

TWELFTH REPORT
STANDING COMMITTEE ON
COAL AND STEEL
(2014-2015)

(SIXTEENTH LOK SABHA)

MINISTRY OF MINES

*[Action Taken by the Government on the Observations/Recommendations
contained in the Second Report of the Standing Committee on
Coal and Steel (Sixteenth Lok Sabha) on
“Demands for Grants (2014-15)”]*

Presented to Lok Sabha on 6.5.2015

Laid in Rajya Sabha on 6.5.2015



LOK SABHA SECRETARIAT
NEW DELHI

May, 2015/Vaisakha, 1937 (Saka)

CC&S No. 98

Price : ₹ 59.00

© 2015 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fifteenth Edition) and printed by Anupam Art Printers, New Delhi.

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
INTRODUCTION	(v)
CHAPTER I Report	1
CHAPTER II Observations/Recommendations which have been accepted by the Government.....	20
CHAPTER III Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies	38
CHAPTER IV Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee	39
CHAPTER V Observations/Recommendations in respect of which final replies of the Government are still awaited	43

ANNEXURES

I. Minutes of the sitting of the Standing Committee on Coal and Steel (2014-15) held on 5.5.2015	50
II. Analysis of Action Taken by the Government on the Recommendations contained in the Second Report of the Standing Committee on Coal and Steel (Sixteenth Lok Sabha)	52

COMPOSITION OF THE STANDING COMMITTEE
ON COAL AND STEEL (2014-15)

Shri Rakesh Singh* – *Chairperson*

MEMBERS

Lok Sabha

2. Shri A. Arunmozhithevan
3. Shri Kalyan Banerjee
4. Shrimati Jyoti Dhurve
5. Shri Faggan Singh Kulaste
6. Shri Shailesh Kumar
7. Dr. Banshilal Mahato
8. Shri Godam Nagesh
9. Shri Devji M. Patel
10. Shrimati Riti Pathak
11. Shrimati Ranjit Ranjan
12. Dr. Ravindra Kumar Ray
13. Shri Neiphiu Rio
14. Shri Tamradhwaj Sahu
15. Shri Tathagata Satpathy
16. Shri Janardan Singh “Sigriwal”
17. Shri Pashupati Nath Singh
18. Shri Sunil Kumar Singh
19. Shri Sushil Kumar Singh
20. Shri Rama Kishore Singh
21. Shri Krupal Balaji Tumane

Rajya Sabha

22. Shri Ali Anwar Ansari
23. Dr. Pradeep Kumar Balmuchu

*Shri Rakesh Singh appointed w.e.f. 27.11.2014 vice Shri Hansraj G. Ahir appointed Minister.

24. Shri Md. Nadimul Haque[@]
25. Shri B.K. Hariprasad
26. Shri Jugul Kishore
27. Shri Avinash Pande
28. Dr. Satyanarayan Jatiya[#]
29. Shri Sanjay Raut
30. Shri Nand Kumar Sai
31. Shri Dilip Kumar Tirkey

SECRETARIAT

- | | | |
|-------------------------|---|--------------------------------|
| 1. Shri Shiv Singh | — | <i>Joint Secretary</i> |
| 2. Shri Ajay Kumar Garg | — | <i>Director</i> |
| 3. Shri Arvind Sharma | — | <i>Additional Director</i> |
| 4. Smt. Madhu Tandon | — | <i>Sr. Committee Assistant</i> |

[@]Shri Md. Nadimul Haque nominated w.e.f. 08.01.2015 vice Shri Srinjoy Bose.

[#]Dr. Satyanarayan Jatiya nominated w.e.f. 25.09.2014 vice Shri Basawaraj Patil.

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 Twelfth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Second Report of the Standing Committee on Coal and Steel (Sixteenth Lok Sabha) on “Demands for Grants (2014-15)” pertaining to the Ministry of Mines.

2. The Second Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 22nd December, 2014. Replies of the Government to all the observations/recommendations contained in the Report were received on 26th March, 2015.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 05.05.2015.

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

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

NEW DELHI;
05 May, 2015

15 Vaisakha, 1937 (Saka)

RAKESH SINGH,
Chairperson,
Standing Committee on
Coal and Steel.

CHAPTER I

REPORT

This Report of the Standing Committee deals with Action Taken by the Government on the observations/recommendations contained in the Second Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel on Demands for Grants (2014-15) relating to the Ministry of Mines which was presented to Lok Sabha on 22.12.2014 and laid in Rajya Sabha on 22.12.2014.

2. The Action Taken Replies have been received from the Ministry of Mines in respect of all the 11 observations/recommendations contained in the Report on 26.03.2015. These have been categorised as follows:—

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

Serial Nos. 1, 2, 3, 6, 9 and 10

Total : 06
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 : 01
Chapter-IV

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

Serial Nos. 4, 5, 7 and 11

Total : 04
Chapter-V

3. The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In case, where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that final Action Taken replies on the Observations/Recommendations contained in Chapters-I & V of this Report be furnished to them at an early date.

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

Utilization Of Approved Outlays

Recommendation (Serial No. 1)

5. The Committee observed that for the year 2014-15, the Planning Commission had approved a total outlay of Rs. 2379.39 crore for Ministry of Mines as against the outlay of Rs. 2574.05 crore proposed by the Ministry. During 2013-14, against an approved outlay of Rs. 2919.12 crore (BE) of the Ministry at BE stage, RE was reduced to Rs. 1500.89 crore and the expenditure was Rs. 1358.14 crore. The expenditure under Plan Head during 2013-14 had been increased from Rs. 467 crore to Rs. 548.14 crore due to an additional allocation of Rs. 103.14 crore for payment of the 6th and final installment of an Oceanographic Research Vessel (ORV) procured by the GSI as it was not provided by the Ministry of Finance during the process of finalization of BE 2013-14. In addition, the Planning Commission had allotted Rs. 50 crore for restoration of GSI's Heritage building in Kolkata. The Committee were unhappy to observe that out of total outlay of Rs. 20553.48 crore approved for the 12th Five Year Plan for the Ministry of Mines, the actual utilization of fund during the first two years of the plan period *i.e.* 2012-13 and 2013-14 was Rs. 1473.65 crore and Rs. 1358.14 crore respectively. Thus, during first two years of the plan, the Ministry could utilize only 14% of the allocated fund. The fund utilization by NALCO in the first two years of 12th Plan *i.e.* 2012-13 and 2013-14 was not satisfactory as out of total outlay of Rs. 2343.00 crore for the year 2012-13 and Rs. 1737.00 crore for the year 2013-14, the company could utilize only Rs. 878.80 crore *i.e.* about 38% and Rs. 523.41 crore *i.e.* only 30% of the approved outlays. Similarly, utilization of funds by HCL was also not satisfactory during the year 2013-14. During the first two years of 12th Plan, the actual expenditure by HCL was about 14% of 12th Plan outlay and against an outlay of Rs. 688.37

crore for the year 2013-14, they could utilize only Rs. 310.28 crore *i.e.* 41% of the allocated funds. In respect of Indian Bureau of Mines (IBM), the plan outlay was Rs. 49.00 crore in BE during the year 2013-14 which was reduced to Rs. 35.00 crore at RE and the expenditure was Rs. 24.75 crore only. The Committee were concerned to note under-utilization of funds for PSUs and attached offices under the Ministry of Mines as they could not fully utilize the funds during the year 2013-14. While observing under- utilization of Annual Plan by the PSUs and attached offices, the Committee desired that the Ministry should take necessary corrective measures to ensure proper implementation of schemes during 2014-15 so that the scarce funds made available are fully utilized to derive benefits therefrom. The Committee also recommended that the Ministry should ensure for getting allocation of additional funds to ensure increased Gross Budgetary Support and plan outlays of PSUs so that targets of total outlays of Rs. 20553.48 crore as envisaged for utilization during 12th Plan Period is achieved. The Committee were unhappy to note the under-utilization of outlays by NALCO, HCL and IBM during 2012-13 and 2013-14 and recommended that the Government/PSUs and attached offices should analyse the precise reasons in this regard, identify them with a view to taking corrective measures for full utilization of plan funds by the PSUs during the remaining years of 12th Plan.

6. The Ministry in their Action Taken reply have informed the Committee as under:—

“NALCO takes note of the concern of the Committee regarding under-utilization of projected funds. In many cases the underutilization of funds is due to re-phasing and rescheduling of projects. In addition, such delay has been caused by regulatory requirement like obtaining mandatory clearances such as forest and environmental related clearance and resistance by local persons on which the company has little control. The details of BE, RE and actual expenditure during 2012-13, 2013-14 and 2014-15 are as under:—

Plan Outlay and Expenditure during last three years—NALCO

(Rs. in crore)

Sl. No.	Particulars	2012-13			2013-14			2014-15	
		BE	RE	Actual	BE	RE	Actual	BE	RE
1	2	3	4	5	6	7	8	9	10
1.	Phase-II Expansion	191.00	90.00	35.30	42.00	5.50	44.24	—	—
2.	Upgradation of Alumina Plant	160.00	95.00	115.89	50.00	37.78	55.28	21.00	32.40

1	2	3	4	5	6	7	8	9	10
3.	Pottangi Mine & 5th Stream	6.00	2.00	0.13	3.00	2.08	0.72	1.00	0.53
4.	220KA Upgradation of Smelter	100.00	6.00	0.00	22.00	0.08	–	3.54	0.00
5.	2 x 250 Captive Power Plant	15.00	1.00	0.00	5.00	–	–	–	–
6.	Coal Mine–Utkal-E	198.00	24.00	17.91	65.00	8.06	5.18	123.29	7.96
7.	Wind Power Plant-I	75.00	244.00	246.35	6.00	4.34	4.34	–	–
8.	Greenfield projects	1182.00	226.00	153.30	1140.00	133.46	132.84	592.16	35.51
9.	Additions, Modifications & Replacement (AMR)	416.00	322.00	309.92	404.00	351.20	280.81	440.03	323.98
Total		2343.00	1010.00	878.80	1737.00	542.50	523.41	1181.02	400.38

The reasons for shortfall of expenditure are as follows:–

Under Phase-II Expansion– Rs. 191.00 crores was provisioned for 2012-13. It was expected that there would be a saving to the extent of about Rs. 100.00 crores, and hence the projection was revised to Rs. 90.00 crores at the RE stage. However, the actual expenditure was Rs. 35.30 crores due to delay in contract closing and subsequent withholding of last 10% of contract value etc. The sum withheld was paid subsequently during the year 2013-14. Under Upgradation of Alumina Plant, as against BE of Rs. 160 crores, RE was revised to Rs. 95.00 crores considering the expected completion cost of Rs. 344.00 crores against approved cost of Rs. 409.00 crores. However, the actual expenditure was Rs. 115.89 crores which is more than the RE target. So far as the Pottangi Mine & 5th Stream Refinery are concerned, the recommendation of the Government of Odisha for the mining lease did not come about, hence the expenditure could not be incurred. With regard to 220 KA Upgradation of Smelter, the Board of NALCO had asked to carry out the cost benefit analysis of increasing amperage of Pot line 2, 3 and 4 upto 195 KA initially and upto 220 KA in second stage. It was also envisaged to study for higher amperage i.e. 400 KA or above in Pot line-1 after dismantling the existing set up. All activities pertaining to 220KA programme was therefore kept on hold and hence expenditure could not be incurred.

Considering the review in the Plan for 220KA Upgradation for pot line as explained above and also simultaneous review for resizing of power plant, it was felt that the proposed expenditure for 2 X 250 MW CPP cannot be achieved. Under Utkal-E Coal Mines, the delay in the progress of the project for various reasons as under led to less expenditure during 2012-13:—

- (a) The forest clearance for the project was delayed since the forest right certificate was not issued by District authorities for the left out land as the Gramsabha could not be held.
- (b) There was a hold by the State Government *vide* letter dt. 24.02.2012 on land acquisition till finalization of the comprehensive master plan of all the coal blocks in the Talcher region.
- (c) NALCO was unable to commence any field activity in absence of land possession and forest clearance. Further, the disbursement by State Government for acquisition of private land could not be completed and Government land was also not been transferred to NALCO.

