waters on reconnaissance scale of 40 km x 20 km grid. The total EEZ coverage including TW is 19,76,798 sq km out of a total EEZ area of 20,14,900 sq km. During FS 2009-10 (up to April 2010), 8949 sq km of bathymetry and 25,230 sq km multibeam swath bathymetry has been completed by the cruises of RV Samudra Manthan. In addition, systematic coverage within Territorial Water for 1434 sq km has been covered by RV Samudra Kaustubh along with 2080 line km bathymetry and 386.20 sq km of multibeam swath bathymetry. GSI is continuing with marine geoscientific programmes in the FS 2010-12. GSI is in the process of acquiring a new

ocean going research vessel in replacement of Samudra Manthan at a cost of Rs549.5 crore.

(iv) With the coming into force of the OAMDR w.e.f. 15.01.2010, the Controller General, Indian Bureau of Mines (IBM) has been appointed as the administering authority for the purpose of the Act.

(v) The IBM has notified mineral bearing areas of the Eastern and Western coast for grant of Exploration License on 29th March, 2010. It has received 377 applications and the IBM is in the process of short-listing the applications and finalising the grant of Exploration Licence. It is expected that the explorations carried out by selected applicants would convert into Production Leases, and India would also join a select group of countries involved in offshore mining.

Various measures contemplated for the implementation of the objectives of the Act are as follows:

- The Administering Authority vide notification dated 07.06.2010 had notified total 63 blocks available for grant of Exploration Licence (26 mineral bearing Offshore blocks in Bay of Bengal and 37 mineral bearing Offshore blocks in Arabian Sea).
- In response to the above notification dated 07.06.2010, total 377 applications have been received till the last date, i.e. 14.09.2010 stipulated for the purpose.
- Criterion for evaluation for screening of applications for the grant of Exploration Licence were formulated by the Committee. These criterion were sent to Ministry vide letter 24.12.2010 and have also been displayed on website of IBM. The Committee in its meeting on 09 & 10th March 2011 scrutinized all the 377 applications and submitted recommendations for grant of EL to the Administering Authority.
- Administering Authority has issued grant order for allotment of Exploration Licence in 62 blocks.
- Ministry of Mines, New Delhi vide order dated 27.08.2010 has constituted a Technical Committee under the chairmanship of the CG, IBM to frame field guidelines for exploration on offshore areas as per UNFC classification. Technical committee covered deliberations under the Geological axis in its first meeting held at IBM Headquarter, Nagpur on 19 & 20th January 2011. The next meeting of the committee is likely to be held in the month of May / June 2011 to cover the Feasibility & Economic axes."

CHAPTER –III

INVESTMENT IN PUBLIC SECTOR UNDERTAKINGS

A. National Aluminium Company Ltd.(NALCO)

NALCO, a Govt. of India Enterprise, under Ministry of Mines was incorporated on 7th January, 1981, for setting up an Integrated Aluminium to produce bauxite, alumina, aluminium and power in the backward tribal areas of Odisha. The outlay is being met from Internal and Extra Budgetary Resources (IEBR). The outlay allotted for the year 2010-11 and 2011-12 is given below:-

(₹ in crore)

Head of Div.	BE-2010-11			RE 2010-11			BE 2011-12		
	BS	IEBR	Total	BS	IEBR	Total	BS	IEBR	Total
12853	--	1389	1389	--	713	713	--	1057	1057

3.2 The approved plan outlay in BE 2010-11 for NALCO was Rs. 1389.00 crore which was revised to Rs. 713.00 crore at RE stage and the outlay in BE 2011-12 has been planned at Rs. 1057.00 crore.

3.3 When asked about the actual expenditure for the year 2010-11, the Ministry have stated as follows:-

"The scheme-wise actual (unaudited expenditure) the year 2010-11 is as under

PROGRESS OF PLAN AND NON PLAN FUNDS (UNAUDITED) SCHEMEWISE AND GRANTWISE FOR THE YEAR 2010-11

(₹ in Crores)

Sl. No.	Schemes	Actual
1	Phase – II Expansion	309.11
2	Utkal - E, Coal Mines	17.95
3	Upgradation of Alumina Plant	28.96
4	Green field project	1.09
5	Expansion Phase III	0.10
5	Pottangi Mines	-
6	Addition, Modification and Replacement	305.81
7	Upgradation (220KA) of Smelter	0.28
	TOTAL	663.30

3.4 On being asked about the steps being taken to ensure full utilization of funds during 2011-12, the Ministry have stated as follows:-

1. "The review of various projects is being conducted regularly on monthly basis at site level and at Corporate level, review meetings are also conducted on weekly/monthly basis. All the major contractors and consultants have been advised and are being followed up to execute the work as per the various milestones/targets fixed.
2. Regular visits and reviews by the highest functional authorities are done at units cutting across functional areas so as to ensure the speedy progress of the major projects.
3. Consultants and executing contractors are regularly followed up to complete the pending jobs.
4. Ministry of Mines monitors the progress at quarterly intervals."

3.5 When asked about the reasons for reduction of outlay in revised estimates(RE) as against approved outlay in BE 2010-11, the Ministry have replied as under:-

Sl. No.	Schemes	Approved		(₹ in crore)
		BE 10-11	RE 10-11	Reduction
1	Phase – II Expansion	484	306	178
2	Utkal - E, Coal Mines	105	52	53
3	Upgradation of Alumina Plant	322	42	280
4	Green field project	31	6	25
5	Expansion Phase III	15	1	14
6	Pottangi Mines	1	1	0
7	Addition, Modification and Replacement	356	300	56
8	Upgradation (220KA) of Smelter *	75	5	-5
	TOTAL	1389	713	601

Reasons for reduction in RE from original outlay are noted hereunder:

- a. The major reason of the shortfall in projection in expenditure in the RE 10-11 is the delay in commissioning of the refinery plant under IInd Phase expansion project, which has resulted major expenses (₹ 178 crore) being phased to the next year BE 2011-12

- b. The reason for reduction under the Upgradation of Alumina plant, ₹ 280 crore was due to delay in orders, on account of more time taken in obtaining the environment clearance which has resulted phasing of expenditure to next year.
- c. The reason for revision of BE 2010-11 in RE 2010-11 for the Utkal-E project is due to the delay in the obtaining of several state Government clearances such as water allocation, land acquisition, Ministry of Environment clearance for forest area, etc.
- d. The AMR constitutes numerous small purchase of capital equipments, capital projects. Despite several diligent efforts, some of the projects get delayed and as a result are rescheduled. During current year a sum of ₹ 56 crores were re-phased to BE 2011-12 from BE 2010-11, reducing the RE in the process."

