

STANDING COMMITTEE ON
COAL AND STEEL (2011-2012)
FIFTEENTH LOK SABHA

MINISTRY OF MINES

DEMANDS FOR GRANTS (2011-12)

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

TWENTY-SECOND REPORT



LOK SABHA SECRETARIAT
NEW DELHI
APRIL, 2012 / VAISAKHA, 1934(SAKA)

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Presented to Lok Sabha on 25.04.2012

Laid in Rajya Sabha on 25.04.2012



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2012 / Vaisakha, 1934(Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL(2011-12)

Shri Kalyan Banerjee - Chairman

MEMBERS

Lok Sabha

2. Shri Hansaraj Gangaram Ahir
3. Shri Jaywant Gangaram Awale#
4. Shri Sanjay Bhoi
5. Shri Udyanraje Bhonsle
6. Shri A.H. Khan Choudhury
7. Shri Bansa Gopal Chowdhury
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9. Adv.Ganeshrao Nagorao Dudhgaonkar
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17. Smt. Rajesh Nandini Singh
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19. Shri Manohar Tirkey
20. Dr. G. Vivekanand
21. Shri Pakauri Lal@

Rajya Sabha

22. Shri Ali Anwar Ansari \$
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25. Dr. Dasari Narayana Rao \$
26. Ms. Mabel Rebello \$
27. Shri Dhiraj Prasad Sahu

- 28. Shri Nand Kumar Sai
- 29. Shri Jai Prakash Narayan Singh
- 30. Shri R.C. Singh \$
- 31. Smt. Smriti Zubin Irani*

* Nominated to the Committee *w.e.f.* 17.09.2011

@ Nominated to the Committee *w.e.f.* 03.01.2012

Ceased to be the Member of the Committee *w.e.f.* 3.01.2012

\$ Retired *w.e.f.* 02.04.2012

^ Retired *w.e.f.* 03.04.2012

SECRETARIAT

- | | | | |
|----|--------------------|---|-------------------------|
| 1. | Shri P. Sreedharan | - | Additional Secretary |
| 2. | Shri Shiv Singh | - | Director |
| 3. | Shri Arvind Sharma | - | Deputy Secretary |
| 4. | Smt. Madhu Tandon | - | Sr. Committee Assistant |

INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Twenty-Second Report (Fifteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Seventeenth Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha) on "Demands for Grants (2011-12)" of the Ministry of Mines.

2. The Seventeenth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 29th August, 2011. Replies of the Government to all the observations/recommendations contained in the Report were received on 23rd November, 2011.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 17.04.2012.

4. An analysis on the Action Taken by the Government on the observations/recommendation contained in the Seventeenth Report (Fifteenth Lok Sabha) of the Committee is given at Annexure-III.

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

**NEW DELHI;
20 April, 2012
31 Chaitra, 1934(Saka)**

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

REPORT

CHAPTER I

This Report of the Standing Committee deals with Action Taken by the Government on the observations/recommendations contained in the Seventeenth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel on Demands for Grants (2011-12) of the Ministry of Mines which was presented to Lok Sabha on 29th August, 2011.

2. The Action Taken Notes have been received from the Ministry of Mines in respect of all the 10 observations/recommendations contained in the Report. These have been categorised as follows:

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

Serial Nos.1, 2, 3, 4, 5, 6, 7, 9 and 10

Total : 9
Chapter-II

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

Serial No. Nil

Total : 00
Chapter-III

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

Serial No.8

Total : 1
Chapter-IV

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

Serial No. Nil

Total : 00
Chapter-V

3. **The Committee desire that replies to the comments in Chapter-I of this Report should be furnished to the Committee at the earliest.**

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

Recommendation (Serial No. 2)

5. The Committee regret to observe that Geological Survey of India, the premier organisation 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 organisation during the first four years of the XIth Plan in the field of survey and mapping and Mineral Exploration has also been very satisfactory as is evident from the information/ data made available to the Committee by the Ministry. During 2010-11 the organisation 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 the High Power Committee to thoroughly review the functioning of GSI was reported to have been largely implemented but no sign of improvement in its functioning was discernible. The much awaited ambitious modernisation programme of GSI which was conceived during Xth Plan is unlikely to be completed during the XIth period given the pace of the modernisation programme. The shortage of manpower in the organisation was also affecting the functioning. The Committee desired the Ministry to seriously look into the affairs of GSI and take expeditious steps to remove all the constraints the organisation is facing in its modernisation programme and shortage of manpower to make the organisation of international repute.

6. The Ministry of Mines, in their action taken reply, have stated as under:

"It is already mentioned that during the FY 2010 -11, an amount of Rs. 193.94 crore has been spent under Plan Budget against the allotment of RE Rs. 202.00 crore, which works out to 96% of utilization of fund. Initially at BE stage Rs.162.00 crore was allotted and subsequently Rs. 40.00 crore was allotted in the form of 2nd Supplementary towards payment of 1st Instalment for Ship (Ocean Going Research Vessel) construction.

The overall drilling progress achieved by drilling units (Mission-IIA-34 Nos & Mission-IIB-46 Nos) is 56193.15 mts up to 31.08.2011 in the FS 2010-12 which is above 96 % of prorata target of 58126 mts. The overall progress achieved by drilling units under Mission -IIA (Minerals) is 15070.50 mts which is 88.2 % of pro-rata target and by drilling units of Mission -IIB (Energy) is 41123.45 mts which is above 100 % of the prorata target. The progress suffered as two units of CRO and one unit from WRO could not perform for want of forest clearance, two other units of WRO also could not be shifted due to water logging to new site. In spite of various constraints all efforts are being made by the units to cover up the shortfall in the remaining period of the FS 2010-12.

Most of the time reasons behind the shortage of drilling performance observed were mainly due to the fact that majority of the drilling being carried out in rugged terrains besides severe problems of law and order, delay in forest clearance, machinery failures, shifting of drilling units to long distance etc.

Detailed Mapping components of Mineral Investigation Programme was less comparable to the target for the period FY 2010-12 as the newly recruited officers assigned for the items could start their assignment only after completion of their Orientation Course for Geologists (OCG). Even after a late start the major part of the pro-rata targets for the year 2010-12 could be achieved.

The HPC report was submitted in the year March'2009. Thereafter subsequent to the acceptance of the report by the Ministry, it was progressively implemented / initiated from FY 2010-11 in various spheres. Even some the recommendations are yet to be implemented. Moreover, in this report some radical structural changes were recommended particularly the implementation of the Mission-Region Hybrid Mode Techno-Administrative System of functioning, which is no doubt a time taking process, like orientation of the personnel / fund flow etc as per the HPC recommendation cannot be achieved overnight. There needs to be a required time period to grow or build up the transformation from CHQ- Region model (old System) to newly introduced CHQ – Mission –Region Hybrid Matrix System to establish perfect co-ordination amongst CHQ, different Regions and various Missions in all administrative as well as technical affairs. Hence sufficient time is required towards full-fledged implementation of the said report. The Ministry is still very much vigilant and keeping a close watch on its implementation. They are ardently engaged in regular monitoring and feedback are being taken up and wherever any modification / correction is required Ministry is taking up forthwith, the measures with utmost care.