During 2013-14, the targeted expenditure could not be achieved mainly due to pending issuance of Forest Right Certificate for balance 28.6 Ha. of forest land, slow disbursement of compensation to private land owners and resistance by locals for construction of R&R colony even though the contract has been awarded.

The reasons for less expenditure under Other Greenfield Projects are as under:—

- a. The major reason of scaling down of expenditure is due to deferment of the contribution to JV with NPCIL as a result of regulatory requirement.
- b. Provision for the Andhra Bauxite project was scaled down as it was not possible to carry out prospecting (Mine development) due to advice of Central Government citing tribal sentiments.
- c. Indonesia Smelter and Power project also shelved due to constraint in long term coal supply agreement.
- d. Company made provision of Rs. 212 crores for Wind Power Plant-II in Jaisalmer, Rajasthan during RE 2012-13 against which only Rs. 153 crores could be spent.

- e. Solar Power (Rs. 111.00 crores): The project was dropped as RPO requirement may not be required in view of Appellate Authority decision. Accordingly, the projected amount of Rs. 111.00 crores remained unspent.
- f. 1 MTPA Alumina Refinery in Gujarat in JV with GMDC: The projected CAPEX of Rs. 27.00 crores could not be spent during the year pending investment decision, which is dependent upon GMDC's consent for 49% equity participation in the project including other issues.
- g. Wind Power Plant-III: In-principle Board approval was accorded in Dec. 2013. Forest clearance is being pursued. Accordingly, targeted CAPEX of Rs. 24.00 crores could not be spent.

The lower expenditure under AMR Projects are due to delay in the execution primarily in lean slurry project, 4th Ash pond construction and other major projects such as transmission line at Laxmipur, BPTG of refinery unit; Fixed Length Conveyor and Semi Mobile Crusher Plant (SMCP) of mines unit on account of environmental clearance issue, local law and order situation, court intervention and poor response of vendors in certain cases. However, the work of Semi Mobile Crusher Plant (SMCP) & Fixed Long Distance Conveyor (FLDC) project suspension by MoEF was lifted in March, 2014 leading to resume the work.

The status of the actual expenditure of HCL during 2013-14 as compared to the targets at BE and RE stage are given in table 1.3. The main reason for underutilization of fund by HCL is due to delay in getting required statutory clearances for Mine Expansion Projects.

Plan Outlay and Expenditure during last three years—HCL

(Rs. in crore)

Particulars	2012-13			2013-14			2014-15	
	BE	RE	Actual	BE	RE	Actual	BE	RE
Replacement & Renewals	38.00	38.00	19.40	38.00	38.00	40.05	38.00	38.00
Mine development	85.00	85.00	185.56	70.00	150.00	204.17	120.00	120.00
Mine expansion	208.14	159.99	55.32	570.37	185.50	57.00	354.16	100.00
Greenfield exploration	10.00	10.00	0.00	10.00	10.00	9.06	10.00	10.00
Total	341.14	292.99	260.28	688.37	383.50	310.28	522.16	268.00

Indian Bureau of Mines (IBM) through the scheme 'Mining Tenement System' (MTS) envisaging to automate the various processes associated with the mineral concession regime to give an impetus to the decision making process and to meet the objectives of transparency and openness, floated the Request for Proposal (RFP) during 2013-14 to select an Implementing Agency for preparation of MTS. No Bids were received and the amount earmarked was surrendered.

Geological Survey of India (GSI) has been able to spend 96% of RE allocation during 2012-13 and 99.8% of RE allocation during 2013-14. In addition, Rs. 50 crore which has been allocated during 2014-15 for restoration of GSI's Heritage building in Kolkata, work has been initiated and necessary administrative approval and financial sanctions have been communicated by GSI to CPWD, Kolkata.

From the above, it is for the kind information of the Committee that shortfall in capital expenditure of PSUs from their internal resources generation has been due to reasons beyond their control. Endeavour will be made by the PSUs under the Ministry to utilize the capital expenditure leading to implementation of the projects. Similar efforts will be made by the Ministry to utilize the funds allocated to IBM and GSI through gross budgetary support.

Taking into account the importance of growth and timely execution of projects, CAPEX plans and its utilization are being reviewed and monitored periodically by the Board and the Government. Efforts are being made to maximize CAPEX utilisation for the remaining part of 12th Five Year Plan."

7. Keeping in view the poor performance of fund utilization by IBM, NALCO, HCL, etc. during the first two years of 12th Five Year Plan and by the end of second quarter of 2014-15, the Committee had urged upon the Government/PSUs and attached office to analyse the precise reasons for under utilization of outlays by them with a view to take corrective steps for full utilization of plan funds by the PSUs during the remaining years of the Plan Period. In this connection, the Ministry have submitted that underutilization of funds is due to re-phasing and rescheduling of projects delay in regulatory requirements like obtaining of mandatory clearances such as forest and environment clearances by NALCO, re-modification of the Request for Proposal (RFP) to select an Implementing Agency for preparation of Mining Tenement System (MTS) by IBM during

2014-15, delay in getting required statutory clearances for Mine Expansion Project of HCL, etc. The Ministry have further apprised the Committee that taking into account the importance of growth and timely execution of projects, CAPEX plans and its utilization are being reviewed and monitored periodically by the Board and the Government. Efforts are being made to maximize CAPEX utilisation for the remaining part of 12th Five Year Plan. The Committee expect that with the above referred steps taken by the Ministry of Mines and PSUs/Attached Offices, all the impediments coming in completion of ongoing projects would be removed and approved outlays will be fully utilized during 2015-16 in a time bound manner.

Manpower Requirement in GSI

Recommendation (Serial No. 3)

8. The Ministry had informed that after implementation of the High Powered Committee (HPC) recommendations, the sanctioned strength of GSI had been increased from 11,420 to 12,369 and accordingly GSI had taken up the drive to recruit fresh manpower in a phased manner. The sanctioned strength of GSI was reported to be achieved by the year 2018. The Committee expected that keeping in mind ambitious plans of GSI for procurement of high precision, sophisticated and state-of-the-art machinery, GSI needs to accelerate recruitment of manpower and ensure that the same was adequately utilized to achieve the enhanced targets for 2014-15 for locating the mineral resources of the country.

9. The Ministry in their Action Taken Reply have stated as follows:—

“The total sanctioned strength of GSI as per the HPC recommendation is 12369, an increase from 11420. The present filled in strength is 7310, as on 31st December, 2014, which works out to be 59.10% of the current sanctioned strength. There is an acute shortage of filled in strength of officers in scientific stream and GSI is being presently operated on approximately 48.72% of its total sanctioned strength in the S&T stream *i.e.* GSI is operating with approximately half of the manpower in the S&T stream. The Government has recognized this problem and is taking requisite steps for induction of scientific manpower. Geology is the main scientific stream of the organization with supporting scientific and technical streams like geophysics, chemical, drilling and mechanical engineering etc. and also with administrative, personnel, material management and finance divisions. In Geology stream, the filled in

strength of Group A and B officials is 56.76%. The stream/cadre wise sanctioned strength of personnel in GSI as on 31.12.2014 is shown below:—

Status of sanctioned and filled-in strength of various streams in GSI as on 31.12.2014

Stream	Sanctioned strength				Filled strength			
	Gr. A	Gr. B (including NG)	Gr.C	Total	Gr. A	Gr. B (including NG)	Gr.C	Total
S&T (a) Geology	2786	660	150	3596	1823	133	86	2042
Geophysics	555	220	70	845	174	28	35	237
Chemistry	509	315	150	974	161	104	81	346
Engineering	90	416	744	1250	58	217	347	622
Total (a)	3940	1611	1114	6665	2216	482	549	3247
Other stream Stores	9	226	240	475	7	153	36	196
Survey	31	319	—	350	11	124	—	135
Drawing	—	118	50	168	—	268	39	307
Transport	—	320	480	800	—	47	521	568
Finance	33	30	—	63	4	1	—	6
Personnel	52	646	595	1293	25	523	526	1074
Stenography	2	250	90	342	2	149	9	160
Misc.	13	200	2000	2213	4	59	1554	1617
Total	140	2109	3455	5704	54	1324	2685	4063
G. Total	4080	3720	4569	12369	2270	1806	3234	7310

The increase of manpower predominantly in scientific stream of GSI would be of great help in achieving larger target in different geo-scientific fields especially since GSI has been entrusted with the task of carrying out mineral exploration in the G1 and G2 stage, which was not being carried out by GSI. To boost the morale of the existing scientific cadre and to remove the stagnation, the Government has already taken up certain initiatives for ensured career progression (ACP, NFU) of the GSI personnel.

Geology, Geophysics and Chemistry streams in GSI have already been declared as Organized Group A service and accordingly new

Recruitment Rule has already been notified. New Recruitment Rules for Group A& B of Survey along with group B (NG) & C of Geology, Chemistry, Geophysics, Engineering, Drawing, Library Information, Stenography, Store streams and MTS have been notified on 15.2.2013/18.2.2013. Final order for merger of certain posts came into existence w.e.f. 15.2.2013 as per the recommendation of HPC/ Sixth CPC.”

10. Taking note of the ambitious plans of GSI for procurement of high precision, sophisticated and state-of-the-art machinery, the Committee had emphasised that GSI should accelerate recruitment of manpower and ensure that the same is adequately utilized to locate the mineral resources of the country. In their action taken reply, the Ministry have informed the Committee that though the total sanctioned strength of GSI as per the High Power Committee (HPC) recommendation is 12369, an increase from 11420, the present filled in strength is 7310, as on 31st December, 2014, which works out to be 59.10 % of the current sanctioned strength. There is an acute shortage of filled in strength of officers in scientific stream and GSI is being presently operated on approximately 48.72% of its total sanctioned strength in the S&T stream. While observing that the Government has recognized this problem and is taking requisite steps for induction of scientific manpower, the Committee feel that the increase of manpower predominantly in scientific stream of GSI would be of great help in achieving larger target in different geo-scientific fields especially since GSI has been entrusted with the task of carrying out mineral exploration in the G1 and G2 stage, which was hitherto not being carried out by GSI. The Committee would like to be apprised of the precise steps taken by the Government/GSI for accelerating the recruitment process.

Mining Tenement System (MTS)

Recommendation (Serial No. 4)

11. The Committee observed that during 2013-14, against the Plan Budget Estimates (BE) of Rs. 49 crore and Revised Estimates (RE) of Rs. 35 crore, IBM could actually spent Rs. 25.50 crore. The variation in BE 2013-14 and actual 2013-14 were scaled down to the extent of Rs. 23.50 crore by the Ministry of Finance at RE stage and then funds under the scheme ‘Mining Tenement System’ (MTS) were surrendered due to non-selection of system integrator. Taking note of scaling down of funds by Ministry of Finance at RE stage and subsequent surrendering of funds during 2013-14 due to non-selection of system integrator for MTS, the Committee would like to be apprised of the steps taken by the Ministry/IBM to ensure that enhanced BE of Rs. 53 crore (Plan) are fully utilized during 2014-15.

12. The Ministry in their Action Taken Reply have furnished the following information:—

“The BE, RE and actual Plan expenditure of IBM during last two years are given below:—

IBM’s Plan Expenditure during 2013-14 & 2014-15

(Rs. in crore)

2013-14			2014-15		
BE	RE	Actual Exp.	BE	RE	Actual Exp. Upto Jan.15
49.00	35.00	25.50	53.00	31.50	24.52

“For both the years 2013-14 & 2014-15 there is variation in BE & RE due to delay in materialization of tendering process for ‘Mining Tenement System’ (MTS). The scheme ‘Mining Tenement System’ (MTS) has been envisaged by the Government to automate the various processes associated with the mineral concession regime to give an impetus to the decision making process and to meet the objectives of transparency and openness. During 2013-14 Request for Proposal (RFP) document was finalized and tender floated on e-portal. No Bids were received and the amount earmarked was surrendered. During 2014-15, again tender floated in CPP portal. As only single party has responded for the bid, according to Rule 169 of GFR, 2005 the bid as received from M/s Wipro Ltd. has not been opened as well as soft copy of the bid in CPP portal. As decided in the Technical Evaluation Committee (TEC) meeting held on 22.12.2014. Further, RFP was modified and was in the process of being re-floated. In the meanwhile, MMDR Amendment Ordinance 2015 has been promulgated on 12.01.2015 requiring re-modification of the RFP which is being done. The amount earmarked for this Scheme has been surrendered at RE 2014-15 stage.”