3.6 When asked about the physical and financial targets set for NALCO during the last two years and reason for slow progress, the Ministry have stated as under:-

"Physical targets

a. Physical targets (as per MOU with Govt.) Annual plan 2010-11, 2009-10

MT – Metric Tonne, MU – Million Units

Sl. No	Name of the product	2010-11		2009-10	
		Target	Actual achievement	Target	Actual achievement
a)	Bauxite(MT)	4,980,000	4,866,508	5,580,000	4,878,888
b)	Alumina Hydrate (MT)	1,645,000	1,556,000	1,820,000	1,591,500
c)	Metal(MT)	435,000	443,597	435,000	431,488
d)	Power(MU)	7,515	6,601	6,510	6,293

The reasons for slow progress in meeting physical targets are as under:-

- (i) Bauxite production (in 2009-10 and 2010-11): Bauxite mines achieved existing rated capacity and Bauxite transportation was in line with the requirement of alumina refinery. Since the completion of additional capacity at refinery under 2nd phase expansion was delayed, additional production was not required. Full requirement of the refinery target has been met.

- (ii) Alumina Hydrate production (in 2009-10 and 2010-11): The reason for shortfall with respect to targets is due to delay in commissioning of 2nd phase expansion. The targets for the years included 425,000 MT and 70,000 MT from the expanded capacity which is yet to be commissioned. The existing capacity has been utilized at 101% and 99% respectively.
- (iii) Aluminum production (in 2009-10): Marginal shortfall was due to negative market scenario after global recession and consequent lower price of metal. During 2010-11 the target has been exceeded.
- (iv) Net Power generation (in 2009-10 and 2010-11): The shortfall with respect to target is due to less quantity and inferior quality of coal received from MCL of Coal India Limited. However, smelter requirement has been met in full.

Financial

₹ in crore

Sl.No.	Name of the Scheme/ programme	2009-10		2010-11	
		Plan approval	Actual	Plan approval	Actual
A	Schemes aimed at maximizing benefit				
1	Additions and modifications and replacements	300	164.59	356	305.81
B	New schemes				
2	2 nd Phase Expansion	952	450.06	484	309.11
3	Utkal E Coal	54	56.23	105	17.95
4	Green field Projects and other expansion plans	63	0.93	31	1.09
5	Up-gradation of Alumina Plant	6	7.33	322	28.96
6	Pottangi Bauxite Mine	1	-	1	-
7	IIIrd Phase Expansion	15	13.67	15	0.10
8	Up-gradation of Smelter pot-line	-	-	75	0.28
Total :		1391	692.81	1389	663.30

Note: The plan target was revised to ₹ 951 crore in RE 2009-10 and to ₹ 713 crore in RE 2010-11.

Reasons of slow progress.

- (i) Shifting of the projected dates of commissioning of the various segments of the IInd phase expansion, mainly due to Naxalite attack.

- (ii) Delay in the execution of Utkal-E project for which several clearances, land acquisition and mining license requirement are to be completed before starting of the project work.
- (iii) Re-phasing of the starting of the project works of upgradation of refinery from 2009-10 to 2010-11.
- (iv) Rescheduling of few major replacement of the AMR head to next Plan year due to supply/contractor side constraints.

3.7 The Second Phase Expansion of NALCO has been badly delayed giving rise to cost and time overrun. The reasons given for slow progress are stated to be shifting of projected dates of commissioning due to Naxalite attacks, delay in Several clearances, rescheduling and rephrasing of various projects.

3.8 In response to a query of the Committee that whether NALCO has prepared any contingency plan for completion of second phase Expansion in time, the Ministry have stated as under:-

"The ongoing smelter and power complex under 2nd phase expansion have been completed. In case of smelter, all the 240 new pots commissioned under expansion were capitalized during the financial year 2009-10. In case of CPP, 9th Unit was commissioned during the last financial year 2009-10 and the 10th unit during the financial year 2010-11.

The expansion activities at refinery received a set back in the aftermath of Maoist attack on mines in April, 2009 as almost all outside agencies with technical expertise fled the site. Further, Damanjodi being a difficult site, NALCO had very limited choices of agencies for the main works like civil & structural, tankages, mechanical and piping, etc.

The company resorted to contingency measures as detailed hereunder, to tackle the problem arising out of failure of some major agencies:

- Four agencies viz. (i) Era Infra Engineering Ltd. for Civil and Structural Package I, II & III, (ii) NICCO Corporation Ltd. for Balance Tankage Work (iii) Kirloskar Construction (erstwhile Aban Construction) for Mechanical and Piping Work and (iv) IPPL for Electrical work failed to complete the assigned jobs, which had a cascading effect in subsequent handing over of fronts to other agencies resulting in delay in commissioning.
- Nalco off-loaded a portion of work for Civil and Structural Work from M/s ERA Construction to M/s HDO and Mechanical and Piping Work from M/s KCEL to M/s B&R Limited including insulation work to M/s Llyod Insulation Ltd, M/s Safetech industries for Electrical work, besides rendering financial assistance to M/s Nicco corporation, etc.
- Mechanical and piping contract was most important for integrating the total plant completion and releasing front to other electrical and instrumentation contractors. For expediting the Mechanical and piping Work offloaded to Bridge & Roof co Ltd , matter was taken up at the level of Secretary, Heavy

Industries, Govt of India by Nalco as well as Ministry of Mines, besides continuous follow up at the highest level.

The part of composite works of Mines awarded on M/s KCEL was offloaded to M/s RVR Constructions. KCEL moved High Court against termination of the order and in the process, awarding jobs to the subsequent contractor got adversely affected."