The ambitious Modernisation Programme of GSI is a continuous process i.e. infusion of modern sophisticated laboratory and Drilling accessories are being taken up on regular basis besides intermittent induction of high cost items like Ocean Going Vessel, Geotechnical Vessel, Coastal Launch, Fixed Wing Aircraft with Time Domain Multi-sensor System etc. The acquisition process is being taken up by keeping in view the scientific changes taking place around the world to keep the standard of departmental abreast with the top international survey organisations. During the XI Five Year Plan period only Heliborne Geophysical System has been acquired and other above mentioned high cost items were planned to be acquired during the XI Plan period. However the same did not materialise and will be taken up in XII Plan subject to provisions.

The shortage of manpower in the organisation is also affecting the functioning of GSI in full. However due to intervention of the Ministry the induction process in all streams have been speeded up and particularly in Geology Stream which is the main stay of the organisation, the quantum of induction has been increased even to the tune of 300 Geologists per year. But due to substantial superannuation, the additional manpower is not visible presently. However by 2015, GSI would function with the full strength. In this respect GSI as well as Ministry is seriously looking into the matter and are being taking expeditious steps to remove all the hurdles / constraints of the

organisation is facing in its modernisation programme and shortage of manpower to make the organisation of international repute.”

7. The Committee observe that although utilization of funds by Geological Survey of India has been by and large satisfactory during 2010-11, the performance in the field of drilling during this period was not upto the mark. The main reasons cited by the Ministry are stated to be drilling being carried out in rugged terrains, law and order problem, delay in forest clearance, machinery failures, shifting of drilling units to long distance etc. The Committee feel that these difficulties are not insurmountable which could and should have been tackled by taking up appropriate timely measures in close coordination and cooperation with respective State Governments and Ministry of Environment and Forest.

As regards the modernisation programme and shortage of manpower in GSI, the Committee understand that some of the recommendations of High Power Committee (HPC) which submitted its report in March 2009 are yet to be implemented. The Committee deprecate the inordinate delay in implementation of all HPC recommendations even after 3 years. The Committee desire that the HPC report should be implemented in letter and spirit and they be apprised of the precise action taken on the HPC findings. The Committee would also like that the high cost items like Ocean Going Vessel, Geotechnical Vessel, Coastal Launch, Fixed Wing Aircraft with Time Domain Multi Sensor System etc. should be procured at the earliest.

Recommendation (Serial No. 4)

8. The Committee observed that the National Aluminium Company Limited (NALCO), an integrated aluminium plant to produce bauxite, alumina, aluminium and power in the backward tribal areas of Orissa had been meeting its outlay from Internal & External Budgetary Resources (I&EBR). The plan outlay for NALCO in BE 2010-11 was Rs.1389.00 which was decreased to Rs.713.00 and Rs.1057 have been provided in BE 2011-12. The main reasons cited by NALCO for reduction of outlay in RE from the original outlay were delay in commissioning of the refinery plant under Phase – II expansion project, delay in orders for upgradation of Aluminium Plant, delay in obtaining environment clearance for upgradation of Aluminium Plant and Utkal – E Coal Block etc. The Company had also not been able to achieve physical target in the production of bauxite, alumina hydrate, metal and power generation as per MOU signed with 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 were not satisfied with the reasons advanced for under-utilisation of funds. Corrective timely measures should have taken to resolve these problems for expeditious completion of various schemes / projects, particularly in view of severe competition from private sector in this regard.

9. Ministry in their action taken reply have stated as under:

"The target production vis-à-vis the actual production for 09-10 and 10-11 for the Company is as under:-

		2010-11			2009-10		
Sl. No	Name of the product	Target	Actual	Achievement	Target	Actual	Achievement (%)
a)	Bauxite (Lakh MT)	49.80	48.67	98 %	55.80	48.79	87 %
b)	Alumina Hydrate (Lakh MT)	16.45	15.56	95 %	18.20	15.92	87 %
c)	Metal (Lakh MT)	4.35	4.44	102 %	4.35	4.32	88 %
d)	Power(MU)	7,515	6,601	88 %	6,510	6,293	97 %

As regards expenditure, the projection vis-à-vis actual expenditure is given as under:-

Head of Scheme	BE 2010-11	RE 2010-11	Actual	% achievement
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				vs. RE
1. IInd Phase	484	306	309	101%
2. Up-gradation of Refinery	322	42	29	69%
3. Greenfield Project	31	6	1	18%
4. Phase III Expansion	15	1	0.10	10%
5. Pottangi Mines	1	1	-	0%
6. Utkal-E, Coal Mines	105	52	18	35%
7. 220KA Up-gradation Smelter	75	5	0	0%
8. AMR	356	300	306	102%
Total	1,389	713	663	93%

Detailed status of activities have been explained in Para 1 above.

The activities for Utkal-E has picked up considerably after issue of mining lease approval from Ministry of Coal, Govt. of India in June, 2011. Similarly, the activities for upgradation at refinery picked up following commissioning of 2nd phase expansion in June, 2011.

Similarly, the 3rd phase expansion at smelter and power complex at Angul got delayed due to embargo by Pollution Control Board for Angul region on account of higher CEPI index issued by MOEF, which has since been lifted."

10. The Committee find that as compared to 2009-10, the Physical performance of NALCO during 2010-11 was satisfactory except in the field of power generation where they could achieve only 88% of the target. Further, the utilization of funds on projects i.e. Utkal-E Coal Mine, Greenfield Project, Phase III expansion, Pottangi Mines and Smelter upgradation has been negligible. The Committee feel that the reasons given by the Ministry leading to delay in completion of various projects of NALCO could have been addressed by taking timely appropriate steps. The Committee hope that NALCO will take necessary corrective measures at the earliest and progress made intimated to them.

Recommendation (Serial No.6)

11. The Committee were concerned to note that Utkal – E Coal Block allotted to NALCO by the Ministry of Coal in 2004 had not been made operational so far for want of various statutory clearances. The application of NALCO for mining lease was pending with the Ministry of Coal and the Secretary Ministry of Mines was reported to

have sought the intervention of Secretary, Ministry of Coal. The Committee deplored the inordinate delay in commissioning the coal block and would urged 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.

12. Ministry in their action taken reply have stated as under:

"Ministry of Coal has forwarded mining lease approval to Govt. of Odisha vide letter dated 14.06.2011. Utkal-E block was allotted to NALCO on 27.08.2004 by the Ministry of Coal. The mining plan was approved by the Ministry of Coal in 2006 and the environmental clearance from MOEF was received only in December, 2010. Now, after getting the mining lease approval by Ministry of Coal, the activities have picked up.