13. As regards implementation of the scheme ‘Mining Tenement System’ (MTS), the Committee were informed that the scheme was envisaged by the Government to automate the various processes associated with the mineral concession regime to give an impetus to the decision making process and to meet the objectives of transparency and openness. During 2013-14, a Request for Proposal was finalized and tender floated on e-portal. No bids were received and the amount earmarked was surrendered. As only single party had responded, the bid was not opened. The Ministry in their Action

Taken Reply have further informed the Committee that Request for Proposal (RFP) was modified and was in the process of being re-floated. In the meanwhile, MMDR (Amendment) Act, 2015 has been passed requiring re-modification of the RFP which is being done. Consequently, it has taken longer time for finalizing the tender resulting in shifting of deadlines for implementation of MTS. The Committee feel that considerable time had already lapsed on account of retendering process thereby delaying the completion of an important scheme which was to meet the objectives of transparency and openness. The Committee, therefore, recommend that the matter be accorded top priority and they may be apprised of the implementation status of the Scheme.

Restructuring Of IBM

Recommendation (Serial No. 5)

14. The Committee noted that the Review and Restructuring Committee of IBM formed in July 2009 had submitted its report in May, 2012 with 73 recommendations including a proposed human resource development to the tune of additional 933 posts and infrastructure development like new offices, new environmental laboratories, training centers, etc. The Committee in their 34th Report (15th Lok Sabha) on Demands for Grants (2013-14) of the Ministry had recommended the Ministry/IBM to draw up a time-frame for the expeditious implementation of restructuring proposal of IBM. The Ministry further apprised the Committee in their Action Taken Reply that out of 73 recommendations, 47 were having financial implication. Out of remaining 26 non-financial recommendations, 11 have been implemented and 5 were under consideration of the Ministry. Remaining 10 recommendations will be implemented during the year 2013-14. The Ministry further apprised the Committee that some of the recommendations of the Review Committee were related to the MMDR Bill, 2011 which had lapsed due to dissolution of 15th Lok Sabha. However, the Committee were concerned to note that the Ministry of Mines in a written reply have informed that they had constituted a Monitoring Committee in May, 2014 to analyse the recommendations. Although, there was inordinate delay of about 2 years in referring the Report of the Review and Restructuring Committee to a Monitoring Committee in May, 2014, the Committee expected that restructuring of IBM which was presently under consideration by the Monitoring Committee be approved without any further loss of time and they be apprised of the implementation of recommendation within three months.

15. The Ministry in their Action Taken Reply have stated as under:—

“A Committee was constituted on 23 July, 2009 by the Ministry of Mines for reviewing and restructuring of the functions and role of IBM in terms of the Policy directions given in the National Mineral Policy 2008. Based on deliberations with stakeholders and industry personnel through various meeting the final report was submitted to the Government in May 2012. The Committee had made 73 major recommendations for overall restructuring of the IBM including creation of additional 933 posts and infrastructure development like opening of new offices, new environmental laboratories, training centres, etc.

IBM has taken up 24 recommendations without financial implications for implementation. So far 17 recommendations are implemented which are on-going activities in IBM. Two recommendations regarding renaming of divisions and new charter of functions of IBM were approved by Ministry on 03.11.2014 and notified in gazette on 22.11.2014. Further significant developments have taken place since the Restructuring Committee submitted the Report on 04.05.2012, *inter-alia* lapsing of MMDR Bill 2011 with dissolution of 15th Lok Sabha in 2014. The MMDR Act 1957 has undergone substantial and significant changes with the passage of the MMDR (Amendment) Bill, 2015. Government have also notified 31 minerals as minor minerals. These will now be regulated by States exclusively. The role of IBM is being redefined in the wake of these developments and this will be reflected in the subordinate legislation-by way of amendment in MCR, 1960 and MCDR 1988.”

16. The Committee had desired that restructuring of IBM which was under consideration by the Monitoring Committee be approved without any further loss of time. According to the Ministry, the MMDR Act 1957 has undergone substantial and significant changes with the passage of the MMDR (Amendment) Bill, 2015. The Government have also notified 31 minerals as minor minerals which will now be regulated by States exclusively. According to the Ministry, the role of IBM is being redefined in the wake of these developments and this will be reflected in the subordinate legislation-by way of amendment in MCR, 1960 and MCDR 1988. In view of the position stated above, the Committee reiterate their earlier recommendation (8th Report on Demands for Grants (2015-16) of the Ministry of Mines) that immediate steps should be taken by the Ministry of Mines to revise the restructuring proposal of IBM so that it can meet its added responsibilities.

Allotment of Coal Block to NALCO

Recommendation (Serial No. 7)

17. The Committee observed that during 2012-13 and 2013-14 NALCO could not utilize its plan outlays. Against plan outlay of Rs. 2343 crore for NALCO during 2012-13 and revised Estimates of Rs. 1010 crore, the actual utilization was Rs. 878.80 crore. Again, during 2013-14 against Budget Estimates of Rs. 1737 crore and Revised Estimates of Rs. 542.50 crore, the actuals were Rs. 523.41 crore. The Plan Outlay of NALCO during 2014-15 was pegged at Rs. 1181.02 crore. The Committee were unhappy to note the delay in Utkal e-coal mine where NALCO has reportedly expended Rs. 126 crore as on September, 2014, and the Mine is reported to have been de-allocated by Supreme Court Verdict dated 24th September, 2014. As the company was reportedly seeking legal opinion to follow a review petition in Supreme Court to review/reconsider its decision against de-allocation of Utkal-E coal blocks, the Committee would like to be apprised of the present status thereon.

18. The Ministry in their Action Taken Reply have informed the Committee as under:—

“Based on coal availability from Utkal-E, NALCO had already set up and put to operation the end use plants in Captive power plant and Aluminium Smelter having investment of more than Rs. 2754.00 crore. Since the production capacity are getting affected due to non-availability of linkage coal or from own developed coal block, NALCO is pursuing for allocation of adjacent blocks Utkal-D (Mineable reserve of about 102 Million Tonne) and Utkal-E (Mineable reserve of about 67 Million Tonne) as a single Coal block, which will meet NALCO’s projected coal requirement of 200 mln tons. In the event, both blocks are combined as a single mine, the coal available in the 15 meter barrier (apprx. 30 Million Tonne) between Utkal-D & Utkal-E could also be gainfully utilized.

It may be noted that, as per the Coal Mine (Special Provisions) Ordinance, the Central Govt. may allocate coal blocks to Govt. companies. Accordingly, NALCO is pursuing with Ministry to take up the matter with Ministry of Coal for allocation of coal mines through such provisions.”

19. Keeping in view the cancellation of allotment of Utkal-E coal block by the Supreme Court and an expenditure of about Rs. 126 crore already incurred by NALCO on this Coal Block, the

Committee had desired that they be apprised of the present status of allocation of mine to the Company by Ministry of Coal. The Ministry in their action taken reply have stated that since the production capacity of NALCO is getting affected due to non-availability of linkage of coal or from own developed coal block, the Company is pursuing for allocation of adjacent blocks Utkal-D (Mineable reserve of about 102 million tonne) and Utkal-E (Mineable reserve of about 67 million tonne) as a single coal block, which will be meeting NALCO's projected coal requirement of 200 million tonne. The Ministry have further informed the Committee that as per the Coal Mine (Special Provisions) Act, 2015, the Central Govt. may allocate coal blocks to Government companies. Accordingly, NALCO is pursuing with the Ministry to take up the matter with Ministry of Coal for allocation of coal mines through such provisions. The Committee reiterate their earlier recommendation and desire that the Ministry/NALCO should accord top priority in getting allocation of appropriate coal block as an investment of more than Rs. 2754 crore has already been made by the Company in the end-use plants of Captive Power Plant (CPP) and Aluminium Smelter.

Implementaion of AMR Scheme by NALCO

Recommendation (Serial No. 8)

20. The Committee noted that the utilization of funds under Addition, Modification and Replacement (AMR) Scheme of NALCO which had direct bearing on the operation of the company resulting in its overall capacity utilization and financial capacity was dismal during 2012-13 and 2013-14. During 2012-13 against an outlay of Rs. 416 crore for AMR Schemes, the revised estimates were Rs. 322 crore and 310 crore could be spent during the year. The Committee were concerned to note that the Government had cited similar reasons for the lower utilization of funds under AMR scheme for the year 2013-14 as were mentioned by them during 2012-13 like delay in the execution in lean slurry project and execution of work for compound wall etc. The Committee, therefore, expected that the Ministry/NALCO would continuously monitor these ongoing schemes to ensure utilization of entire funds. The Committee also desired that Ministry/NALCO should take necessary steps to ensure full utilization of funds of Rs. 440 crore allocated for AMR Scheme during the financial year 2014-15.

21. The Ministry in their Action Taken Reply have informed the Committee as under:—

“The position of BE, RE and actual expenditure under the Addition, Modification and Replacement (AMR) Scheme are as given below:—

Addition, Modification and Replacement (AMR) of NALCO

(Rs. in crore)

Schemes	2012-13			2013-14		
	BE	RE	Actual Exp.	BE	RE	Actual Exp.
Addition, Modification & Replacement (AMR)	416.00	322.00	310.00	404.00	351.20	281.00
Achievement %	75	96		69	80	

The company has followed the following steps in production units of NALCO for ensuring the achievement of AMR target on an overall basis.

1. The AMR expenditures are being monitored on monthly basis by all the Units at the level of Complex EDs. Major projects that affects the operational capability of the company are taken on priority basis.
2. Besides review at units, the expenditure and progress of AMR projects is being reviewed at Corporate Office at its highest level.
3. Dedicated AMR groups have been formed with assigned responsibility at each production units.

During 2014-15, allocation of Rs. 440.03 crores has been made for Addition, Modification and Replacement projects (AMR projects) and Sustainable Development projects undertaken by the company. During the current year BE 2014-15, company expects that it may not be able to spend the approved sum of Rs. 440.03 crores due to lesser than expected progress in the under mentioned projects as a result of which the company has reduced this to Rs. 323.98 crores.

- a. Major equipment procurement such as Earth moving equipment and Heavy vehicles in Mines and other units on account of poor response to open/global tender.
- b. 220KV transmission line from Laxmipur to Refinery complex.
- c. Indirect CCL heating system at Refinery complex.
- d. Second water intake line at Refinery complex.
- e. Augmentation of de-fluoridisation plant at Smelter plant.
- f. Anode slot cutting machine at Smelter plant.
- g. Ash Mound works at CPP.