3.9 The Company has gone for 2nd phase expansion with an approved estimated project cost of Rs.4091.51 crore, to increase the installed capacity to 63,00,000 MTPY for bauxite mines; 21,00,000 MTPY for alumina refinery, 4,60,000 MTPY for aluminium smelter and 1200 MW for power plant. The project cost estimate has since been revised to Rs.4403 crore. The different segments of the project are being commissioned in phases starting from the month of March, 2009 and the project shall be fully commissioned by April, 2011.

3.10 Asked about the current status of 2nd Phase Expansion and whether it is likely to go beyond April 2011, the Ministry in their written submission informed as under:-

"Out of three segments, Smelter and Power complex have already been commissioned, where as Mines and Refinery sector expansion is under implementation. The requisite details are as under:

Smelter: All the 240 Pots of Pot Line –IV under 2nd Phase Expansion of Smelter Plant have been commissioned by 17th December, 2009. The plant is fully commissioned and operating satisfactorily.

CPP :9th Unit of 120 MW capacity of Captive Power Plant synchronized with the Grid with oil support on 21st June, 2009 and was commissioned with coal on 23rd August, 2009. The 2nd unit (10th Unit) of 120 MW capacity synchronized with Grid with oil support on 31st March, 2010 and the Unit was commissioned with coal on 27th August, 2010.

Mines and Refinery:

Despite severe constraints on locational disadvantage, fear psychosis among contractors and works in the aftermath of Maoist attack, overall progress at mines and refinery expansion is 98.1%. Several important Packages viz: Stacker and Associated conveyor, Compressor, cable belt up-gradation, Evaporator, Crusher and vibrating screen, Ball Mill, Red mud pump, Cooling tower, Precipitator and Calciners etc have been completed. At present, mechanical commissioning is going on and the production process is likely to start from May 2011."

3.11 When asked about the steps taken/proposed to be taken for timely completion of 2nd Phase Expansion Programme, the Ministry have replied as under:-

"The Aluminium Smelter and Power plant have already been commissioned earlier and are now operational. The Mines and Refinery expansion has got delayed due to several extraneous factors beyond the control of NALCO as explained above in reply to point No. 40. However, in order to recover the delay, following plan has been chalked out:

- Strength of workers of agencies have been augmented through regular follow up.
- Formation of Task force at Consultant and NALCO level.
- 3-shift working at construction sites with adequate safety measures.
- Frequent site visits by consultant's experts for resolving site issues on spot.
- Review and follow up of critical packages by CMD and D(P&T) at highest level to ensure early completion
- Failure by four agencies viz. i)Era Infra Engineering Ltd. for Civil and Structural Package I, II & III, ii)NICCO Corporation Ltd. for Balance Tankage Work iii)Kirlokar Construction (erstwhile Aban Construction) for Mechanical and Piping Work and iv) IPPL for Electrical work had a cascading effect in subsequent handing over of fronts to other agencies resulting in delay in commissioning.
- In order to salvage the situation, NALCO had taken steps like; off-loading portion of work for Civil and Structural Work to M/s HDO and Mechanical and Piping Work to M/s B&R Limited including insulation work to M/s Llyod Insulation Ltd and M/s Safetech industries for Electrical work, besides financial support to M/s Nicco corporation.
- For expediting the Mechanical and Piping Work of Bridge & Roof co, the matter has been taken up at the level of Secretary, Heavy Industry, Govt of India by Nalco as well as Ministry of Mines."

3.12 Projects in hand : As part of Company's endeavor for backward integration to meet its critical raw material need, Company endeavored for acquiring coal mine and got an allotment from Government of India for Utkal -E coal block in August, 2004. The coal mine project has been approved at estimated of Rs.215 crore, revised recently to Rs.280 crore.

3.13 Since the 2nd Phase Expansion will be completed in April 2011, as to how NALCO would be able to meet the requirement of coal due to non-completion of Utkal- E coal block, the Ministry have replied as follows:-

"The requirement of coal in the current year and 4 years hence has been shown at table below:

Angul sector: to meet requirement of aluminium metal production.

Table-I

Sl. No.	Year	Metal production (MT)	Gross Generation (MU)	Coal requirement (lakh MT)	Linkage coal (Lakh MT)	Shortfall of coal (Lakh MT)
1	2011-12	460,000	7,945	63.56	47.16	16.40
2	2012-13	473,520	8,170	65.36	47.16	18.20
3	2013-14	498,377	8,582	68.66	47.16	21.50
4	2014-15	522,182	8,976	71.81	47.16	24.65
5	2015-16	522,535	8,983	71.86	47.16	24.70

Damanjodi sector: to meet requirement of alumina hydrate production.

Table-II

Sl. No.	Year	Hydrate production (MT)	Coal requirement (Lakh MT)	Linkage coal (Lakh MT)	Shortfall (Lakh MT)
1	2011-12	21.0	13.65	9.49	3.96
2	2012-13	21.5	13.97	9.74	4.23
3	2013-14	22.75	14.78	9.74	5.04
4	2014-15	22.75	14.78	9.74	5.04
5	2015-16	22.75	14.78	9.74	5.04

To augment the coal supply, the company has plans to procure maximum requirement through e-auction and transport it through either rail or road mode. Besides these, plans are afoot for procurement of washed coal and imported coal.

Utkal – E project is likely to commence production in 2012-13 which will meet part of the shortfall."

3.14 Further the Committee wanted to know about the reasons for pendency of mining lease application of Utkal-E Coal block with the Ministry of Coal since 27.01.2010 and whether the Ministry of Mines have taken up the matter with the Ministry of Coal in this regard and asked about their response. In this regard, the Ministry have stated as under:-

"The application for mining lease (ML) is being followed up at Ministry of Coal by NALCO as well as by Ministry of Mines. Further, a request has been made from NALCO vide letter no. NBC/P&T/P/996 dated 20.09.2010 to Ministry of

Coal for extension of normative date of coal production from Utkal-E Coal Block from 26.02.2008 to 01.07.2012 citing various valid reasons for the delay in commissioning of Utkal-E Coal Mine Project. Recently, Secretary (Mines) vide his DO letter dtd. 20th April 2011 has sought intervention of Secretary (Coal) for mining lease as well as extension of normative date of coal production from the Utkal-E block to 01.07.2012. The response from Ministry of Coal is awaited."