At present the major hurdles are getting the forest clearance and acquiring private land for R&R colony. The action plan chalked out for the same are being deliberated and followed up every month with several agencies at State Govt. at highest level as well as at Ministry level. However, getting forest clearance was a long drawn process. Another major challenge is acquiring private as well as Govt. land for this green field project for commissioning of the project as per schedule."

13. The Committee had recommended that Government should take all the desired initiatives to address the various problems coming in the way of allotment of Utkal E-Coal Block to NALCO. The Ministry have informed that the mining plan was approved by the Ministry of Coal in 2006 and the environmental clearance from Ministry of Environment and Forest was received only in December, 2010. They have further informed that now after getting the mining lease approved by the Ministry of Coal on 14.06.2011, the activities have picked up. The Committee cannot but express their displeasure over the fact that considerable time has already been lost in commissioning the coal block which otherwise would have helped NALCO in making considerate headway in implementation of the expansion programme. The Committee would like the matter to be accorded top priority by the Ministry/NALCO and they be apprised of the present position in this regard.

Recommendation (Serial No.8)

14. The Mineral Exploration Corporation Limited (MECL) a premier exploration agency in the country had 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 was 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 was 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 was able to do much needed exploration so as to locate the mineral reserves in the country.

15. The Ministry in their reply have stated as under:

"Target set by Ministry of Mines during 2011-12 were Rs. 8.00 crores for promotional activities and Rs. 9.00 Crores (Internal and Extra Budgetary Resources (IEBR)) for capital expenditure of MECL. Till Aug,2011, the total value of work done/bills raised by MECL has been Rs.4.91 crores and it is expected that a sum of Rs.4.50 crores is likely to be utilized for ongoing work in various projects in Arunachal Pradesh, Meghalaya, Orissa & Rajasthan and also on proposals of MECL during 2011-12 which has been approved in the 23rd meeting of SCPP or is being put up to next SCPP. Out of Rs.9.00 crores towards capital expenditure, MECL has expected to fully utilize the total allocation of Rs.9.00 crores by March,2012 by proposing to acquire equipments for drilling and mining work with an estimated cost of Rs.9 crores . It is expected that MECL will utilize both the outlay fully.

This Ministry has taken up the matter for necessary forest clearances in respect of the above projects at the ministerial level. MECL is also vigorously pursuing the proposals with the officials of concerned Forest Deptt. and every effort will be done to get these forest clearances at the earliest."

16. The Committee had noted with concern the delay in approval of the forest clearance to Ghatkuri (East) for Iron Ore, Timiran Mata for gold, Maruda for gold and Dholamala for copper of MECL and had, therefore,

desired the Ministry to sort out the forest clearance issue at the Ministerial level. The Ministry have, however, admitted that no viable results have been achieved in this regard. The Committee strongly feel that mineral exploration programme would be adversely affected due to inordinate delay in getting forest clearance which would have cascading effect on the financial health of MECL. The Committee, therefore desire the Ministry/MECL to have regular consultations with the concerned authorities at the highest level so as to ensure that the issue is sorted out without any further loss of time.

Recommendation (Serial No.10)

17. The Committee noted 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 is mine development and expansion is to be met from its Internal and External Budgetary Resources (I& EBRs). The Committee had 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 had found that while ore production was higher than the target, MIC production was affected due to lower grade of mined ore. However, the Committee noted 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 constraints, if any, being faced by the company in this regard. The Committee had been given to understand that Hindustan Copper Ltd. office/building is in dilapidated condition in Ghatsila, Jharkhand. Therefore, the Committee desired that necessary action may be taken in the matter.

18. The Ministry in their reply have stated as under:

"The Plan outlay for Hindustan Copper Ltd. for the year 2011-12 is Rs.297 crores, allocated under the following Scheme/ Programme:

(Rs. in crore)		
Sl. No.	Name of Scheme/Programme	Plan outlay
1.	Replacement & Renewals	23.00
2.	Mine Development	85.00
3.	Mine Expansion	189.00
	Total :	297.00

The expenditure by HCL for carrying out its mine development and expansion programme shall be met from its Internal and External Budgetary Resources (I&EBRs). Mine expansion/ mine re-opening programme includes expansion of Khetri & Kolihan, Banwas, Surda, Rakha & Kendadih mines.

HCL is already in the process of awarding tenders for re-opening of Rakha and Kendadih mines.

Regarding HCL's office/ building in its Ghatsila, Jharkhand Unit, necessary action is being taken by HCL for its repair."

19. The Committee are concerned to note that the Ministry have not taken expeditious action on their recommendations to facilitate Hindustan Copper Ltd. (HCL) in getting the Rakha and Kendadih closed mines reopened in a time bound manner as HCL is still in the process of awarding tenders for reopening of these mines. The Committee desire the Ministry/HCL to ensure that these mines are made operational in a time bound manner to derive benefit from them. Further, the initiatives taken in this regard may be apprised to them.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS/WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No. 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 the 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 the 2009-10 the actual utilisation of the fund was to the tune of Rs. 947.76 crore as against Rs.1647.82 crores and RE Rs. 1222.05 crores. Similarly, in the year 2010-11 as against BE 1763.17 crores and RE 1128.00 crores, the actual utilisation was Rs. 726.30 crores. This clearly shows that the 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 seem 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 and 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 the projects / schemes and take immediate / necessary measures to overcome those so that all the schemes / projects for XIth Plan period could be expeditiously completed.

Action Taken

A statement showing the actual expenditure incurred during 2009-10, 2010-11 and 2011-12 is given at **Annexure-I**. It may be seen that the actual expenditure during 2010-11 is about 60.10% over BE 2010-11 and 93.88% over RE 2010-11 as against the actual expenditure during 2009-10 which is 57.26% over BE 2009-10 and 77.21% over RE 2009-10. The Ministry has taken note of valuable suggestion of the Hon'ble Committee and is taking appropriate steps implementing corrective measures to utilize the allocation funds as estimated. The progress of expenditure as well as the related issues are monitored in the monthly meeting and quarterly performance review meeting in the Ministry wherein the heads of all PSUs/Organizations (representative from Planning Commission also participates) are persuaded to push up the work as well as the expenditure. On perusal of statement at annexure-I it may be seen that in total outlay of the Ministry, major component relates to NALCO. Any reduction in the outlay of NALCO adversely affects the whole outlay of the Ministry. The Ministry has been making all possible efforts to speed-up the implementations of schemes within the stipulated time frame by identifying the reasons/factors affecting it and correcting it through suitable measures/steps.

The organization wise status of utilization and progress of scheme is given below.