Given the fact that there was under-utilization of funds under AMR, the physical achievements of the company though have fallen is not attributable to the AMR under-utilization. However, the physical achievements *vrs.* targets during 2012-13 and 2013-14 are given below:

Physical targets and achievements

Sl.No.	Product	2012-13			2013-14		
		MOU	Actual	Achievement (%)	MOU	Actual	Achievement (%)
1.	Bauxite (Lakh MT)	61.50	54.19	88	64.50	62.93	98
2.	Alumina Hydrate (Lakh MT)	20.50	18.02	88	21.60	19.25	89
3.	Power (MU)	6,540	6,076	93	6341	4989	79
4.	Cast Metal (MT)	4.30	4.03	94	4.05	3.16	78

The shortfall in physical performance during last year(s) *vis-à-vis* target was primarily due to the following reasons:—

1. The Bauxite production of 61.50 lakh MT could not be achieved due to delay in commissioning of additional stream in Alumina Refinery during 2012-13. In addition the delay in grant of temporary Mining permit has resulted production stoppage of about one month. During 2013-14, the mining operations and handling of Bauxite to refinery was also affected due to the severe cyclone “Phailin” experienced in the South-east coast of Odisha during third quarter of the year.
2. During 2012-13 so far as Alumina Hydrate is concerned, the Alumina Refinery could not achieve annual target of 20.5 lakh production mainly due to delay in commissioning of 4th Stream under 2nd Phase Expansion Project and its stabilization. Besides, existing plant (Stream-I, II and III) also could not achieve rated capacity of 15.75 lakh due to disturbances in power supply from Gridco, irregular coal supply from MCL etc. During 2013-14, production of Alumina Hydrate at Refinery complex could not be met due to inability to optimize production on account of starting problems in the 4th stream of Alumina Refinery as experienced during first six months of FY 2013-14. The shortfall in Alumina Hydrate production is also caused due to poor quality of

Bauxite and Higher silica content in bauxite resulting comparatively higher consumption of Bauxite and lower production of Alumina Hydrate. The Upgradation project of Alumina refinery which was planned to be commissioned during last quarter 2013-14 could not be commissioned as commissioning of Bauxite handling packages could not be completed due to delay in obtaining necessary forest clearances which was received during Jan-2014 from MoEF.

3. With regard to Power production, the annual target could not be achieved, as power generation during the year 2012-13 has been affected due to several constraints in coal supply from MCL including lower grade, high moisture and high ash content coal and due to restriction in generation to minimize ash disposal to ash pond in order to maximize life of ash pond.
4. During 2012-13, so far as Cast metal is concerned, the metal production is directly dependent on the Generation of Power by CPP and international prices. In a subdued Metal market with a higher cost of Grid power and lower price support, company decided during 2nd half of the year to limit the Cast metal production that can be possible with generation of Power from CPP with linkage coal only. During 2013-14, the Production of Metal which was earlier planned at 4.05 Lakh MT was reduced primarily due to sustained low price of Metal in domestic as well as global market. Producing metal with consumption of imported power or generating additional power by using costly coal through import or e-auction route is not cost effective at that level of LME price/sales realization. As a part of strategic decision, power generation at the CPP Unit was restricted to linkage coal only. Accordingly, Smelter operation was curtailed to the extent of availability of Captive power from CPP and regulated at a level of 650 Pots as against installed capacity of 960 pots.”

22. The Committee had observed that NALCO could not utilize the allocated funds for Addition, Modification and Replacement (AMR) Scheme during 2013-14. The Committee had, therefore, expected the Ministry and NALCO to continuously monitor the ongoing AMR scheme and take necessary steps for full utilization of funds allocated for it. During 2014-15, an allocation of Rs. 440.03 crore were made for AMR scheme and sustainable development projects undertaken by the company. According to the Ministry, it may not be able to

spend the approved sum of Rs. 440.03 crore due to lesser than expected progress in the projects as a result of which the company has revised it to Rs. 323.98 crore. The Committee expect that Government/NALCO should take necessary steps to resolve all issues including major equipment procurement, 220 KV transmission line from Laxmipur to Refinery Complex, Indirect CCL heating system at Refinery Complex, etc. so that the utilization of revised financial outlays for AMR scheme are fully utilized. The Committee would like to be apprised of the steps taken by the Company in this regard and to ensure that Plan Outlays for AMR Scheme of NALCO are fully utilized during 2015-16.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Annual Plan Outlay

Recommendation (Serial No. 1)

The Committee observe that for the year 2014-15, the Planning Commission has approved a total outlay of Rs. 2379.39 crore for Ministry of Mines as against the outlay of Rs. 2574.05 crore proposed by the Ministry. During 2013-14, against an approved outlay of Rs. 2919.12 crore (BE) of the Ministry at BE stage RE was reduced to Rs. 1500.89 crore and the expenditure was Rs. 1358.14 crore. The expenditure under Plan Head during 2013-14 has been increased from Rs. 467 crore to Rs. 548.14 crore due to an additional allocation of Rs. 103.14 crore for payment of the 6th and final installment of an Oceanographic Research Vessel (ORV) procured by the GSI as it was not provided by the Ministry of Finance during the process of finalization of BE 2013-14. In addition, the Planning Commission has allotted Rs. 50 crore for restoration of GSI's Heritage building in Kolkata. The Committee are unhappy to observe that out of total outlay of Rs. 20553.48 crore approved for the 12th Five Year Plan for the Ministry of Mines, the actual utilization of fund during the first two years of the Plan period *i.e.* 2012-13 and 2013-14 was Rs. 1473.65 crore and Rs. 1358.14 crore respectively. Thus, during first two years of the Plan, the Ministry could utilize only 14% of the allocated fund. The fund utilization by NALCO in the first two years of 12th Plan *i.e.* 2012-13 and 2013-14 was not satisfactory as out of total outlay of Rs. 2343.00 crore for the year 2012-13 and Rs. 1737.00 crore for the year 2013-14, the company could utilize only Rs. 878.80 crore *i.e.* about 38% and Rs. 523.41 crore *i.e.* only 30% of the approved outlays. Similarly, utilization of funds by HCL was also not satisfactory during the year 2013-14. During the first two years of 12th Plan, the actual expenditure by HCL was about 14% of 12th Plan outlay and against an outlay of Rs. 688.37 crore for the year 2013-14, they could utilize only Rs. 310.28 crore *i.e.* 41% of the allocated funds. In respect of Indian Bureau of Mines (IBM), the plan outlay was Rs. 49.00 crore in BE during the year 2013-14 which was reduced to Rs. 35.00 crore at RE and the expenditure was Rs. 24.75 crore only. The Committee are concerned to note underutilization of funds for PSUs and attached offices under the Ministry of Mines as

they could not fully utilize the funds during the year 2013-14. While observing underutilization of Annual Plan by the PSUs and attached offices, the Committee desire that the Ministry should take necessary corrective measures to ensure proper implementation of schemes during 2014-15 so that the scarce funds made available are fully utilized to derive benefits therefrom. The Committee also recommend that the Ministry should ensure for getting allocation of additional funds to ensure increased Gross Budgetary Support and plan outlays of PSUs so that targets of total outlays of Rs. 20553.48 crore as envisaged for utilization during 12th Plan period is achieved. The Committee are unhappy to note the underutilization of outlays by NALCO, HCL and IBM during 2012-13 and 2013-14 and recommend that the Government/ PSUs and attached offices should analyse the precise reasons in this regard, identify them with a view to taking corrective measures for full utilization of plan funds by the PSUs during the remaining years of 12th Plan.

Action Taken

NALCO takes note of the concern of the Committee regarding underutilization of projected funds. In many cases the underutilization of funds is due to re-phasing and rescheduling of projects. In addition, such delay has been caused by regulatory requirement like obtaining mandatory clearances such as forest and environmental related clearance and resistance by local persons on which the company has little control. The details of BE, RE and Actual Expenditure during 2012-13, 2013-14 and 2014-15 are as under:—

Plan Outlay and Expenditure during last three years-NALCO

(Rs. in crore)

Sl. No.	Particulars	2012-13			2013-14			2014-15	
		BE	RE	Actual	BE	RE	Actual	BE	RE
1	2	3	4	5	6	7	8	9	10
1.	Phase II Expansion	191.00	90.00	35.30	42.00	5.50	44.24	—	—
2.	Upgradation of Alumina Plant	160.00	95.00	115.89	50.00	37.78	55.28	21.00	32.40
3.	Pottangi Mine & 5th Stream	6.00	2.00	0.13	3.00	2.08	0.72	1.00	0.53
4.	220KA Upgradation of Smelter	100.00	6.00	0.00	22.00	0.08	—	3.54	0.00

1	2	3	4	5	6	7	8	9	10
5.	2 x 250 Captive Power Plant	15.00	1.00	0.00	5.00	–	–	–	–
6.	Coal Mine–Utkal-E	198.00	24.00	17.91	65.00	8.06	5.18	123.29	7.96
7.	Wind Power Plant-I	75.00	244.00	246.35	6.00	4.34	4.34	–	–
8.	Greenfield projects	1182.00	226.00	153.30	1140.00	133.46	132.84	592.16	35.51
9.	Additions, Modifications & Replacement (AMR)	416.00	322.00	309.92	404.00	351.20	280.81	440.03	323.98
Total		2343.00	1010.00	878.80	1737.00	542.50	523.41	1181.02	400.38

The reasons for shortfall of expenditure are as follows:–

Under Phase-II Expansion, Rs. 191.00 crores was provisioned for 2012-13. It was expected that there would be a saving to the extent of about Rs. 100.00 crores, and hence the projection was revised to Rs. 90.00 crores at the RE stage. However, the actual expenditure was Rs. 35.30 crores due to delay in contract closing and subsequent withholding of last 10% of contract value etc. The sum withheld was paid subsequently during the year 2013-14. Under Upgradation of Alumina Plant, as against BE of Rs. 160 crores, RE was revised to Rs. 95.00 crores considering the expected completion cost of Rs. 344.00 crores against approved cost of Rs. 409.00 crores. However, the actual expenditure was Rs. 115.89 crores which is more than the RE target. So far as the Pottangi Mine & 5th Stream Refinery are concerned, the recommendation of the Government of Odisha for the mining lease did not come about, hence the expenditure could not be incurred. With regard to 220 KA Upgradation of Smelter, the Board of NALCO had asked to carry out the cost benefit analysis of increasing amperage of Pot line 2, 3 and 4 upto 195 KA initially and upto 220 KA in second stage. It was also envisaged to study for higher amperage *i.e.* 400 KA or above in Pot line-1 after dismantling the existing set up. All activities pertaining to 220 KA program was therefore kept on hold and hence expenditure could not be incurred.

Considering the review in the Plan for 220 KA Upgradation for pot line as explained above and also simultaneous review for resizing of power plant, it was felt that the proposed expenditure for 2 X 250 MW CPP cannot be achieved. Under Utkal-E Coal Mines, the delay in the progress of the project for various reasons as under led to less expenditure during 2012-13:

- (a) The forest clearance for the project was delayed since the forest right certificate was not issued by District authorities for the left out land as the Gram sabha could not be held.

- (b) There was a hold by the State Government *vide* letter dt. 24.02.2012 on land acquisition till finalization of the comprehensive master plan of all the coal blocks in the Talcher region,
- (c) NALCO was unable to commence any field activity in absence of land possession and forest clearance. Further, the disbursement by State Government for acquisition of private land could not be completed and Government land was also not been transferred to NALCO.

During 2013-14, the targeted expenditure could not be achieved mainly due to pending issuance of Forest Right Certificate for balance 28.6 Ha. of forest land, slow disbursement of compensation to private land owners and resistance by locals for construction of R&R colony even though the contract has been awarded.

The reasons for less expenditure under Other Greenfield Projects are as under:

- a. The major reason of scaling down of expenditure is due to deferment of the contribution to JV with NPCIL as a result of regulatory requirement.
- b. Provision for the Andhra Bauxite project was scaled down as it was not possible to carry out prospecting (Mine development) due to advice of Central Government citing tribal sentiments.
- c. Indonesia Smelter and Power project also shelved due to constraint in long-term coal supply agreement.
- d. Company made provision of Rs. 212 crores for Wind power plant-II in Jaisalmer, Rajasthan during RE 12-13 against which only Rs. 153 crores could be spent.
- e. Solar Power (Rs. 111.00 crores): The project was dropped as RPO requirement may not be required in view of Appellate Authority decision. Accordingly, the projected amount of Rs. 111.00 crores remained unspent.
- f. 1 MTPA Alumina Refinery in Gujarat in JV with GMDC: The projected CAPEX of Rs. 27.00 crores could not be spent during the year pending investment decision, which is dependent upon GMDC's consent for 49% equity participation in the project including other issues.

- g. Wind Power Plant-III: In-principle Board approval was accorded in Dec., 2013. Forest clearance is being pursued. Accordingly, targeted CAPEX of Rs. 24.00 crore could not be spent.