3.15 The Company is planning to set up 5 lakh TPA smelter plant and 1260 MW coal based power plant in India.

Present status:

3.16 Pre-feasibility report has been received from Engineers India Ltd. (EIL) with site location indentified near Brajarajnagar in Odisha. The State Govt. approved Company's proposal with certain conditions. Considering the environmental constraints, alternate locations were explored. Application for alternate location at Sundargarh was submitted to State Govt. in November, 2010. Govt. of Odisha has proposed NALCO to explore alternate locations in Rayagada or Koraput or Bolangir or Kalahandi districts instead of Sundargarh district citing non-availability of water. Prime-facie, the locations proposed do not appear viable for a smelter project in view of the distance from the source of coal. However, as suggested by the State Govt. alternate locations in those four districts are also being evaluated. Alternately, suitable locations in Chhatisgarh are also being explored for the project. Application for long term coal linkage for 7.5 MTPY coal has been submitted to Ministry of Coal in December, 2007. On receipt of allotment of land and water from State Government, this application for linkage would be considered by Ministry of Coal. Feasibility studies for the plant at alternate location and shortage project are planned to be completed in 2011-12. It is also proposed to engage a consultant for EIA study. A sum of Rs. 1.70 crore has been proposed in Annual Plan 2011-12.

3.17 Asked about the pre-feasibility report for the above projects would be prepared and time frame for setting up of these projects, the Ministry have replied as follows:-

"An in-house pre-feasibility report for the Green field smelter in India has been made. The increase in cost of production due to haulage of coal for longer distance as well as logistics constraints would impair the project viability in the locations suggested by the State Govt. Based on the findings,

State Govt. of Odisha has been requested to consider a scaled down project at the location in Sundargarh district.

A time frame has been prepared for setting up these projects. However, the zero date for the project is dependent upon the approval of State Govt for allotment of land and water."

Andhra Pradesh Mines and Refinery

3.18 The Company is planning to set up bauxite mines in Andhra Pradesh to explore 42 lakh TPA of bauxite and to process alumina refinery of 14 lakh TPA in Visakhapatnam District of Andhra Pradesh at an estimated cost of Rs.6000 crores.

3.19 NALCO has also proposed setting up Smelter and Captive Power Plants in Indonesia and Iran. Besides, diversification for establishment of nuclear power plant in Gujarat and considering to acquire the assets of Bharat Gold Mines Limited and acquisition of mines abroad.

3.20 When enquired about the concrete measures proposed to ensure that the project takes off as scheduled so as to avoid time and cost overrun so that the constraints / difficulties experienced during the 2nd Phase Expansion of the NALCO are not repeated, the Ministry have stated as follows:-

"The Andhra Mining project is not being pursued vigorously for the present, as advised by the Central Govt. in view of concerns received from various quarters on the adverse ecological impacts due to proposed bauxite mining activities in the said area. Only "Soft CSR activities" would be initiated for the time being. One of the Project Managers of Nalco Foundation have been deputed to explore the possibility of launching 'Soft CSR activities'."

3.21 When asked whether it would be feasible for the company to take up above projects simultaneously given the time taken in obtaining various statutory clearances and any time line has been prescribed in commencing the above projects. In this regard, the Ministry have stated as follows:-

"Yes, it would be feasible to take up the above projects simultaneously.

The Company is not pursuing the project in Iran for the present due to the difficulties to arrange finance from the prospective lenders for the project due to geo-political situation with relation to Iran.

After opening the office in Jakarta, action has been initiated to obtain necessary statutory clearances for the project.

As far as nuclear power plant is concerned, it would be taken up in JV with Nuclear Power Corporation of India Ltd. (NPCIL). All necessary clearances for the project have been secured by NPCIL and the construction has in fact started in Jan-2011."

B. Mineral Exploration Corporation Limited (MECL)

3.22 MECL is the premier exploration agency in the country and carry out its exploration activities under promotional programme funded by the Government of India and contractual programme on behalf of other agencies including public sector, private sector and State Governments on agreed terms and conditions. As a service organization, it carries out exploration activities under two major heads, viz.

- Promotional work for coal, lignite and metallic / non metallic minerals on behalf of and funded by Govt. of India. The scheme for detailed exploration are formulated by the Company, in the perspective of the demand vs. availability as well as national priorities.
- Contractual work on behalf of other agencies including Public Sector, Private Sector and State Governments as per contract / MoU route executed by MECL with them.

3.23 The details of amount earmarked in 2010-11 and 2011-12 are given below:-

(Rs. in crore)

Head of Div.	BE-2010-11			RE 2010-11			BE 2011-12		
	BS	IEBR	Total	BS	IEBR	Total	BS	IEBR	Total
12853	--	8.00	8.00	--	8.00	8.00	--	9.00	9.00

3.24 As to whether the fund earmarked for the year 2011-12 is sufficient for promotional activities and could be fully utilized. In this regard, the Ministry have replied as under:-

"Considering the work availability & the proposals in pipe line for consideration by SCPP, it is expected that the allocation earmarked for the year 2011-12 is sufficient & will be fully utilized. However, in case of additional requirement, MECL will approach Ministry of Mines at RE stage."

3.25 When enquired about any scheme/project has been taken up during the year 2011-12, the Ministry have stated as follows:-

"During 2011-12 till date, no new scheme has been taken up. However exploration work in two No. of schemes namely Rajabasha for high MgO Flux grade rock and Tikhi extension for lead-zinc are continuing from the year 2010-11. The analytical and report writing work of exploration carried out at

Rupa for dolomite and Tongnub for limestone are also under progress during 2011-12."

3.26 The exploration for iron ore at Ghatkuri East, for gold at Timran Mata & Maruda, for copper at Dholamala could not be commenced for want of forest clearance and at Intervening block (between Ramachandrapahar & Byanbil) for copper in Jharkhand due to adverse law & order situation.