Geological Survey of India (GSI):

Plan Outlay of GSI for FY 2011-12 has been kept at BE Rs.181.00 crores. This entire amount of Rs. 181.00 crore was granted through gross budgetary support. During the FY 2009 -10, an amount of Rs. 117.26 crore was spent under Plan Budget against the allotment of BE Rs. 160.00 crore and RE Rs.138.00 crore, which works out to be 84.97% utilisation of Plan fund. During the FY 2010 -11, an amount of Rs. 189.64 crore was spent under Plan Budget against the allotment of RE Rs. 202.00 crore (Rs.162.00 crore at BE + Rs.40 crore in the Second Supplementary for payment of 1st installment towards ship construction), which works out to 94% of utilization of fund. In comparison to the FY 2009-10, the performance of FY 2010-11 has observed a significant improvement in Plan fund utilisation i.e. a jump of ~ 9% and in terms of fund utilization, it was increased from Rs.117.26 crore of FY 2009-10 to Rs. 189.64 crore in FY 2010-11. This was possible due to materialisation of the high cost items (ship payment to the tune of Rs.39.74 crore) and uses of M&E head fund (Non NER GSI) which was utilised in full. This performance pace would be continued in future course of Plan activities. GSI has always made sincere efforts to complete the planned projects and Ministry is also monitoring the entire activities of GSI closely.

Indian Bureau of Mines(IBM):

Plan Outlay of IBM for FY 2011-12 has been kept at BE Rs.22.00 crores. This entire amount of Rs. 22.00 crore was granted through gross budgetary support. During the FY 2009 -10, an amount of Rs. 25.89 crore was spent under Plan Budget against the allotment of BE Rs. 19.00 crore and RE Rs.19.00 crore, which works out to be 136.26% utilisation of Plan fund. During the FY 2010 -11, an amount of Rs. 22.20 crore was spent under Plan Budget against the allotment of BE Rs. 28.00 crore and RE Rs.28.00 crore., which works out to 80% of utilization of fund. In comparison to the FY 2009-10, the financial performance of FY 2010-11 has observed a decline in Plan fund utilisation. The main reason for increased actual expenditure in 2009-10 is due to payment of arrears on MACP etc. in the salary. The reduced expenditure in 2010-11 is due to curtailment of certain schemes like Computerised Online Register on Mining Tenement System, etc. and less expenditure in NER.

These activities of IBM are being undertaken through following five schemes. The evaluation of these schemes during XI Plan shows satisfactory results as the targets are being achieved and the very purpose of the schemes are being fulfilled. Achievement upto August, 2011 is indicated below for each scheme:-

1. Inspection of Mines for scientific and systematic mining, mineral conservation and mine environment.

During the 11th Plan period as against the target of 12,000 inspections, IBM has carried out 10894 inspections. 36 Regional Mining Geological Studies were carried out and 12 more such studies are in progress. IBM disposed of 1576 Mining Plans and 1512 Schemes of Mining. 149 Final Mine Closure Plan (FMCP) were also approved by IBM.

2. Mineral Beneficiation Studies, utilization of low grade and sub grade ores and analysis of environmental samples.

During the 11th Plan period as against the targets of 340 Ore Dressing Investigations, 2,40,000 Chemical Analysis, 11,200 Mineralogical examinations, IBM so far upto Aug.2011 carried out 286 Ore Dressing Investigations, 2,08,044 Chemical Analysis and 10215 Mineralogical examinations. In addition to this, 29 In-plant Studies have

been carried out. This achievement has helped for conservation of minerals by way of utilization of low-grade minerals, mineral rejects, development of flow sheets, identification of suitability of minerals for particular industry, troubleshooting jobs of the beneficiation plant etc.

3. Technical Up gradation and modernization.

During the 11th Plan period, the National Mineral Inventory has been updated and published as on 01.04.2005 covering 65 minerals both as per United Nations Framework Classification (UNFC) of mineral reserves. Further, updation of National Mineral Inventory as on 01.04.2010 is under progress and already summary outputs of 39 minerals have been completed and work is in progress for remaining minerals. Similarly, IBM has so far prepared 420 multi-mineral leasehold mineral maps with corresponding forest overlays for the States of Maharashtra, Tamil Nadu, Rajasthan, Gujarat, M.P., Uttarkhand and U.P. Preparation of 100 mineral maps for the States of J&K, H.P., Haryana, West Bengal, N-E States, Kerala and Goa is in progress. Against the target of 54-70 assignments on Technical Consultancy and Mining Research, IBM completed 78 assignments. IBM has so far conducted 64 Training Programmes, against the target of 72 Training Programmes, for imparting training to departmental employees, officials from NER States and industry personnel.

4. Collection, processing, dissemination of data of Mines and Minerals through Various Publications.

During the 11th Plan IBM has so far published 93 publications on various topical interests of mineral industry. These include flagship publication of IBM i.e. Indian Mineral Year Book, Market Survey on Minerals, Monographs, Bulletin on topical interests, Statistical periodicals, mineral royalty and techno-legal publications, etc.

5. Computerized On-line Register of Mining Tenement System – project taken up in XI Plan.

Earlier, the pilot project for two districts viz. Durg district of Chhattisgarh and Bellary district of Karnataka had been demonstrated. In respect of Registry component of the project, the job for preparation of Detailed Project Report (DPR) has been assigned by National Informatics Centre Services Incorporated to the consultant M/s. Ernst & Young on 19th May, 2011. The Detailed Project Report would be ready by end of December, 2011. Another 3 months would be required for decision making. The consultant organization has finalized the process maps indicating the procedure for grant of various mineral concessions, which will form the basic document for development of software. They also visited Chhattisgarh, Karnataka, Rajasthan and Madhya Pradesh to discuss the availability of IT facilities. The inception report submitted by the consultant was discussed in a meeting held on 12th September, 2011 under the Chairmanship of Secretary (Mines). A National Workshop with participation of all stakeholders is being held on 10th October, 2011.

IBM, during 2009-10, undertook 2500 inspection of mines, completed 12 Mining Geological Studies and approved 282 Mining Plans/367 Schemes of Mining under Scheme – Inspection of Mines; carried out 66 Ore Dressing Investigations, 50,519 Chemical Analysis, 2,383 Mineralogical Studies and 6 in-plant studies under Scheme – Mineral Beneficiation; carried out 10 Technical Consultancy assignments and 8 Mining Research assignments, conducted 15 Training courses, prepared 100 multi-mineral maps with forest overlays of Gujarat and part of Rajasthan on a scale of 1:50,000 and started updation of National Mineral Inventory as on 1.4.2010 under Scheme – Technological Upgradation; and released 18 publications under Scheme – Dissemination of data. In relation to Mining Tenement System (Scheme No.5), it is mentioned that the pilot project with 22 mining leases, 3 prospecting licences, 4

reconnaissance permits and 2 mineral based industries of Durg district of Chhattisgarh and 20 mining leases of Bellary district of Karnataka was hosted on the web using NIC infrastructure. Processing of DGPS data was in progress.