The lower expenditure under AMR Projects are due to delay in the execution primarily in lean slurry project, 4th Ash pond construction and other major projects such as transmission line at Laxmipur, BPTG of refinery unit; Fixed Length Conveyor and Semi Mobile Crusher Plant (SMCP) of mines unit on account of environmental clearance issue, local law and order situation, court intervention and poor response of vendors in certain cases. However, the work of Semi Mobile Crusher Plant (SMCP) & Fixed Long Distance Conveyor (FLDC) project suspension by MoEF was lifted in March, 2014 leading to resume the work.

The status of the actual expenditure of HCL during 2013-14 as compared to the targets at BE and RE stage are given as under. The main reason for underutilization of fund by HCL is due to delay in getting required statutory clearances for Mine Expansion Projects.

Plan Outlay and Expenditure during last three years—HCL

(Rs. in crore)

Particulars	2012-13			2013-14			2014-15	
	BE	RE	Actual	BE	RE	Actual	BE	RE
Replacement & Renewals	38.00	38.00	19.40	38.00	38.00	40.05	38.00	38.00
Mine development	85.00	85.00	185.56	70.00	150.00	204.17	120.00	120.00
Mine expansion	208.14	159.99	55.32	570.37	185.50	57.00	354.16	100.00
Greenfield exploration	10.00	10.00	0.00	10.00	10.00	9.06	10.00	10.00
Total	341.14	292.99	260.28	688.37	383.50	310.28	522.16	268.00

Indian Bureau of Mines (IBM) through the scheme 'Mining Tenement System' (MTS) envisaging to automate the various processes associated with the mineral concession regime to give an impetus to the decision making process and to meet the objectives of transparency and openness, floated the Request for Proposal (RfP) during 2013-14 to select an Implementing Agency for preparation of MTS. No Bids were received and the amount earmarked was surrendered.

Geological Survey of India (GSI) has been able to spend 96% of RE allocation during 2012-13 and 99.8% of RE allocation during 2013-14.

In addition, Rs. 50 crore which has been allocated during 2014-15 for restoration of GSI's Heritage building in Kolkata, work has been initiated and necessary administrative approval and financial sanctions have been communicated by GSI to CPWD, Kolkata.

From the above, it is for the kind information of the Committee that shortfall in capital expenditure of PSUs from their internal resources generation has been due to reasons beyond their control. Endeavour will be made by the PSUs under the Ministry to utilize the capital expenditure leading to implementation of the projects. Similar efforts will be made by the Ministry to utilize the funds allocated to IBM and GSI through gross budgetary support.

Taking into account the importance of growth and timely execution of projects, CAPEX plans and its utilization are being reviewed and monitored periodically by the Board and the Government. Efforts are being made to maximize CAPEX utilisation for the remaining part of 12th Five Year Plan.

[Ministry of Mines, O.M.No.5/2/2014-IF(pt.), dated 26.03.2015]

Comments of the Committee

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

Geological Survey of India (GSI)

Recommendation (Serial No. 2)

The Committee note that GSI has ambitious plans for procurement of high precision, sophisticated and state-of-the-art machinery to get better analytical results. Hyperspectral mapping which is one of the sophisticated techniques for Mineral Exploration has been introduced in GSI. The induction of the research vessel R.V. Samudra Ratnakar has added new dimensions to marine research and offshore exploration. The newly acquired heliborne survey system Garuda Vasudha has opened new areas of aerial survey and exploration work. According to the Ministry of Mines, GSI will require additional funds under the Modernization and Expansion head to the tune of Rs. 100 crore during the last two years of the 12th Plan i.e. during the years 2015-16 and 2016-17 for procurement of spare parts of heliborne survey system Garuda Vasudha. The Committee further note that for procurement of Geotechnical vessel, GSI has already made provision for payment of the 1st installment from the budget provided during the year 2014-15. The Committee have been informed that another Rs. 107 crore shall

be required during the 12th Plan period and Rs. 67.00 crore during the 1st year of the 13th Plan period and GSI may be able to garner its own resources from the allocation already made in the 12th Plan period. The Committee feel that the process of further modernization of GSI by introducing sophisticated machinery would help the nation in development of its natural resources and desire that this ongoing modernization programme should not suffer for want of sufficient funds. The Committee, therefore, recommend that the Ministry of Mines should not only take adequate steps for optimum utilization of sanctioned funds but also ensure to make available adequate funds to GSI to equip it with the latest state-of-the-art technology.

Action Taken

During F.Y. 2012-13 and 2013-14, an amount of Rs. 152.48 crore and Rs. 351.49 crore respectively, have been utilized against the allotment of Rs. 151.23 crore and Rs. 352.45 crore respectively under M&E head towards acquisition of various laboratory equipments, drilling rigs and accessories as well as procurement of Oceanographic Research Vessel (ORV). The major expenditure under M&E head during both these years was for payment of installments for the ORV. The ORV with total cost of Rs. 636.27 crore was handed over to GSI on 17th September, 2013 by the Shipbuilder M/s Hyundai Heavy Industries (HHI), South Korea and the same was dedicated to the nation by the Hon'ble Minister of Mines on 12th October, 2013. Training on board of the scientists has been completed and the ship has taken up cruises pertaining to regular FSP item of GSI in the Andaman Seas from January, 2014. With the acquisition of this ship, GSI is now equipped with the state-of-the-art technology for carrying out sea bed mapping and offshore exploration of minerals specially in the spreading centres within the EEZ of India.

In addition, during 2012-13 and 2013-14 the major laboratory and drilling procurements include, Laser Ablation Multi Collector- ICPMS (LA-MC-ICPMS), LA-ICPMS, Laser Raman Spectroscopy, Trinocular Microscopes, IP Resistivity Equipment, Multi-parameter Borehole Logger, Planetary Ball Mill, ICPMS, Heavy-duty skid mounted Diamond core drills of 600 mts and 1000 mts. capacity, etc. During the current financial year 2014-15 the major procurements include CG-5 gravimeters, Integrated Geodetic Seismological System, drilling rigs etc. GSI shall take up the implementation of Phase-III of the portal through the which includes implementation Online Core Business Integrated System (OCBIS) from F.S. 2015-16 besides network upgradation, increase of bandwidth, procurement of additional hardware and software etc.

Due to concerted efforts of the Ministry, despite GSI's requirement of Rs. 425.50 crore during 2015-16, the allocation has been made as Rs. 462.58 crore. The same efforts would be made by the Ministry to get an enhanced allocation for GSI during 2016-17 to take care of the sophisticated and state-of-the-art machinery requirements. The scheme-wise requirement (proposed) by GSI and allocation made by the Ministry are as under:—

GSI's Proposed & Actual Plan Allocation 2015-16

(Rs. in crore)			
Sl.No.	Name of the Scheme	2015-16 Proposed by GSI	2015-16 allocation by Ministry
1.	Survey and Mapping	142.15	156.22
2.	Mineral Exploration	41.11	53.51
3.	Special Investigation	6.97	11.00
4.	Research Development	12.36	12.62
5.	Information Dissemination	108.66	144.46
6.	HRD	13.23	11.82
7.	Modernization and Replacement	91.02	54.45
8.	Tribal Sub-Plan	10.00	18.50
Total		425.50	462.58

Under the Information and Dissemination scheme, GSI has earmarked a budget of Rs. 136.00 crore for IT related expenditure including implementation of the OCBIS project during the F.Y. 2015-16, which is one of the best state-of-the-art technology innovations.

[Ministry of Mines, O.M.No.5/2/2014-IF(pt.), dated 26.03.2015]

Recommendation (Serial No. 3)

The Ministry have informed that after implementation of the High Powered Committee (HPC) recommendations, the sanctioned strength of GSI has been increased from 11,420 to 12,369 and accordingly GSI has taken up the drive to recruit fresh manpower in a phased manner. The sanctioned strength of GSI is reported to be achieved by the year 2018. The Committee expect that keeping in mind ambitious plans of

GSI for procurement of high precision, sophisticated and state-of-the-art machinery, GSI needs to accelerate recruitment of manpower and ensure that the same is adequately utilized to achieve the enhanced targets for 2014-15 for locating the mineral resources of the country.

Action Taken

The total sanctioned strength of GSI as per the HPC recommendation is 12369, an increase from 11420. The present filled in strength is 7310, as on 31st December, 2014, which works out to be 59.10% of the current sanctioned strength. There is an acute shortage of filled in strength of officers in scientific stream and GSI is being presently operated on approximately 48.72% of its total sanctioned strength in the S&T stream *i.e.* GSI is operating with approximately half of the manpower in the S&T stream. The Government has recognized this problem and is taking requisite steps for induction of scientific manpower. Geology is the main scientific stream of the organization with supporting scientific and technical streams like geophysics, chemical, drilling and mechanical engineering etc. and also with administrative, personnel, material management and finance divisions. In Geology stream, the filled in strength of Group A and B officials is 56.76%. The stream/cadre wise-sanctioned strength of personnel in GSI as on 31.12.2014 is shown below:

Status of sanctioned and filled-in strength of various streams in GSI as on 31.12.2014

Stream		Sanctioned strength				Filled strength			
		Gr. A	Gr. B (including NG)	Gr.C	Total	Gr. A	Gr. B (including NG)	Gr.C	Total
1	2	3	4	5	6	7	8	9	10
S&T (a)	Geology	2786	660	150	3596	1823	133	86	2042
	Geophysics	555	220	70	845	174	28	35	237
	Chemistry	509	315	150	974	161	104	81	346
	Engineering	90	416	744	1250	58	217	347	622
	Total (a)	3940	1611	1114	6665	2216	482	549	3247
Other stream	Stores	9	226	240	475	7	153	36	196
	Survey	31	319	—	350	11	124	—	135

1	2	3	4	5	6	7	8	9	10
	Drawing	–	118	50	168	–	268	39	307
	Transport	–	320	480	800	–	47	521	568
	Finance	33	30	–	63	4	1	–	6
	Personnel	52	646	595	1293	25	523	526	1074
	Stenography	2	250	90	342	2	149	9	160
	Misc.	13	200	2000	2213	4	59	1554	1617
	Total	140	2109	3455	5704	54	1324	2685	4063
	G. Total	4080	3720	4569	12369	2270	1806	3234	7310

The increase of manpower predominantly in scientific stream of GSI would be of great help in achieving larger target in different geo-scientific fields especially since GSI has been entrusted with the task of carrying out mineral exploration in the G1 and G2 stage, which was not being carried out by GSI. To boost the morale of the existing scientific cadre and to remove the stagnation, the Government has already taken up certain initiatives for ensured career progression (ACP, NFU) of the GSI personnel.

Geology, Geophysics and Chemistry streams in GSI have already been declared as Organized Group A service and accordingly new Recruitment Rule has already been notified. New Recruitment Rules for Group A & B of Survey along with Group B (NG) & C of Geology, Chemistry, Geophysics, Engineering, Drawing, Library Information, Stenography, Store streams and MTS have been notified on 15.2.2013/18.2.2013. Final order for merger of certain posts came into existence w.e.f. 15.2.2013 as per the recommendation of HPC/Sixth CPC.

[Ministry of Mines, O.M.No.5/2/2014-IF(pt.), dated 26.03.2015]

Comments of the Committee

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

Investment In Public Sector Undertakings Hindustan Copper Ltd. (HCL)

Recommendation (Serial No. 6)

The Committee observe that HCL had an outlay of Rs. 688.37 crore at BE stage which was reduced to Rs. 383.50 crore at RE stage for the year 2013-14. The actual utilization of fund was, however, Rs. 310.28 crore

which comes to 45% of BE. According to the Ministry, the main reasons for shortfall in utilization of funds were delay in getting environmental and forest clearances for expansion of Malanjkhand Copper Project (MP), Chapri-Sidheshwar and Rakha Mines Projects, Jharkhand of HCL. The Committee further note that HCL has made an annual plan outlay of Rs. 522.16 crore to implement its schemes/projects during 2014-15. While observing the physical and financial performance of the Company, the Committee find that not only the ore production of 36.57 lakh tonne and 38.27 lakh tonne during 2012-13 and 2013-14 respectively were lower than the target of 40 lakh tonne but there was continuous decline in the production of Copper Cathode during 2012-13 at 29285 MT against target of 35000 MT and was 32276 MT during 2013-14 against the target of 35200 MT. The Committee are also concerned to note the decline in profit after tax from Rs. 355.64 crore during 2012-13 to Rs. 286.42 crore during 2013-14. The Committee find that the company could not get necessary environment and forest clearances resulting in investment of only Rs. 57 crore for Mine Expansion Scheme against a provision of Rs. 570.37 crore during 2013-14. The Committee feel that it would adversely affect the physical and financial performance of HCL in future. The Committee, therefore, cannot but expect that the funds earmarked for 2014-15 will be optimally utilized as targeted and all bottlenecks would be overcome by taking corrective steps by Ministry/HCL to obviate any further delay in mine expansion plan of the company.