3.27 When enquired about the present status of these schemes and the details, the Ministry have stated as follows:-

"MECL is constantly pursuing the matter with respective State Government & Ministry of Environment & Forest for their early approval. However, the same is still awaited. The intervening block (between Ramachandrapahar & Byanbil) for copper in Jharkhand shall be taken up after improvement in law & order situation. The detail status of each project is given below :-

Sl. No.	Name of Project/ Location	(Present status of Forest clearance)
1	Ghatkuri (East) For Iron Ore	MECL's application has been forwarded by the official of the Minister, Jharkhand after completing necessary formalities to the office of MOEF, Bhubaneswar in August 2007. The area falls under Singhbhum Elephant corridor. Therefore, PCCF Ranchi has sent a letter to PCCF (wild life) where recommendations have been forwarded on 30-8-07 to Ministry of Forest, Govt. of Jharkhand. The case has been recommended by Govt. and has been sent to PCCF . Nodal Officer, MOEF, Bhubaneswar on 23-1-08. It is gathered that the Application is pending with Chief Conservator of Forest (Central), MOEF, Regional Office (Eastern Region), Bhubaneswar. MECL is pursuing the matter. Ministry of Mines has also requested MoEF in August' 2010 for speedy clearance of the project. MECL has further taken up the matter with Sr. IG (Forest), MoEF, New Delhi vide letter dated 28-2-2011. Ministry of Mines has once again requested MOEF in April,2011 to expedite the necessary forest clearance so as to enable MECL to take up this project without further loss of time.
2	Timiran Mata For Gold	Secretary (Mines), Govt. of India vide DO dated 29-6-07 has requested Chief Secretary, Govt. of Rajasthan, Jaipur for his kind intervention to expedite the forest clearance. DFO has requested MECL to indicate proposed approach road for borehole point for verification by Forest Authority. Forest official after the field visit to the area desired that a sum of Rs. 2.92 lakhs may be deposited by MECL for which MECL has submitted an undertaking. Dy. Secretary, Forest Department, Govt. of Rajasthan has written a letter to Chief Conservator of Forest (Central), MOEF, Govt. of India for approval under forest Act 1980 on 28-1-08. Application is pending at CCF (Central), MOEF, Govt. of India, at Lucknow. MECL has requested CCF (Central), MOEF, Lucknow, for grant of permission on 14-5-2008. MECL vide letter dated 27-9-08 has further requested to CCF (Central) to expedite the approval and it is being followed up. MECL has further taken up the matter with Sr. IG (Forest), MoEF, New Delhi vide letter dated 28-2-2011. Ministry of Mines has once again requested MOEF in April,2011

		to expedite the necessary forest clearance so as to enable MECL to take up this project without further loss of time.
3	Maruda , For Gold	It is gathered that the application is pending with Chief Conservator of Forest (Central), MOEF, Govt. of India, Regional Office (Southern Zone), Kendriya Sadan, E & F wings, VIth Floor, Block-II, 17th Main Road, Koramangla, Bangalore-34. Ministry of Mines has also requested MoEF in August' 2010 for speedy clearance of the project.
4	Dholamala , For Copper	Secretary (Mines), Govt. of India vide DO dated 29-6-07 has requested Chief Secretary, Govt. of Rajasthan, for his kind intervention to expedite the forest clearance. Application for Forest Clearance is under consideration at the O/O Addl.PCCF, Jaipur. The desired information vide Lr. No.13-9-07 in form 'd' has been sent. Application is pending with Dy.CCF, Jaipur. Dy. CCF, Jhunjhunu has asked some additional information vide Lr. Dt. 05.06.08. The information has been provided by MECL letter dated 1-08-08. Further, CCF, Jaipur called a meeting on 15-3-2010. MECL attended the same and as a follow up action the more additional details were submitted on 30-3-2010. Addl. CCF, Jaipur vide Lr. Dated 15-7-10 has forwarded the case, recommending grant of forest permission for exploration to Principle Secretary, Department of Forest, Govt. of Rajasthan. Ministry of Mines has also requested MoEF in August' 2010 for speedy clearance of the project. MECL has further taken up the matter with Sr. IG (Forest), MoEF, New Delhi vide letter dated 28-2-2011. Ministry of Mines has once again requested MOEF in April,2011 to expedite the necessary forest clearance so as to enable MECL to take up this project without further loss of time.

3.28 When asked about the physical and financial targets set for MECL during the last two years and reason for slow progress, the Ministry have stated as under:-

"The physical and financial targets set for MECL during the last two years are as per following :

Activity	Unit	2009-10			2010-11		
		MOU Target	Achmt.	% Achmt	MOU Target	Achmt. (Prov.)	% Achmt
Drilling	Metres	2,40,000	2,53,550	106	2,75,000	2,67,090	97
Developmental Mining	Metres	8,200	6,607	81	7,500	8,805	117
Gross Revenue	Rs. lacs	12,800	12,706	99	14,200	13,884	98
Gross Margin	Rs. lacs	2,500	2,405	96	3,008	2,649	88
Net Profit/Loss (After tax)	Rs. lacs	1,308	1,446	111	1,687	1,418	84

During the year 2009-10, MECL achieved the physical targets of drilling and financial target of gross revenue and net profit (after tax). However, the target for developmental mining could not be achieved due to lesser

availability of work in this area. However, the same was compensated by performing more in the field of drilling.

As can be seen from above chart physical & financial targets for the year 2011-12 were more or less achieved"

C. Hindustan Copper Ltd.(HCL)

3.29 The major activities of HCL are mining, beneficiation, smelting, refining and casting of finished copper metal into saleable products. HCL produces primary copper in the form of cathode/wire rod. Apart from copper, HCL also produces various by-products like Anode Slime and Sulphuric acid. The present smelting and refining capacity of HCL is supported by mining/beneficiation activity and import of concentrate to cover the short fall.

3.30 When asked about the physical and financial targets fixed during the last three years and achievement thereon together with reasons for variations, if any, the Ministry have stated as follows:-

"Physical Performance

The actual production of Ore, Metal In Concentrate (MIC) and Copper Cathode vis-à-vis targets set during the previous annual plan years 2008-09, 2009-10 and 2010-11 are given hereunder:

Particular	2008-09		2009-10		2010-11	
	Target	Actual	Target	Actual	Target	Actual
Ore (lakh tonne)	37.98	29.82	36.00	32.05	34.96	36.03
Metal –in- Concentrate (tonne)	37200	27589	35000	28202	34470	31,683
Copper Cathode (tonne)	45000	30036	18500	17516*	17500	23969*

* includes cathode produced by outsourcing.