IBM, during 2010-11, undertook 2177 inspection of mines, completed National Mineral Inventory updation for 7,232 private lease-hold deposits, and approved 172 Mining Plans/234 Schemes of Mining under Scheme – Inspection of Mines; carried out 60 Ore Dressing Investigations, 41,925 Chemical Analysis and 2,060 Mineralogical Studies under Scheme – Mineral Beneficiation; carried out 6 Technical Consultancy assignments and 7 Mining Research assignments, conducted 12 Training courses, prepared 100 multi-mineral maps with forest overlays of Madhya Pradesh, Uttarakhand and Uttar Pradesh on a scale of 1:50,000 and continued updation of National Mineral Inventory as on 1.4.2010 under Scheme – Technological Upgradation; and released 24 publications under Scheme – Dissemination of data. In relation to Mining Tenement System (Scheme No.5), it is mentioned that Rs.70.89 lakh had been transferred to National Informatics Centre Services Incorporated(NICSI) for preparation of Detailed Project Report and the process for hiring of consultant for preparation of Detailed Project Report had been completed by National Informatics Centre.

National Aluminium Company Limited(NALCO):

The approved expenditure vis-à-vis the actual expenditure for BE 2009-10, RE 2009-10, BE 2010-11 and RE 2010-11 of National Aluminium Company Ltd. (NALCO) is as under:-

Head of Scheme	2009-10				2010-11			
	BE	RE	Actual	% achievement of RE	BE	RE	Actual	% achievement of RE
1. 2nd Phase	952	653	450	69%	484	306	309	101%
2.Up-gradation of Refinery	6	22	7	33%	322	42	29	69%
3. Greenfield Project	63	8	1	12%	31	6	1	18%
4.Phase III Expansion	15	11	14	124%	15	1	0.10	10%
5. Pottangi Mines	1	1	-	0%	1	1	-	0%
6.Utkal-E, Coal Mines	54	52	56	108%	105	52	18	35%
7.220KA Up-gradation Smelter	-	-	-	0%	75	5	0	0%
8. AMR	300	204	165	81%	356	300	306	102%
	1,391	951	693	73%	1,389	713	663	93%

From the above, it is apparent that, overall expenditure for projects has improved to 93% in financial year 2010-11 from 73% in previous year. For the 2nd phase expansion as well as Addition, Modification and Replacement(AMR) works, expenditure is more than 100%. However, the Company will make all efforts to achieve the ambitious targets being set at the beginning of a year. The expenditure targets could not be achieved due to constraints like failure of contractors, delay in getting statutory clearances, involvement of multi agencies and meeting the criteria set by various guidelines. In spite of above reasons, the Company could achieve 93% expenditure of the planned budget of 2010-11.

As regards project execution, the Company while understanding the importance of growth and timely execution has put in place the requisite manpower having technical expertise. The projects are being continuously monitored and guided in the Ministry and within NALCO. The 2nd phase expansion involving Rs. 4402 crore is already commissioned, where 101% expenditure has been achieved against planned budget during 2010-11. Other projects are in various stages of implementation.

Detail status of projects and reasons for shortfall, if any, are enumerated below:

1. 2nd Phase expansion:

Production from NALCO's 2nd phase expansion started with aluminium smelter commissioning in December, 2009, and captive power plant in August, 2009 (one unit) and August, 2010 (another unit). The commissioning of alumina refinery at mines and refinery complex achieved in June, 2011.

The actual expenditure for the 2nd phase expansion {approved estimate of Rs. 4402 crores} is Rs. 4096 crores (96% of commitment) against commitments of Rs. 4276 crores.

2. Up-gradation of Refinery :

The project is an improvement to the 4th alumina stream which was commissioned in June, 2011 under 2nd phase expansion. The capacity of 4th stream alumina refinery will be enhanced to 7 lakh MT from 5.25 lakh MT through technological upgradation. The on-going brown field project has an approved outlay of Rs. 409 crores.

The project has achieved 69% of targeted expenditure. Shortfall is on account of delay in getting environmental clearance and in 2nd phase expansion commissioning which had a cascading effect. The environmental clearance from Ministry of Environment & Forests(MoEF) was received in May, 2010 after which only the construction activities could start at Damanjodi.

3. Greenfield Project:

In order to add value to the surplus alumina and to diversify into other metal as well as energy sector, the Company has taken up business development initiatives through green field investment. Several alternatives were pursued by the Company and the major ones out of them are as under:

1. Joint venture with NPCIL for generation of nuclear power (1400 MW).
2. Green field aluminium smelter and power plant in Indonesia.
3. Green field aluminium smelter and power plant in Odisha/ Chhatishgarh.
4. Green field wind power project.
5. Green field bauxite mine and alumina refinery in Andhra Pradesh.

Expenditure incurred is 19%. Delay in getting approval for JV project with NPCIL for nuclear power project, delay in finalizing Company for long term coal supply in Indonesia project and naxalite activities in Andhra Pradesh are the reasons for shortfall in expenditure.

The wind farm project has been committed and the procurement orders for the project have been placed in June, 2011, at Rs. 274 crore.

4. Phase III Expansion:

Under 3rd phase expansion, it is envisaged to have the following:

- (a) A new 5th stream at alumina refinery having capacity of about 1 million tones per annum(MTPA).
- (b) Expansion of captive power plant by addition of 2 more units i.e. 2X 250MW.

Expenditure is 10% against budget, as 5th stream at alumina refinery is linked to allotment of mining lease of Pottangi in favour of NALCO. The same is pending with State Govt., for which discussions are going on.

The embargo by MoEF/ Pollution Control Board for Angul - Talcher region based on 'Comprehensive Environmental Pollution Index' is the major reason for less

expenditure in 2X 250MW units at CPP, Angul. The embargo has since been lifted w.e.f. 31st March, 2011.

5. Pottangi Mines :

A token amount of Rs. 1 crore was kept for Pottangi Mines pending mining lease approval. Stringent conditions imposed by Odisha Govt. on Periphery Development / Corporate Social Responsibility issues are yet to be resolved. Proposal for mining lease is still pending with Odisha Govt. in spite of the matter being vigorously pursued by the Ministry and NALCO.

6. Utkal-E, Coal Mines

Overall expenditure for the project is 35%. Frequent postponement of the State Govt.'s RPDAC meeting for finalisation of land rate for procurement of private land, delay in getting environmental clearance and mining lease approval are major reasons for shortfall in expenditure. The environmental clearance was received in December, 2010, after which only the activities picked up. After consistent follow up by the Ministry of Mines with Ministry of Coal, mining lease of the block has been recommended to Govt. of Odisha for approval in June, 2011.