Action Taken

The status of the actual expenditure of HCL during 2013-14 as compared to the targets at BE and RE stage are given below:-

Actual expenditure of HCL during 2013-14

Particular	(Rs. in crore)			
	2013-14			2014-15
	BE	RE	Actual expenditure	BE
Replacement and Renewals	38.00	38.00	40.05	38.00
Mine development	70.00	150.00	204.17	120.00
Mine expansion	570.37	185.50	57.00	354.16
Greenfield exploration	10.00	10.00	9.06	10.00
Total	688.37	383.50	310.28	522.16

From the table it is evident that the expenditure on Mine Development is 136% of the RE during 2013-14. However, expenditure on Mine Expansion is below the target due to delay in getting required statutory clearances for Mine Expansion Projects. The present status of Mine Expansion projects are as under:

- (i) *Capacity expansion of underground mine at Khetri, Rajasthan from present 0.5 million tonne per annum to 1 million tonne per annum:* The work at site has commenced on 16.09.2011. Deepening of existing Shaft sinking is in progress. Meanwhile, HCL has applied for EC & Forest clearance of the Khetri Mine. All the process has been completed and Expert Appraisal Committee (EAC) of Ministry of Environment and Forests (MoEF) has recommended the project for environment clearance in its meeting held on 26.09.2013. EC will be processed after grant of Stage-I forest clearance by MoEF which is pending with Deptt. of Forests, MoEF, New Delhi since December 2014.
- (ii) *Development of Malanjkhand underground mine under the existing open cast mine to enhance its mining capacity from present 2 million tonne per annum to 5 million tonne per annum:* Malanjkhand underground project is the flagship expansion project of the company. An underground mine of capacity 5.0 million tonne per annum below the existing open pit will be built. All the necessary clearances for the project have been obtained by the Company. Approval of the National Board for Wild Life (NBWL) which was pending since June 2013 was obtained by HCL in December 2014. HCL has initiated action for signing of contract agreement with the selected agency. Work at site is expected to start by end of March 2015.
- (iii) *Re-opening of closed underground mines of capacity of 1.71 million tonne per annum at Rakha and Kendadih, Jharkhand:* HCL has obtained environment clearance of Rakha and Kendadih mine expansion projects from Ministry of Environment and Forests, New Delhi on 01.08.2014 and 20.01.2015 respectively. All the procedure and process for Stage-II forest clearance of the above area has been completed in the month of September 2014. Rakha Mine proposal is under the consideration of Principal Chief Conservator of Forest (PCCF), Jharkhand, Ranchi since 30.1.2015 for forwarding to MoEF, New Delhi and Kendadih mine proposal is under the consideration of ED, Wasteland Development Board, Government of Jharkhand since 16.1.2015.

- (iv) *Development of new underground mine of capacity 1.5 million tonne per annum at Chapri-Sidheshwar, Jharkhand:* Chapri-Sidheshwar mine lies within the Kendadih and Rakha Mine lease area. Therefore, no separate EC & Forest clearance is required for the project.
- (vi) *Surda Mine at Ghatsila, Jharkhand:* The work at site has commenced in March 2012. However, the work has been stopped due to closure order issued by the State Government of Jharkhand, *vide* its order dated 3.09.2014 as it was running on deemed renewal basis. In view of the MMDR Amendment Ordinance, 2015 issued on 12.01.2015 and clarification of the Central Government for Government owned companies issued *vide* order dated 6.02.2015, HCL is vigorously pursuing with the Govt. of Jharkhand for early restart of the mine. Senior officials of HCL have met Government of Jharkhand officials on 19.02.15 & 24.02.15 and explained the situation. Decision of the State Government is pending since then.

The Physical Performance of HCL in respect of the production of copper ore, Metal-in-concentrate (MIC) and copper cathode *vis-à-vis* targets during the year 2013-14 are given below:

Physical performance of HCL during 2013-14

Item	Target	Actual	Remarks
Ore production (lakh tonne)	40.00	38.27	Highest in last 15 years
Metal-in-concentrate (tonnes)	35200	32276	Highest in last 15 years
Copper Cathode- ICC (tonnes)	16500	17005	-

The status of Profit Before Tax (PBT) and Profit After Tax (PAT) of HCL during 2012-13 and 2013-14 are given below:-

PBT and PAT of HCL during 2012-13 and 2013-14

	(Rs. in crore)	
Particular	2012-13	2013-14
Profit Before tax (PBT)	403.61	430.65
Profit After Tax (PAT)	355.64	286.42

The reason for decline in profit after tax (PAT) from Rs. 355.64 crores to Rs. 286.42 crores during the year 2013-14 are due to the fact that during the financial year 2012-13, HCL had written back old

liabilities/provisions amounting to Rs. 162.49 crores in the books of accounts. The liability towards current tax being on the lower side as the company had already paid tax on the above amount over the years. As a result, current tax during financial year 2012-13 was Rs. 79.70 crores although PBT was Rs. 403.61 crores. The current tax provision during financial year 2013-14 was Rs.144.58 crores as compared to Rs. 79.70 crores in the previous year *i.e.* higher by Rs. 64.88 crores although PBT was higher only by Rs. 27.04 crores than the previous year. Similarly, the deferred tax credit during financial year 2012-13 was higher due to adjustment of excess deferred tax liability amounting to Rs. 57.23 crores created in earlier years.

Efforts will be made to utilize the Plan fund during 2014-15. Since, HCL has already obtained required statutory clearances for expansion of underground mine at Kolihan and development of underground mine at Malanjkhanda under the existing open cast mine, it is expected to achieve the targeted Mine Expansion expenditure. In case of any unspent balance under the Mine Expansion head, same will be considered as spillover to 2015-16.

[Ministry of Mines, O.M. No. 5/2/2014-IF(pt.), dated 26.03.2015]

Recommendation (Serial No. 9)

As regards the several diversification and joint venture projects being undertaken by NALCO like Wind Power Generation, Nuclear Power Plant in Joint Venture with NPCIL, Alumina Refinery Project in Gujarat, Solar Power Plant in Rajasthan, etc., the Committee while examining the Demands for Grants (2013-14) of Ministry of Mines had raised doubts about the optimistic diversification plan of NALCO to invest Rs. 1140 crore during 2013-14, as there was Rs. 153.30 crore investment during 2012-13 against plan outlays of Rs. 1182 crore for these projects. The Committee are, however, unhappy to note that despite their earlier recommendation to the Ministry/NALCO to ensure the utilization of earmarked funds for these Greenfield Projects by taking corrective measures and strict monitoring, the Company was unable to invest as targeted during 2013-14 and even the Solar Power Project has been dropped. While observing that Greenfield Projects were not diligently pursued by NALCO, the Committee recommend that Ministry/NALCO to draw realistic plans and take necessary steps to ensure that outlays of Rs. 592.16 crore for Greenfield Projects during 2014-15 are fully utilized as targeted.

Action Taken

The BE, RE and actual expenditure of the Greenfield projects during 2013-14 are indicated below:

Greenfield Projects during 2013-14

(Rs. in crore)				
Sl.No.	Description	BE 2013-14	RE 2013-14	Actual exp. 2013-14
1.	Smelter & CPP in India	5.34	0.06	—
2.	Andhra Mines & Refinery	0.35	—	—
3.	Smelter & Refinery Project—Gujarat	26.89	1.57	1.74
4.	Nuclear power plant	894.00	—	—
5.	UMPP Odisha	1.15	—	—
6.	Wind Power Plant-III (Mine)	24.00	0.02	0.06
7.	Solar Power Project	110.70	—	—
8.	Upstream/Downstream Projects	1.00	0.09	—
9.	Aluminium Conductor Plant in JV	0.60	0.20	0.07
10.	Prototype Aluminium wagon	0.58	0.18	—
11.	Other Miscellaneous Projects	—	0.29	0.07
12.	Roof top solar power plant at corporate office	3.30	0.61	—
13.	Mineral acquisition abroad	—	—	—
14.	Misc. Consultancy	0.85	—	—
15.	Wind power project-II	71.00	130.44	130.90
Grand Total		1,139.76	133.46	132.84

The lower spending during 2013-14 is primarily due to the following reasons:

- (i) Solar Power project with a projected outlay of about Rs. 110.00 crores was primarily planned to meet Renewable Power Obligation (Solar). The project was kept on hold in view of a decision of Appellate Tribunal for Electricity, which changed the viability of the project. Besides per MW capital cost of solar plant is in a declining trend, company decided to defer the project.

- (ii) The projected outlay of Rs. 894.00 crores towards equity participation in NPCIL, Nalco Power Company Ltd (NNPCL), JV Company, could not be spent since there is no progress on the pending amendment to Atomic Energy Act, 1962. In case the amendment happens during near future, fresh assessment towards equity participation will be made and accordingly considered for payment.
- (iii) The other projects such as the Gujarat Refinery project did not progress much due to delay in finalization of 49% equity participation by GMDC and non-availability of exploration data from GMDC.

Keeping the above factors in view, company revised the BE 2013-14 targets during RE 2013-14 and it is mentioned that the RE target of Rs. 133 crores is fully achieved.

Preparations for BE 2014-15

For the year 2014-15 the approved Greenfield Projects outlays was Rs. 592.16 crores, the summary of BE allocation is presented below:—

Greenfield Projects during 2014-15

(Rs. in crore)

Description	BE 2013-14	RE 2014-15	Planned activity and present status
1. Smelter & Refinery Project–Gujarat	586.46	0.44	NALCO has prepared the Detailed Project Report for setting up of Alumina Refinery project in Gujarat based on supply of bauxite by Gujarat Mineral Development Corporation (GMDC) from its bauxite mines in Kutch district. GMDC has been requested to hold 49% equity in the project, response for which is awaited. In order to ensure bauxite supply security, GMDC has been requested to share the exploration data of the non-operative mines in Kutch.
2. 100 MW Wind power plant	—	33.09	Tendering is done; tender will be finalized during current fiscal.
3. Other Miscellaneous Projects	5.70	1.98	Other miscellaneous projects of small value for which DPR preparation and consultant finalization is underway.
Grand Total	592.16	35.51	

At the RE stage, on review of the projects above, BE 2014-15 has been revised to Rs. 35.51 crores by the Board of NALCO. The reduction is mainly due to reduction on account of re-phasing of the Refinery project at Gujarat.

[Ministry of Mines, O.M.No. 5/2/2014-IF(pt.), dated 26.03.2015]

Mineral Exploration Corporation Ltd. (MECL)

Recommendation Serial No. 10

The Committee observe that MECL is carrying out mineral exploration activities and is the premier exploration agency in the country. It carries out its exploration activities under promotional programme funded by Government of India and contractual programme on behalf of other agencies including Public Sector and Private Sector and State Government(s) on mutually agreed terms and conditions. The Committee are, however, unhappy to note that though allocation of Rs. 9 crore for promotional drilling during 2013-14 were fully utilized, the actual capital expenditure was only Rs. 8.72 crore against Budget Estimate (BE) and Revised Estimate (RE) of Rs. 20 crore. The reasons put forward by the Ministry of Mines for variation in actual and BE and RE for capital expenditure that procurement through tender procedure is time consuming is not acceptable to the Committee and they feel that these could have been foreseen while making provision of funds for procurement of equipment. The Committee while observing lack of responsibility shown by the management of MECL for delaying the replacement of old plants and machineries, recommend that the Government must ensure that the provision of Rs. 18.71 crore during 2014-15 for capital investment by MECL be fully utilized.