Reasons for variation between target and actual are as under 2008-09

The ore & MIC production was adversely impacted due to non-availability of ore as per planned rock matrix (both required tonnage and grade) in production face of Malanjkhand Copper Project (MCP).

Cathode production was affected due to shutdown of Indian Copper Complex (ICC) smelter for a continuous period of 5 months due to Flash Furnace overhauling and technology up gradation work . Production of cathode was also affected at KCC smelter was shutdown from December'08 on account of economic considerations in view of the drastic drop in LME copper price and high cost of imported concentrate required for running KCC smelter; in addition to HCL's own concentrate.

2009-10

- Lower excavation at MCP and equipment breakdown at KCC affected mine production.
- Lower production of ore and non-availability of water at MCP for milling affected Metal in Concentrate production (MIC). MCP's ore and MIC production has subsequently picked up.
- Shutdown for repair of slag cleaning furnace and equipment breakdown at smelter affected anode availability and consequent production.

2010-11

Ore production was higher than the target but MIC production was affected due to lower grade of mined ore. Low process recovery in concentrator plant of Khetri Copper Complex (KCC) also affected the MIC production being 88% as compared to the target of 92%. Cathode production at ICC was impacted due to slag cleaning furnace transformer breakdown.

Financial Performance

Financial performance vis-à-vis target set during the year 2009-10 and 2010-11 is given hereunder:

Particular	Unit	2008-09		2009-10		2010-11	
		Target	Actual	Target	Actual	Target	Provisional (Unadudited)
Turnover	Rs Cr	1491.00	1349.10	1245.27	1429.85	1050.00	1255.99
Net Profit/(loss) Before Tax	Rs Cr	234.81	5.48	11.66	215.84	269.36	332.52
Net Profit/(loss) After Tax	Rs Cr	155	-10.31	7.70	154.68	177.80	216.65

2008-09:

Main reason for under achievement was steep fall in LME from a peak of US\$ 8685/MT to 3072 US\$/MT due to global economic meltdown. Less MIC production as compared to target and payment of arrears of salary & wages also impacted financial performance adversely."

Reopening of Rakha and Kendadih closed mines:

3.31 The Company has prepared an ambitious expansion plan to expand the capacity of its existing mines, re-open closed mines from existing capacity of 3.21 million tone to 12.41 million tone at an estimated cost of Rs.3677 crore which would be funded from internal resources, fresh issue of shares and debt. Rakha with enhanced capacity of 1.4 MTA at a total cost of Rs. 347.00 crore and allocation of 2011-12 is Rs. 48.00 crore. Kendadih mines with enhanced capacity of 0.21 MTA at a total cost of Rs.87 crore and allocation for 2011-12 is Rs. 24 crore.

3.32 As to whether allocation of Rs. 48.00 crore for Rakha and Kendadih Mines earmarked for the year 2011-12 for the above target are sufficient and whether any allocation was earmarked on these projects during 2010-11, if so, what was the actual expenditure, the Ministry has stated as follows:-

"It may be clarified that allocation of Rs 48.0 crore is for Rakha mine only and does not include allocation for Kendadih mine which is Rs 24 crore. Based on the progress of tendering action in hand, the above allocation is considered adequate."

3.33 As to whether the feasibility of re-opening of the closed mines of HCL has been examined and if so, also asked to furnish the details and the present status thereof. In this regard, the Ministry have stated as follows:-

"The feasibility of re-opening has been examined and a detailed project report (DPR) has been prepared by the Company which has been financially appraised by an independent agency (M/s ICRA consulting & management consulting services ltd) and the project has been found viable. Internal Rate of Return (IRR) of Rakha and Kendadih mines are 19.6% & 17.5% respectively.

The offers have been received for pre-qualification of the bidders and will be put up for approval of Board in its next meeting."

3.34 As to whether the Government has any proposal for the modernisation of HCL, if so, the details of investment proposed under the modernisation programme, the Ministry have replied as under:-

"At present there is no separate proposal for modernization of HCL. As part of mine expansion plan to increase mine capacity from 3.4 million tonne per annum to 12.4 million tonne per annum HCL will use latest mining technology for its mining and beneficiation process.

Modernization of existing mine operation is also being done through Renewal and Replacement (R&R) plan. The Company has spent Rs 65.35 crore in 2010-11 and propose to spend Rs 23.0 crore in 2011-12. Moreover outsourcing of mining equipment is as per the latest technology available."

3.35 On being asked about the ongoing R&D projects HCL has undertaken and their status report, the Ministry have stated as under:-

"The Company worked on a bio-leaching project in association with Institute of Minerals and Materials Technology, Bhubneswar. The Company is currently working in association with CIMFR, Dhanbad on optimization of blasting technique and in association with IBM for improving process recovery. The project to increase tyre life of dumpers at Malanjkhand mine has also been taken in hand. The trials are being conducted and on the successful outcome it will be implemented in all the dumpers of the mines."

3.36 Greenfield Exploration/Development of New Mines: HCL has applied prospecting lease across the country. It is proposed to explore and develop these mines in Joint venture with global mining majors.

3.37 When asked about the detailed note on the above project, the Ministry have furnished the following details:-

"Currently the Company has acquired prospecting lease (PL) of one area and as when its exploration of the areas granted are completed, commercial exploitation of the area will be taken up after investment and funding option required. All option including internal accruals, joint venture and debt will be considered.

In India large part of area amenable for copper mining has not been explored. The exploration of present mines was done in sixties and seventies and no major investment has been made in detailed copper exploration since then. As part its effort to consolidate its position as the only copper mining company, the Company has submitted 20 fresh applications for RP, PL & ML for new areas in the State of Rajasthan, Madhya Pradesh, and Haryana & Jharkhand. These new copper bearing areas have been identified wherein regional exploration by GSI or preliminary exploration by MECL have been carried out."