7. 220KA Up-gradation Smelter:

The up-gradation of capacity of aluminium smelter from existing 4.60 lakh tonnes per annum (LTPA) by 1.07 LTPA (i.e. 5.67 LTPA) is envisaged through increase of amperage of pot lines from 180KA to 220KA.

The embargo by MOEF/ Pollution Control Board for Angul-Talcher region based on 'Comprehensive Environmental Pollution Index(CEPI)', which has since been lifted from March 2011 is the major reason for shortfall in expenditure.

Hindustan Copper Limited (HCL):

Hindustan Copper Ltd. (HCL), the only producer of primary Copper from indigenous sources in India, has a Plan outlay of Rs.297.0 crores for the year 2011-12 as against Rs.150.35 crores during 2010-11. The entire capital expenditure for carrying out Mines development, expansion and Renewal & Replacement of equipment shall be met by HCL from its Internal and External Budgetary Resources (I&EBR).

The status of the expenditure of HCL during the years 2009-10 & 2010-11 at the RE stage has been as under:

(Rs.in crore)						
Particulars	2009-10			2010-11		
	BE	RE	Actuals	BE	RE	Actuals
Plan outlay	40.00	80.78	80.45	150.35	150.35	150.42

The above status of HCL's expenditure reveals that the projects/schemes have been implemented as per schedule. The system of monitoring the progress of expenditure and status of progress of schemes in HCL has been quite effective.

HCL further emphasizes that all projects/schemes envisaged to be taken up during the year 2011-12 (being the terminal year of XIth Plan) are expected to be completed/executed during the Plan period. HCL shall be continuously monitoring implementation of the projects/schemes during the year 2011-12.

Mineral Exploration Corporation Limited (MECL):

Target set by Ministry of Mines during the last two years i.e. 2009-10 and 2010-11 for promotional activities and Internal and Extra Budgetary Resources (IEBR)) for capital expenditure of MECL were fully utilized. The outlay for the terminal year of

XIth Five Year Plan i.e. 2011-12 is anticipated to be utilized fully. The details of outlay and its utilization are given below:

(Rs. in crore)

Year	2009-10		2010-11		2011-12	
	Outlay	Utilisation	Outlay	Utilisation	Outlay	Anticipated Utilisation
Promotional	10.00*	5.65	7.00	7.00	8.00	8.00
Capital (IEBR)	10.00	10.00	8.00	8.00	9.00	9.00

*Reduced to Rs.5.65 crores in FE 2009-10.

Science & Technology Programme(S&T):

The project proposals from various Government institutions, public sector undertakings, universities and other research organizations engaged in the mineral and mining sectors are peer reviewed by a Group of Experts constituting the Project Evaluation and Review Committee (PERC), Suitable projects and forwarded to a high level Standing Scientific Advisory Group (SSAG) of the Ministry of Mines under the Chairmanship of the Secretary (Mines) for approval.

The projects are approved by the Standing Scientific Advisory Group (SSAG) for the duration of two and three years. Some on-going Projects where the budget was released during 2010 and 2011 spilled over to another two and three years. However, the yardstick of spending the funds earmarked for the project on year to year basis cannot be possible.

The allocated budget for the year 2009-10, 2010-11 and 2011-12 were the same i.e. Rs.3 crore . hence there was no enhancement of funds under S & T Programme. The funds utilized under the S&T during 2009-10 and 2010-11 were Rs.162.82 lakh and Rs.299.39 lakh respectively. The less utilization of funds in the year 2009-10 was on account of proposals pertaining to release of funds not maturing during the year because of various factors.

[O.M.No.5(3)/2011-IF dated 23.11.2011 of the Ministry of Mines]

Recommendation (Serial No.2)

The Committee regret to observe that Geological Survey of India, the premier organisation 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 organisation during the first four years of the XIth Plan in the field of survey and mapping and Mineral Exploration has also been very satisfactory as is evident from the information/ data made available to the Committee by the Ministry. During 2010-11 the organisation 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 the 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 modernisation programme of GSI which was conceived during Xth Plan is unlikely to be completed during the XIth period given the pace of the modernisation programme. The shortage of manpower in the organisation is also

affecting the functioning. The Committee desire the Ministry to seriously look into the affairs of GSI and take expeditious steps to remove all the constraints the organisation is facing in its modernisation programme and shortage of manpower to make the organisation of international repute.

Action Taken

It is already mentioned that during the FY 2010 -11, an amount of Rs. 193.94 crore has been spent under Plan Budget against the allotment of RE Rs. 202.00 crore, which works out to 96% of utilization of fund. Initially at BE stage Rs.162.00 crore was allotted and subsequently Rs. 40.00 crore was allotted in the form of 2nd Supplementary towards payment of 1st Instalment for Ship (Ocean Going Research Vessel) construction.

The overall drilling progress achieved by drilling units (Mission-IIA-34 Nos & Mission-IIB-46 Nos) is 56193.15 mts up to 31.08.2011 in the FS 2010-12 which is above 96 % of prorata target of 58126 mts. The overall progress achieved by drilling units under Mission -IIA (Minerals) is 15070.50 mts which is 88.2 % of pro-rata target and by drilling units of Mission -IIB (Energy) is 41123.45 mts which is above 100 % of the prorata target. The progress suffered as two units of CRO and one unit from WRO could not perform for want of forest clearance, two other units of WRO also could not be shifted due to water logging to new site. In spite of various constraints all efforts are being made by the units to cover up the shortfall in the remaining period of the FS 2010-12.

Most of the time reasons behind the shortage of drilling performance observed were mainly due to the fact that majority of the drilling being carried out in rugged terrains besides severe problems of law and order, delay in forest clearance, machinery failures, shifting of drilling units to long distance etc.

Detailed Mapping components of Mineral Investigation Programme was less comparable to the target for the period FY 2010-12 as the newly recruited officers assigned for the items could start their assignment only after completion of their Orientation Course for Geologists (OCG). Even after a late start the major part of the pro-rata targets for the year 2010-12 could be achieved.

The HPC report was submitted in the year March'2009. Thereafter subsequent to the acceptance of the report by the Ministry, it was progressively implemented / initiated from FY 2010-11 in various spheres. Even some the recommendations are yet to be implemented. Moreover, in this report some radical structural changes were recommended particularly the implementation of the Mission-Region Hybrid Mode Techno-Administrative System of functioning, which is no doubt a time taking process, like orientation of the personnel / fund flow etc as per the HPC recommendation cannot be achieved overnight. There needs to be a required time period to grow or build up the transformation from CHQ- Region model (old System) to newly introduced CHQ – Mission –Region Hybrid Matrix System to establish perfect co-ordination amongst CHQ, different Regions and various Missions in all administrative as well as technical affairs. Hence sufficient time is required towards full-fledged implementation of the said report. The Ministry is still very much vigilant and keeping a close watch on its implementation. They are ardently engaged in regular monitoring and feedback are being taken up and wherever any modification / correction is required Ministry is taking up forthwith, the measures with utmost care.