Action Taken

The observations/advice of the Hon'ble Standing Committee regarding underutilization of allocation of capital expenditure during 2013-14 has been noted for future guidance.

MECL is replacing the old plants and machineries in phased manner and steps are also being taken to upgrade the technology and add new advanced and latest machineries/equipments to increase its production and productivity, and to bring overall reduction in production cost.

MECL has planned to acquire new high tech Hydrostatic Drills, and other drilling equipments along with transport vehicles, laboratory instruments/equipments, geophysical loggers, machineries for workshop

and survey equipments to further enhance its capacities and capabilities in coming years. The total capital expenditure to acquire the above machinery is proposed to be met from internal resources (I&EBR) generated by the company.

Under modernization programme, MECL has taken action for procurement of following equipments/machineries during the year 2014-15 and supply orders are placed:

- Drilling work: Hydrostatic drill machines (5 Nos.) RC drill machine (1 No.).
- Laboratories: XRF unit, Infrared sulphur analyser, Ash Fusion Temperature (AFT) determinator, CHN analyser (one each).
- Workshop: CNC Lathe machine (1 No.).
- Survey work: Electronic Total Stations (10 Nos.).
- 8 nos. of Mud Pumps.
- 25 sets of Mud Testing Equipments for drilling work and Solar Power Generating System.

Action has been initiated for procurement of one XRD unit for laboratory and one unit Geophysical Logger.

A provision of Rs. 16.76 crores has been made for purchase of capital items in the RE for 2014-15 (against BE of Rs. 18.71 crore). Against this, supply order has already been placed for items for total value of Rs. 15.71 crores upto 31.01.2015. Action is being taken to fully utilize the amount of Rs. 16.76 crores as per RE 2014-15.

[Ministry of Mines, O.M.No. 5/2/2014-IF(pt.), dated 26.03.2015]

CHAPTER III

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

— NIL—

CHAPTER IV

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

Recommendation (Serial No. 8)

The Committee note that the utilization of funds under Addition, Modification and Replacement (AMR) Scheme of NALCO which has direct bearing on the operation of the company resulting in its overall capacity utilization and financial capacity was dismal during 2012-13 and 2013-14. During 2012-13 against an outlay of Rs. 416 crore for AMR Schemes, the revised estimates were Rs. 322 crore and 310 crore could be spent during the year. The Committee are concerned to note that the Government have cited similar reasons for the lower utilization of funds under AMR scheme for the year 2013-14 as were mentioned by them during 2012-13 like delay in the execution in lean slurry project and execution of work for compound wall etc. The Committee, therefore, expect that the Ministry/NALCO will continuously monitor these ongoing schemes to ensure utilization of entire funds. The Committee also desire that Ministry/NALCO should take necessary steps to ensure full utilization of funds of Rs. 440 crore allocated for AMR Scheme during the financial year 2014-15.

Action Taken

The position of BE, RE and actual expenditure under the Addition, Modification and Replacement (AMR) Scheme are as given below:

Addition Modification and Replacement (AMR) of NALCO

Schemes	(Rs. in crore)					
	2012-13			2013-14		
	BE	RE	Actual Exp.	BE	RE	Actual Exp.
Addition, Modification & Replacement (AMR)	416.00	322.00	310.00	404.00	351.20	281.00
Achievement %	75	96	—	69	80	—

The company has followed the following steps in production units of NALCO for ensuring the achievement of AMR target on an overall basis.

1. The AMR expenditures are being monitored on monthly basis by all the Units at the level of Complex EDs. Major projects

that affects the operational capability of the company are taken on priority basis.

2. Besides review at units, the expenditure and progress of AMR projects is being reviewed at Corporate Office at its highest level.
3. Dedicated AMR groups have been formed with assigned responsibility at each production units.

During 2014-15, allocation of Rs. 440.03 crores has been made for Addition, Modification and Replacement projects (AMR projects) and Sustainable Development projects undertaken by the company. During the current year BE 2014-15, company expects that it may not be able to spend the approved sum of Rs. 440.03 crores due to lesser than expected progress in the under mentioned projects as a result of which the company has reduced this to Rs. 323.98 crores.

- a. Major equipment procurement such as Earth moving equipment and Heavy vehicles in Mines and other units on account of poor response to open/global tender.
- b. 220KV transmission line from Laxmipur to Refinery complex.
- c. Indirect CCL heating system at Refinery complex.
- d. Second water intake line at Refinery complex.
- e. Augmentation of de-fluoridisation plant at Smelter plant.
- f. Anode slot cutting machine at Smelter plant.
- g. Ash Mound works at CPP.

Given the fact that there was underutilization of funds under AMR, the physical achievements of the company though have fallen is not attributable to the AMR underutilization. However, the physical achievements vrs. targets during 2012-13 and 2013-14 are given below:—

Physical Targets and Achievements

Sl.No.	Product	2012-13			2013-14		
		MOU	Actual	Achievement (%)	MOU	Actual	Achievement (%)
1.	Bauxite (Lakh MT)	61.50	54.19	88	64.50	62.93	98
2.	Alumina Hydrate (Lakh MT)	20.50	18.02	88	21.60	19.25	89
3.	Power (MU)	6,540	6,076	93	6341	4989	79
4.	Cast Metal (MT)	4.30	4.03	94	4.05	3.16	78

The shortfall in physical performance during last year(s) *vis-à-vis* target was primarily due to the following reasons:

1. The Bauxite production of 61.50 lakh MT could not be achieved due to delay in commissioning of additional stream in Alumina Refinery during 2012-13. In addition the delay in grant of temporary Mining permit has resulted production stoppage of about one month. During 2013-14, the mining operations and handling of Bauxite to refinery was also affected due to the severe cyclone “Phailin” experienced in the South-east coast of Odisha during third quarter of the year.
2. During 2012-13 so far as Alumina Hydrate is concerned, the Alumina Refinery could not achieve annual target of 20.5 lakh production mainly due to delay in commissioning of 4th Stream under 2nd Phase Expansion Project and its stabilization. Besides, existing plant (Stream-I, II and III) also could not achieve rated capacity of 15.75 lakh due to disturbances in power supply from Gridco, irregular coal supply from MCL etc. During 2013-14, production of Alumina Hydrate at Refinery complex could not be met due to inability to optimize production on account of starting problems in the 4th stream of Alumina Refinery as experienced during first six months of FY 2013-14. The shortfall in Alumina Hydrate production is also caused due to poor quality of Bauxite and higher silica content in bauxite resulting comparatively higher consumption of Bauxite and lower production of Alumina Hydrate. The Upgradation project of Alumina refinery which was planned to be commissioned during last quarter 2013-14 could not be commissioned as commissioning of Bauxite handling packages could not be completed due to delay in obtaining necessary forest clearances which was received during Jan.-2014 from MoEF.
3. With regard to power production, the annual target could not be achieved, as power generation during the year 2012-13 has been affected due to several constraints in coal supply from MCL including lower grade, high moisture and high ash content coal and due to restriction in generation to minimize ash disposal to ash pond in order to maximize life of ash pond.

4. During 2012-13, so far as Cast metal is concerned, the metal production is directly dependent on the Generation of power by CPP and international prices. In a subdued Metal market with a higher cost of Grid power and lower price support, company decided during 2nd half of the year to limit the Cast metal production that can be possible with generation of Power from CPP with linkage coal only. During 2013-14, the Production of Metal which was earlier planned at 4.05 Lakh MT was reduced primarily due to sustained low price of Metal in domestic as well as global market. Producing metal with consumption of imported power or generating additional power by using costly coal through import or e-auction route is not cost effective at that level of LME price/sales realization. As a part of strategic decision, power generation at the CPP Unit was restricted to linkage coal only. Accordingly, Smelter operation was curtailed to the extent of availability of Captive power from CPP and regulated at a level of 650 Pots as against installed capacity of 960 pots.

[Ministry of Mines, O.M.No.5/2/2014-IF(pt.), dated 26.03.2015]

Comments of the Committee

(Please see para 22 of Chapter-I of the Report)

CHAPTER V

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

Indian Bureau of Mines (IBM)

Recommendation (Serial No. 4)

The Committee observe that during 2013-14, against the Plan Budget Estimates (BE) of Rs. 49 crore and Revised Estimates (RE) of Rs. 35 crore, IBM could actually spent Rs. 25.50 crore. The variation in BE 2013-14 and actual 2013-14 were scaled down to the extent of Rs. 23.50 crore by the 'Ministry of Finance at RE stage and then funds under the scheme 'Mining Tenement System' (MTS) were surrendered due to non-selection of system integrator. Taking note of scaling down of funds by Ministry of Finance at RE stage and subsequent surrendering of funds during 2013-14 due to non-selection of system integrator for MTS, the Committee would like to be apprised of the steps taken by the Ministry/IBM to ensure that enhanced BE of Rs. 53 crore (Plan) are fully utilized during 2014-15.

Action Taken

The BE, RE and actual Plan expenditure of IBM during last two years are given below:—

IBM's Plan Expenditure during 2013-14 and 2014-15

(Rs. in crore)					
2013-14			2014-15		
BE	RE	Actual Exp.	BE	RE	Actual Exp. Upto Jan.15
49.00	35.00	25.50	53.00	31.50	24.52

For both the years 2013-14 and 2014-15 there is variation in BE and RE due to delay in materialization of tendering process for 'Mining Tenement System' (MTS). The scheme 'Mining Tenement System' (MTS) has been envisaged by the Government to automate the various processes associated with the mineral concession regime to give an impetus to the decision making process and to meet the objectives of

transparency and openness. During 2013-14 Request for Proposal (RFP) document was finalized and tender floated on e-portal. No Bids were received and the amount earmarked was surrendered. During 2014-15, again tender floated in CPP portal. As only single party has responded for the bid, according to Rule 169 of GFR, 2005 the bid as received from M/s Wipro Ltd. has not been opened as well as soft copy of the bid in CPP portal. As decided in the Technical Evaluation Committee (TEC) meeting held on 22.12.2014. Further, RFP was modified and was in the process of being re-floated. In the meanwhile, MMDR Amendment Ordinance 2015 has been promulgated on 12.01.2015 requiring re-modification of the RFP which is being done. The amount earmarked for this Scheme has been surrendered at RE 2014-15 stage.

[Ministry of Mines, O.M.No. 5/2/2014-IF(pt.), dated 26.03.2015]

Comments of the Committee

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

Recommendation (Serial No. 5)

The Committee note that the Review and Restructuring Committee of IBM formed in July, 2009 had submitted its report in May, 2012 with 73 recommendations including a proposed human resource development to the tune of additional 933 posts and infrastructure development like new offices, new environmental laboratories, training centers, etc. The Committee in their 34th Report (15th Lok Sabha) on Demands for Grants (2013-14) of the Ministry had recommended the Ministry/ IBM to draw up a time-frame for the expeditious implementation of restructuring proposal of IBM. The Ministry further apprised the Committee in their Action Taken Reply that out of 73 recommendations, 47 are having financial implication. Out of remaining 26 non-financial recommendations, 11 have been implemented and 5 are under consideration of the Ministry. Remaining 10 recommendations will be implemented during the year 2013-14. The Ministry further apprised the Committee that some of the recommendations of the Review Committee are related to the MMDR Bill, 2011 which has lapsed due to dissolution of 15th Lok Sabha. However, the Committee are concerned to note that the Ministry of Mines in a written reply have informed that they have constituted a Monitoring Committee in May, 2014 to analyse the recommendations. Although, there is inordinate delay of about 2 years in referring the Report of the Review and Restructuring Committee to a Monitoring Committee in May, 2014, the Committee expect that restructuring of IBM which is presently under consideration

by the Monitoring Committee be approved without any further loss of time and they be apprised of the implementation of recommendation within three months.