3.38 The company has put up a target of MIC and Cathode production at 35,000 MT and 29,414 MT respectively in the draft MOU 2011-12 as against 34,470 MT of MIC and 17,500 Cathode production targets for MOU 2010-11 keeping in mind the continuation of non-operation of KCC smelter during 2010-11 due to economic unviability.

3.39 On being enquired about the impacts of lowering of production target in 2010-11, due to non-operation of KCC smelter, on its financial performance, the Ministry have replied as follows:-

"The impact of lowering the production target of cathode in 2010-11 has been favorable to the Company. At present combined annual capacity of smelting and refining of Khetri and Ghatsila plant is 49,500 MT and in-house MIC production is around 31,500 MT. Therefore, to operate both the smelter plant concentrate has to be imported which is very costly on account of low treatment and refining charges and high cost of logistics. The net value addition is negative. The above fact has also been adversely commented upon by CAG in its report who has worked out a net loss of Rs 82 crore during 2005-06 to 2007-08 on account of KCC smelter running on imported concentrate."

3.40 As to whether the physical target of 2010-11 has actually been achieved, if not, the reasons therefor, the Ministry have replied as follows:-

"During the year 2010-11, ore production was 103% of target, MIC production is 92% and cathode production from own smelter is 78%.

MIC production suffered due to low metal recovery from ore at KCC concentrator plant and low ore grade attained at Malanjkhand and Surda mine.

Cathode production at ICC was impacted due to slag cleaning furnace transformer breakdown."

PART-II

OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

1. The Committee note that plan outlay of the Ministry of Mines for 2011-12 has been pegged at BE Rs.1589.92 crores as against Rs.2117.11 crores proposed by the Ministry. This includes Rs.220.00 crores through Gross Budgetary Support and Rs.1369.42 crores to be generated by Public Sector Undertaking through Internal and Extra Budgetary Resources(I&EBRs). A scrutiny of the status of the expenditure of the Ministry during the last two years reveals that the Ministry and its PSUs had not been able to utilize even the reduced outlay at RE stage. During 2009-10, the actual utilization of funds was to the tune of Rs.947.76 as against BE 1647.82 and RE 1222.05 crores. Similarly, in the year 2010-11 as against BE Rs. 1763.17 crores and RE 1128.00 crores, the actual utilization was Rs.726.30 crores. This clearly shows that projects/schemes are being implemented half heartedly and no serious efforts are being made to complete the projects as per schedule. The system of monitoring the progress of expenditure and status of progress of scheme though in place does not seems to be effective and has become a mere formality. The Committee are not convinced with the oft-repeated reasons given for delay of projects/schemes. The Committee hardly need emphasise that the year 2011-12, being the terminal year of XIth Plan, all projects/ schemes envisaged to be taken up during the plan period ought to be completed during the plan period itself. For this, the Ministry should identify the precise reasons/constraints affecting the implementation of projects/schemes and take immediate/necessary measures to overcome

those so that all the schemes/projects for XIth Plan Period could be expeditiously completed.

2. The Committee regret to observe that Geological Survey of India, the premier organization in the field of geo-science information and geo-scientific investigations could actually utilize only Rs.122.74 crores as against BE Rs.202.00 crores and RE Rs.162.00 crores. Also the targets set for the organization during the first four years of XIth Plan in the field of Survey and mapping and Mineral Exploration has also not been very satisfactory as is evident from the information/data made available to the Committee by the Ministry. During 2010-11 the organization was able to achieve 32.215 sq.km. against 33.3292 sq.km target in detailed mapping, while its achievement in the field of drilling has been 57960.53 metre as against 67802.36 metre target during the same year. The report of a High Power Committee to thoroughly review the functioning of GSI is reported to have been largely implemented but no sign of improvement in its functioning is discernible. The much awaited ambitious modernization programme of GSI which was conceived during Xth Plan is unlikely to be completed during the XIth Plan period given the pace of the modernisation programme. The shortage of manpower in the organization is also affecting its functioning. The Committee desire the Ministry to seriously look into the affairs of GSI and take expeditious steps to remove all constraints the organization is facing in its modernization programme and shortage of manpower to make the organization of international repute.

3. The Committee note that Indian Bureau of Mines is primarily responsible for the promotion of conservation of minerals, protection of

environment in mines, systematic and scientific development of the mineral resources of the country other than coal, petroleum and natural gas, atomic minerals and minor minerals. In pursuance to above mandate, IBM is reported to have inspected 2000 and 2500 mines during 2010-11 and 2011-12 respectively for the enforcement of Mineral and Conservation Development Rules 1988. It also carries out Regional Mining, Geological Studies, approval of mining plan and scheme of mining, ore dressing investigation, chemical analysis and mineralogical studies etc. However, IBM has stated that the increase in budgetary allocation is essential to support R&D sophisticated equipments/instruments, field visits. The Committee would urge upon the Ministry to suitably enhance the budgetary allocation to IBM to enable it to accomplish the given task.

4. The Committee observe that the National Aluminum Company Limited (NALCO), an integrated aluminum plant to produce bauxite, alumina, aluminum and power in the backward tribal areas of Orissa has been meeting its outlay from Internal & Extra Budgetary Resources (I&EBR). The plan outlay for NALCO in BE 2010-11 was Rs.1389.00 crores which was decreased to Rs.713.00 crores at RE stage and the actual utilization of fund was, however, Rs.663.30 crores and Rs.1057 crores have been provided in BE 2011-12. The main reasons cited by NALCO for reduction of outlay in RE from the original outlay are delay in commissioning of the refinery plant under Phase II expansion project, delay in orders for upgradation of Aluminum Plant, delay in obtaining environment clearance for upgradation of Aluminum Plant and Utkal-E Coal block etc. The company has also not been able to achieve physical target in the production of bauxite, alumina hydro, metal and power generation as per MoU signed

with the Ministry of Mines. The reasons for not meeting physical targets were reported to be delay in 2nd Phase expansion, and inferior quality of coal received from Coal India Limited for power generation. The Committee are not satisfied with the reasons advanced for under-utilisation of funds. Corrective timely measures should have been taken to resolve these problems for expeditious completion of various schemes/projects, particularly in view of severe competition from private sector in this regard.