The ambitious Modernisation Programme of GSI is a continuous process i.e. infusion of modern sophisticated laboratory and Drilling accessories are being taken up on regular basis besides intermittent induction of high cost items like Ocean Going Vessel, Geotechnical Vessel, Coastal Launch, Fixed Wing Aircraft with Time Domain Multi-sensor System etc. The acquisition process is being taken up by keeping in view the scientific changes taking place around the world to keep the standard of departmental abreast with the top international survey organisations. During the XI Five Year Plan period only Heliborne Geophysical System has been acquired and other above mentioned high cost items were planned to be acquired during the XI Plan period. However the same did not materialise and will be taken up in XII Plan subject to provisions.

The shortage of manpower in the organisation is also affecting the functioning of GSI in full. However due to intervention of the Ministry the induction process in all streams have been speeded up and particularly in Geology Stream which is the main stay of the organisation, the quantum of induction has been increased even to the tune of 300 Geologists per year. But due to substantial superannuation, the additional manpower is not visible presently. However by 2015, GSI would function with the full strength. In this respect GSI as well as Ministry is seriously looking into the matter and are being taking expeditious steps to remove all the hurdles / constraints of the organisation is facing in its modernisation programme and shortage of manpower to make the organisation of international repute.

[O.M.No.5(3)/2011-IF dated 23.11.2011 of the Ministry of Mines]

Comments of the Committee

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

Recommendation(Serial No.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 Conservation and 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.

Action Taken

Since first half of the financial year 2011-12 is already over and allocation of funds is sufficient to meet the demands for the remaining half, IBM is not seeking any enhancement of budgetary allocation while preparing the revised estimates 2011-12. While submitting proposals for Annual Plan 2012-13, IBM will propose for increase in budgetary allocation to support R&D activities.

[O.M.No.5(3)/2011-IF dated 23.11.2011 of the Ministry of Mines]

Recommendation (Serial No.4)

The Committee observe that the National Aluminium Company Limited (NALCO), an integrated aluminium plant to produce bauxite, alumina, aluminium and power in the backward tribal areas of Orissa has been meeting its outlay from Internal & External Budgetary Resources (I & EBR). The plan outlay for NALCO in BE 2010-11 was Rs.1389.00 which was decreased to Rs.713.00 and Rs.1057 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 Aluminium Plant, delay in obtaining environment clearance for upgradation of Aluminium Plant and Utkal – E Coal Block etc. The Company has also not been able to achieve physical target in the production of bauxite, alumina hydrate, metal and power generation as per MOU signed with 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 taken to resolve these problems for expeditious completion of various schemes / projects, particularly in view of severe competition from private sector in this regard.

Action Taken

The target production vis-à-vis the actual production for 09-10 and 10-11 for the Company is as under:-

Sl. No	Name of the product	2010-11			2009-10		
		Target	Actual	Achievement	Target	Actual	Achievement (%)
a)	Bauxite (Lakh MT)	49.80	48.67	98 %	55.80	48.79	87 %
b)	Alumina Hydrate (Lakh MT)	16.45	15.56	95 %	18.20	15.92	87 %
c)	Metal (Lakh MT)	4.35	4.44	102 %	4.35	4.32	88 %
d)	Power(MU)	7,515	6,601	88 %	6,510	6,293	97 %

As regards expenditure, the projection vis-à-vis actual expenditure is given as under:-

Head of Scheme	BE 2010-11	RE 2010-11	Actual	% achievement vs. RE
1. IInd Phase	484	306	309	101%
2. Up-gradation of Refinery	322	42	29	69%
3. Greenfield Project	31	6	1	18%
4. Phase III Expansion	15	1	0.10	10%
5. Pottangi Mines	1	1	-	0%
6. Utkal-E, Coal Mines	105	52	18	35%
7. 220KA Up-gradation Smelter	75	5	0	0%
8. AMR	356	300	306	102%
Total	1,389	713	663	93%

Detailed status of activities have been explained in Para 1 above.

The activities for Utkal-E has picked up considerably after issue of mining lease approval from Ministry of Coal, Govt. of India in June, 2011. Similarly, the activities for upgradation at refinery picked up following commissioning of 2nd phase expansion in June, 2011.

Similarly, the 3rd phase expansion at smelter and power complex at Angul got delayed due to embargo by Pollution Control Board for Angul region on account of higher CEPI index issued by MOEF, which has since been lifted.

[O.M.No.5(3)/2011-IF dated 23.11.2011 of the Ministry of Mines]

Comments of the Committee

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

Recommendation (Serial No.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 & 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 to Rs.4403.00 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.

Action Taken

With commissioning of alumina refinery at Damanjodi in June, 2011, NALCO's 2nd phase expansion became fully operational. As on September, 2011, the financial commitment for capital expenditure is Rs. 4276 crores and expenditure incurred is Rs. 4111 crores. More than 18,000 MT of Hydrate has been produced from newly commissioned 4th stream, upto September, 2011.

[O.M.No.5(3)/2011-IF dated 23.11.2011 of the Ministry of Mines]

Recommendation (Serial No.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 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.

Action Taken

Ministry of Coal has forwarded mining lease approval to Govt. of Odisha vide letter dated 14.06.2011. Utkal-E block was allotted to NALCO on 27.08.2004 by the Ministry of Coal. The mining plan was approved by the Ministry of Coal in 2006 and the environmental clearance from MOEF was received only in December, 2010. Now, after getting the mining lease approval by Ministry of Coal, the activities have picked up.

At present the major hurdles are getting the forest clearance and acquiring private land for R&R colony. The action plan chalked out for the same are being deliberated and followed up every month with several agencies at State Govt. at highest level as well as at Ministry level.

However, getting forest clearance was a long drawn process. Another major challenge is acquiring private as well as Govt. land for this green field project for commissioning of the project as per schedule.

[O.M.No.5(3)/2011-IF dated 23.11.2011 of the Ministry of Mines]

Comments of the Committee

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

Recommendation (Serial No.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 Visakhapatnam district at an estimated cost of Rs.6000 crore. 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.

Action Taken

The business development division of the Company is exclusively responsible for pursuing the Greenfield, upstream and downstream and diversification projects of the Company. A team of competent executives has been put in place exclusively to pursue the Greenfield initiatives. Wind power project in Andhra Pradesh has already been ordered by the division. The other projects involve acquisition of land, allotment of water, forest and environment clearances, difficult working places infected by extremists activities, etc. As such, despite best possible efforts, results do take time considering sensitivities attached with these issues.