Action Taken

A Committee was constituted on 23 July, 2009 by the Ministry of Mines for reviewing and restructuring of the functions and role of IBM in terms of the Policy directions given in the National Mineral Policy 2008. Based on deliberations with stakeholders and industry personnel through various meeting the final report was submitted to the Government in May 2012. The Committee had made 73 major recommendations for overall restructuring of the IBM including creation of additional 933 posts and infrastructure development like opening of new offices, new environmental laboratories, training centres, etc.

IBM has taken up 24 recommendations without financial implications for implementation. So far 17 recommendations are implemented which are on-going activities in IBM. Two recommendations regarding renaming of divisions and new charter of functions of IBM were approved by Ministry on 03.11.2014 and notified in gazette on 22.11.2014. Further significant developments have taken place since the Restructuring Committee submitted the Report on 04.05.2012, *inter-alia* lapsing of MMDR Bill 2011 with dissolution of 15th Lok Sabha in 2014. The MMDR Act, 1957 has undergone substantial and significant changes with the passage of the MMDR (Amendment) Bill, 2015. Government have also notified 31 minerals as minor minerals. These will now be regulated by States exclusively. The role of IBM is being redefined in the wake of these developments and this will be reflected in the subordinate legislation-by way of amendment in MCR, 1960 and MCDR 1988.

[Ministry of Mines, O.M.No.5/2/2014-IF(pt.), dated 26.03.2015]

Comments of the Committee

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

National Aluminium Company Ltd. (NALCO)

Recommendation (Serial No. 7)

The Committee observe that during 2012-13 and 2013-14 NALCO could not utilized its plan outlays. Against plan outlay of Rs. 2343 crore for NALCO during 2012-13 and revised Estimates of Rs. 1010 crore, the actual utilization was Rs. 878.80 crore. Again, during

2013-14 against Budget Estimates of Rs. 1737 crore and Revised Estimates of Rs. 542.50 crore, the actuals were Rs. 523.41 crore. The Plan Outlay of NALCO during 2014-15 is pegged at Rs. 1181.02 crore. The Committee are unhappy to note the delay in Utkal e-coal mine where NALCO has reportedly expended Rs. 126 crore as on September, 2014, and the Mine is reported to have been de-allocated by Supreme Court Verdict dated 24th September, 2014. As the company is reportedly seeking legal opinion to follow a review petition in Supreme Court to review/reconsider its decision against de-allocation of Utkal-E coal blocks, the Committee would like to be apprised of the present status thereon.

Action Taken

Based on coal availability from Utkal-E, NALCO had already set up and put to operation the end use plants in Captive power plant and Aluminium Smelter having investment of more than Rs.2754.00 crore. Since the production capacity are getting affected due to non-availability of linkage coal or from own developed coal block, NALCO is pursuing for allocation of adjacent blocks Utkal-D (Mineable reserve of about 102 Million Tonne) and Utkal-E (Mineable reserve of about 67 Million Tonne) as a single Coal block, which will meet NALCO's projected coal requirement of 200 Million Tonne. In the event, both blocks are combined as a single mine, the coal available in the 15 metre barrier (apprx. 30 Million Tonne) between Utkal-D and Utkal-E could also be gainfully utilized.

It may be noted that, as per the Coal Mine (Special Provisions) Ordinance, the Central Government may allocate coal blocks to Government companies. Accordingly, NALCO is pursuing with Ministry to take up the matter with Ministry of Coal for allocation of coal mines through such provisions.

[Ministry of Mines, O.M.No.5/2/2014-IF(pt.), dated 26.03.2015]

Comments of the Committee

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

Recommendation (Serial No. 11)

The Committee note that as far as the achievement in drilling and associated activities are concerned, the actual performance of MECL has fallen far short of the targets during 2011-12 and 2012-13. While the target for drilling in 2011-12 was 6700 m, the achievement was

only 4780 m. Similarly, against the target of 6520 m during 2012-13, the achievement was 6189 m. However, against the anticipated targets of 7550 m of drilling, the achievements during 2013-14 were 8389 m. The Committee have been further given to understand that MECL made satisfactory progress in the ongoing projects like Paharadia Gold Prospect, West Singhbhum district, Jharkhand; Parasi (East) for Gold, Ranchi district, Jharkhand; Gurla South Block for Lead-Zinc, Bhilwara District, Rajasthan; Lumthalary block for Limestone, Jaintia Hills district, Meghalaya; and Parasi (West) Block for Gold, Ranchi District, Jharkhand. The Committee are, however, concerned to note that against the target of 4225 m of drilling in Ajjanahalli East Block-A for Gold, Tumkur district, Karnataka, only 1660 m of drilling was completed and the work was suspended for want of forest clearance. The Committee, therefore, recommend that Ministry of Mines/MECL to take adequate and advance steps and seek necessary approvals to enhance mineral exploration programme. The Committee would also like to apprise of the present status of Nimi-Pyakatsu Limestone Project in Nagaland, the work on which was suspended during 2011-12 due to heavy rain and was again taken up in 2013-14.

Action Taken

Status of Ajjanahalli East Block-A for Gold, Tumkur District, Karnataka: The work of Ajjanahalli East Block, Block-A for Gold, Tumkur, Karnataka was suspended for want of Forest Permission after drilling 1660 m in 6 completed boreholes. The matter of Forest Permission was pursued by MECL continuously at State level and with Ministry of Mines. MECL received forest clearance in July, 2014 and then recommenced the drilling work in August, 2014. The drilling work has been completed on 3rd March 2015 involving a total of 5,061 m of drilling in 19 number of closed boreholes. The geological report will be submitted in October 2015.

Status of Nimi-Pyakatsu Limestone Project, Nagaland: Drilling in the Nimi-Pyakatsu block has been concluded by DGM Nagaland with a total of 531.50 m of drilling in 5 closed boreholes. The geological report of the block has been submitted during August, 2014 by MECL.

Status of Promotional Exploration on behalf of Ministry of Mines during 2014-15: During 2014-15 (upto January 2015), 3 geological reports have been submitted by MECL and a total of 8638 m of drilling has been carried out in 6 different projects against the annual target of 8100 m (RE 2014-15). Further, the BE 2014-15 of Rs. 10.00 crores

for promotional exploration has been fully utilized and additional Rs. 1.00 crores which has been allocated at RE 2014-15 stage will also be utilized. The project-wise details are given below:

(A) Closed Projects in 2014-15

- (1) Nimi-Pyakatsu Project, Nagaland (Limestone):** Drilling in the Nimi-Pyakatsu block has been concluded by DGM Nagaland with a total of 531.50 m of drilling in 5 closed boreholes. The geological report of the block has been submitted during August 2014 by MECL.
- (2) Parasi East Project, District Ranchi, Jharkhand (Gold):** The exploration work of Parasi East block with a total of 3193m of drilling was completed in 19 closed boreholes and MECL submitted the geological report during the month of November 2014.
- (3) Gurla South Project, District Bhilwara, Rajasthan (Lead-Zinc):** In Gurla South block, a total of 1352.50 m of drilling has been completed in 8 boreholes and final geological report has been submitted in the month of December 2014.
- (4) Pahardia Project, District Ranchi, Jharkhand (Gold):** The field work and drilling involving 2527 metres in 13 numbers of boreholes, Sampling and analysis has been completed. The Geological Report (GR) has been submitted in February, 2015 wherein a total of 2.12 million tonnes of gold ore has been estimated with 2.12 g/t of gold. The resources have been categorized under '332' of UNFC.

(B) Running Projects (Work in Progress) in 2014-15

- (1) Parasi (West) Project, District Ranchi, Jharkhand (Gold):** The exploration in the area has been completed in which 1564m of drilling has been carried out in 10 numbers of completed boreholes. The sampling and analysis work is under progress. Work is going on as per schedule approved by SCPP, Ministry of Mines and the Geological Report will be submitted in August 2015.
- (2) Ajjanahalli (East) Block-A, Karnataka (Gold):** After receipt of Forest Clearance from Government of Karnataka, MECL re-started the exploratory drilling. The drilling work has been completed on 3rd March, 2015 involving a total of 5,061m of drilling in 19 number of closed boreholes. The geological report will be submitted in October, 2015.

- (3) **Lumthalary Project, Jaintia Hill District, Meghalaya (Limestone):** The exploratory drilling work involving 1348m in 10 nos. of boreholes has been completed in November-2014 while sampling and analysis work is under progress. The geological report shall be submitted as per schedule i.e. by June 2015.

Promotional projects of Ministry of Mines taken up under MEF (Mineral Exploration Fund)

- (i) **Lumshortoh Project, Jaintia Hill District, Meghalaya (Limestone):** The project commenced in the month of November 2014 and during the month of January 2015, MECL has completed the drilling operations. A total of 645 m of drilling has been carried out in 6 no. of completed boreholes. The Sampling work is in progress.
- (ii) **Mauriya Project, District Betul, Madhya Pradesh (Poly-metallic mineralisation):** The project also commenced in the month of October 2014. So far a total of 820 m of drilling in 2 closed and 2 nos. of running boreholes has been carried out. The work is in progress.
- (iii) **Kuhi-Zone-I Project, District Nagpur, Maharashtra (Tungsten):** MECL started drilling work in this project during November 2014. Till January, a total of 1303 m of drilling has been carried out in 6 no. of completed and 1 no. of running boreholes. The work is in progress.

[Ministry of Mines, O.M.No. 5/2/2014-IF(pt.), dated 26.03.2015]

NEW DELHI;
05 May, 2015

15 Vaisakha, 1937 (Saka)

RAKESH SINGH,
Chairperson,
Standing Committee on
Coal and Steel.

ANNEXURE I

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON
COAL AND STEEL (2014-15) HELD ON 05 MAY, 2015 IN
HON'BLE CHAIRPERSON'S CHAMBER, ROOM NO. '112',
FIRST FLOOR, PARLIAMENT HOUSE
ANNEXE, NEW DELHI

The Committee sat from 1700 hrs. to 1730 hrs.

PRESENT

Shri Rakesh Singh—*Chairperson*

MEMBERS

Lok Sabha

2. Shri A. Arunmozhithevan
3. Shri Kalyan Banerjee
4. Dr. Banshilal Mahato
5. Shri Godam Nagesh
6. Shri Devji M. Patel
7. Shrimati Riti Pathak
8. Shrimati Ranjit Ranjan
9. Shri Neiphiu Rio
10. Shri Tathagata Satpathy
11. Shri Janardan Singh "Sigriwal"
12. Shri Pashupati Nath Singh
13. Shri Sunil Kumar Singh
14. Shri Rama Kishore Singh
15. Shri Krupal Balaji Tumane

Rajya Sabha

16. Shri Md. Nadimul Haque
17. Shri Jugul Kishore
18. Shri Avinash Pande

SECRETARIAT

1. Shri Shiv Singh — *Joint Secretary*
2. Shri Ajay Kumar Garg — *Director*
3. Shri Arvind Sharma — *Additional Director*
4. Ms. Miranda Ingudam — *Under Secretary*

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

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

- | | | | | |
|-------|--|----|----|----|
| (i) | ** | ** | ** | ** |
| (ii) | Twelfth Report on Action Taken by the Government on the observations/recommendations contained in the Second Report (16th Lok Sabha) of the Committee on “Demands for Grants (2014-15)” relating to the Ministry of Mines; and | | | |
| (iii) | ** | ** | ** | ** |

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

The Committee then adjourned.

**Do not pertain to this Report.

ANNEXURE II

(Vide Para IV of Introduction)

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

I. Total No. of Recommendations made	11
II. Recommendations that have been accepted by the Government	06
<i>(vide recommendation at Sl. Nos. 1, 2, 3, 6, 9 and 10)</i>	
Percentage of total	54.54%
III. Recommendations which the Committee do not desire to pursue in view of the Government's replies	00
<i>(vide Recommendation at Sl. No. Nil)</i>	
Percentage of total	0%
IV. Recommendations in respect of which replies of the Government have not been accepted by the Committee	01
<i>(vide recommendation at Sl. No. 8)</i>	
Percentage of total	9.09%
V. Recommendations in respect of which final replies of the Government are still awaited	04
<i>(vide recommendation at Sl. Nos. 4, 5, 7 and 11)</i>	
Percentage of total	36.36%