5. The Committee have been given to understand that under the 2nd Phase expansion of NALCO out of three segments, smelter and power complex have already been commissioned whereas Mines and Refinery Sector is under implementation. The Committee would like NALCO to complete the remaining segments of 2nd Phase Expansion in a time bound manner to avoid cost and time overrun as the project cost has since been revised from Rs.4091.50 crores to Rs.4403.00 crores owing to various bottlenecks the company has been facing. The Committee would like the Ministry to facilitate NALCO in overcoming various constraints affecting the implementation of the project.

6. The Committee are concerned to note that Utkal-E Coal block allotted to NALCO by the Ministry of Coal in 2004 has not been made operational so far for want of various statutory clearances. The application of NALCO for mining lease is pending with the Ministry of Coal and the Secretary Ministry of Mines is reported to have sought the intervention of Secretary, Ministry of Coal. The Committee deplore the inordinate delay in commissioning the this coal block and would urge upon the Ministry to accord top priority and

take up the issue with all concerned authorities at highest level to commission it to avoid any further delay.

7. The Committee have been further informed that NALCO is planning to set up bauxite mines in Andhra Pradesh to explore 42 lakh TPA of bauxite and to process alumina refinery of 14 lakh TPA in Vishakhapatnam district at an estimated cost of Rs.6000.00 crores. The company has also proposed setting up smelter and captive power plants in Indonesia and Iran. Besides, diversification for establishment of nuclear plant in Gujarat and considering to acquire the assets of Bharat Coking Mines Limited and acquisition of mines abroad. Though the Committee are happy to note that NALCO is set to expand and diversify its activities, they are little apprehensive whether the company would be able to take up these expanding and diversification activities simultaneously given the current pace of its expansion and considerable time taken in obtaining various statutory clearances. The Committee would like NALCO to constitute a team of dedicated officers to strictly monitor these projects and accomplish the expanding and diversification activities without cost and time overrun.

8. The Mineral Exploration Corporation Limited (MECL) a premier exploration agency in the country has been allocated Rs.9.00 crores under promotional mineral exploration programme through internal resources and Rs.8 crores in promotional grant through Gross Budgetary Support for carrying out its exploration activities during 2011-12 as against Rs.8.00 crores at BE 2010-11. According to the Ministry considering the work availability and the proposals in pipeline for consideration by Standing

Committee on Promotional Projects (SCPP) the allocation earmarked for the year 2011-12 is sufficient and will be fully utilized. The Committee would, however, like to point out that the forest clearances for Ghatkuri(East) for Iron Ore, Timiran Mata for gold, Maruda for gold and Dholamala for copper have been pending with the Ministry of Environment and Forest since long. Though the Ministry is reported to have requested the Ministry of Environment and Forest time and again, the clearances are still awaited in respect of above projects. The Committee would like the Ministry of Mines to take up the matter with the ministerial level to sort out the forest clearance issue at the earliest so that MECL is able to do much needed exploration so as to locate the mineral reserves in the country.

9. The statistic about the physical and financial targets made available to the Committee reveal that while the MECL could achieve more than hundred per cent MoU targets during 2010-11 in developmental mining, it has failed to achieve the MoU target in drilling during the same year. The financial MoU targets of the company have also not been achieved during 2010-11. The Committee would like the company to take up more promotional programme and contractual programme on behalf of other agencies so as to enhance its physical and financial performance.

10. The Committee note that Hindustan Copper Limited, only producer of primary copper from indigenous sources in India has been allocated the plan outlay of Rs.297 crores for the year 2011-12 as against Rs.150.35 crores during 2010-11. The expenditure by the company for carrying out its mine development and expansion is to be met from its Internal and External Budgetary Resources (I&EBRs). The Committee have been further informed

that increased allocation has been made for mine expansion of Khetri and Kolihan, Surda, Rakha and Kendadih mines. On a perusal of physical and financial performance of the year 2010-11, the committee have found that while ore production was higher than the target, MIC production was affected due to lower grade of mined ore. However, the Committee note with satisfaction that the company have made tremendous turn around through various initiatives in the field of mine development and mine expansion. The Committee hope that with the reopening of Rakha and Kendadih mines, the performance of the company would further improve. The Committee, therefore, would like the Ministry to facilitate HCL in getting these closed mines reopened in a time bound manner and remove all the constrains, if any, being faced by the company in this regard. The Committee have been given to understand that Hindustan Copper Ltd. office/building is in dilapidated condition in Ghatshila, Jharkhand. Therefore, the Committee desire that necessary action may be taken in the matter.

New Delhi;
23 August, 2011
01 Bhadra , 1933 (Saka)

KALYAN BANERJEE
Chairman,
Standing Committee on Coal and Steel

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND
STEEL (2010-11) HELD ON 19.08.2011 IN COMMITTEE ROOM 'D',
PARLIAMENT HOUSE ANNEXE, NEW DELHI**

The Committee sat from 1500 hrs. to 1515 hrs.

PRESENT

Shri R.C. Singh – In the Chair

MEMBERS

LOK SABHA

2. Shri Hansraj G. Ahir
3. Shri Jaywant Gangaram Awale
4. Shri Yashbant N.S. Laguri
5. Shri Govind Prasad Mishra
6. Shri Rakesh Sachan
7. Smt. Rajesh Nandini Singh
8. Sardar Sukhdev Singh Libra

RAJYA SABHA

9. Shri Kishore Kumar Mohanty
10. Shri Nand Kumar Sai
11. Shri Jai Prakash Narayan Singh

SECRETARIAT

1. Shri Shiv Singh - Director
2. Md. Aftab Alam - Deputy Secretary

2. In the absence of the Chairman, the Committee chose Shri R.C. Singh to chair the sitting under Rule 258(3) of the Rules of Procedure. Thereafter, the chairman welcomed the Members to the sitting of the Committee.

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

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|------|--|----|----|----|
| (i) | ** | ** | ** | ** |
| (ii) | Report on Demands for Grants (2011-12) of the Ministry of Mines; | | | |

(iii)	**	**	**	**
(iv)	**	**	**	**

4. The Committee adopted the draft reports without any changes/modifications and authorized the Chairman to present these Reports to both the Houses of Parliament.

The Committee then adjourned.

**Do not pertain to this Report.