[O.M.No.5(3)/2011-IF dated 23.11.2011 of the Ministry of Mines]

Recommendation (Serial No.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.

Action Taken

During the year 2010-11, MECL has achieved 2.37 lakh m of drilling departmentally which is 96.8% of MoU target of 2.45 lakh m. Its Gross Revenue and gross margin were 137.31 crores and Rs.21.55 crores against the target of Rs.142.00 crores and Rs.30.08 crores respectively. The shortfall in gross revenue and Gross margin during 2010-11 is due to provisions made for hike in ceiling of gratuity amount from Rs.3.50 lakhs to Rs.10.00 lakhs, required to be paid as per the revised norms. For the year 2011-12, sufficient work is available with MECL both for promotional and contractual work. MECL has drawn month wise action plan for achieving targets for exploratory drilling, outsourcing and Gross Revenue and Gross Margin, the details of which are given below.

Sl. No.	Item	Target up to August 2011	Achievement up to August 2011	% Improvement	Corresponding achievement during 2010-11
1.	Drilling (m)	1,14,500	1,18,175	103%	92,892
2.	Developmental Mining (m)	2,915	3,389	116%	3,218
3.	Gross Sale (Rs. Lakhs)	6,179	6,157	99.6%	5,013
4	Gross Margins (Rs. Lakhs)	1,389	1,411	102%	909

So far MECL has achieved the target set and it is expected that that the annual target for 2011-12 would also be achieved by the Company.

[O.M.No.5(3)/2011-IF dated 23.11.2011 of the Ministry of Mines]

Recommendation (Serial No.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 is 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 constraints, 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 Ghatsila, Jharkhand. Therefore, the Committee desire that necessary action may be taken in the matter.

Action Taken

The Plan outlay for Hindustan Copper Ltd. for the year 2011-12 is Rs.297 crores, allocated under the following Scheme/ Programme:

(Rs. in crore)

Sl. No.	Name of Scheme/Programme	Plan outlay
1.	Replacement & Renewals	23.00
2.	Mine Development	85.00
3.	Mine Expansion	189.00
	Total :	297.00

The expenditure by HCL for carrying out its mine development and expansion programme shall be met from its Internal and External Budgetary Resources (I&EBRs). Mine expansion/ mine re-opening programme includes expansion of Khetri & Kolihan, Banwas, Surda, Rakha & Kendadih mines.

HCL is already in the process of awarding tenders for re-opening of Rakha and Kendadih mines.

Regarding HCL's office/ building in its Ghatsila, Jharkhand Unit, necessary action is being taken by HCL for its repair.

O.M.No.5(3)/2011-IF dated 23.11.2011 of the Ministry of Mines]

Comments of the Committee

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

CHPATER III

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

-NIL-

CHAPTER IV

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

Recommendations (Serial No. 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.

Action Taken

Target set by Ministry of Mines during 2011-12 were Rs. 8.00 crores for promotional activities and Rs. 9.00 Crores (Internal and Extra Budgetary Resources (IEBR)) for capital expenditure of MECL. Till Aug,2011, the total value of work done/bills raised by MECL has been Rs.4.91 crores and it is expected that a sum of Rs.4.50 crores is likely to be utilized for ongoing work in various projects in Arunachal Pradesh, Meghalaya, Orissa & Rajasthan and also on proposals of MECL during 2011-12 which has been approved in the 23rd meeting of SCPP or is being put up to next SCPP. Out of Rs.9.00 crores towards capital expenditure, MECL has expected to fully utilize the total allocation of Rs.9.00 crores by March,2012 by proposing to acquire equipments for drilling and mining work with an estimated cost of Rs.9 crores . It is expected that MECL will utilize both the outlay fully. This Ministry has taken up the matter for necessary forest clearances in respect of the above projects at the ministerial level. MECL is also vigorously pursuing the proposals with the officials of concerned Forest Deptt. and every effort will be done to get these forest clearances at the earliest.

O.M.No.5(3)/2011-IF dated 23.11.2011 of the Ministry of Mines]

Comments of the Committee

(Please see Para no. 16 of Chapter-I of the Report)

CHAPTER V

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

-NIL-

**NEW DELHI;
20 April, 2012
31 Chaitra, 1934 (Saka)**

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

ANNEXURE- I

ANNEXURE- II

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2011-12) HELD ON 17.04.2012 IN COMMITTEE ROOM D, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1400 hrs. to 1645 hrs.

PRESENT

Shri Kalyan Banerjee- **Chairman**

MEMBERS

LOK SABHA

2. Shri Hansraj G. Ahir
3. Shri Abu Hasem Khan Choudhury
4. Smt. Jyoti Dhurve
5. Adv. Ganeshrao Nagorao Dudhgaonkar
6. Shri Ismail Hussain
7. Sardar Sukhdev Singh Libra
8. Shri Govind Prasad Mishra
9. Shri Deoraj Singh Patel
10. Shri Pashupati Nath Singh
11. Shri K. Sugumar
12. Dr. G. Vivekanand

RAJYA SABHA

13. Shri Jugul Kishore
14. Shri Nand Kumar Sai
15. Shri Jai Prakash Narayan Singh
16. Smt. Smriti Zubin Irani

SECRETARIAT

- | | | | |
|----|--------------------|---|----------------------|
| 1. | Shri P. Sreedharan | - | Additional Secretary |
| 2. | Shri Shiv Singh | - | Director |
| 3. | Shri Arvind Sharma | - | Deputy Secretary |

** ** ** ** **

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

3. The Committee thereafter took up for consideration the following Draft Report and Action Taken Reports:-

- | | | | | |
|-------|--|----|----|----|
| (i) | ** | ** | ** | ** |
| (ii) | ** | ** | ** | ** |
| (iii) | ** | ** | ** | ** |
| (iv) | Action Taken Report on observations/recommendations contained in the 17 th Report on Demands for Grants(2011-12) of the Ministry of Mines | | | |
| (v) | ** | ** | ** | ** |

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

- | | | | | |
|----|----|----|----|----|
| 5. | ** | ** | ** | ** |
| 6. | ** | ** | ** | ** |
| 7. | ** | ** | ** | ** |

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

The Committee then adjourned.

**Do not pertain to this Report.

ANNEXURE- III
(Vide Para IV of Introduction)

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THE SEVENTEENTH REPORT
OF THE STANDING COMMITTEE ON COAL AND STEEL**

I.	Total No. of Recommendations made	10
II.	Recommendations that have been accepted by the Government <i>(vide recommendation at S1. Nos. 1,2,3,4,5,6,7,9 and 10)</i>	09
	Percentage of total	90%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies	00
	Percentage of total	Nil
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee <i>(vide recommendation at S1. No.8)</i>	01
	Percentage of total	10%
V.	Recommendations in respect of which final replies of the Government are still awaited	00
	Percentage of total	Nil