

25

STANDING COMMITTEE ON
COAL AND STEEL (2016-2017)
SIXTEENTH LOK SABHA

MINISTRY OF MINES

"Demands For Grants (2016-17)"
**[Action Taken by the Government on the Observations/
Recommendations contained in the Nineteenth Report of the
Standing Committee on Coal and Steel (Sixteenth Lok Sabha)]**



TWENTY-FIFTH REPORT

**LOK SABHA SECRETARIAT
NEW DELHI
December, 2016/Agrahayana, 1938 (Saka)**

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Presented to Lok Sabha on 05.12.2016

Laid in Rajya Sabha on 05.12.2016



**LOK SABHA SECRETARIAT
NEW DELHI
December, 2016/Agrahayana 1938 (Saka)**

CONTENTS

	Page
COMPOSITION OF THE COMMITTEE.....	(iii)
INTRODUCTION.....	(v)
CHAPTER I Report	1
CHAPTER II Observations/Recommendations that have been accepted by the Government	15
CHAPTER III Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies.....	31
CHAPTER IV Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee.....	32
CHAPTER V Observations/Recommendations in respect of which final replies of the Government are still awaited.....	33

ANNEXURES

I.	Minutes of the sitting of the Standing Committee on Coal and Steel (2016-17) held on 29.11.2016	40
II.	Analysis of Action Taken by the Government on the Recommendations contained in the Nineteenth Report of the Standing Committee on Coal and Steel (Sixteenth Lok Sabha).....	41

COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL (2016-17)

Shri Rakesh Singh- Chairperson

Name of the Member

Lok Sabha

2. Shri A Arunmozhithevan
3. Shri Kalyan Banerjee
4. Shrimati Jyoti Dhurve
5. Shri Nagesh Godam
6. Shri Shailesh Kumar
7. Dr. Banshilal Mahato
8. Shri Kamalbhan Singh Marabi
9. Shri Ajay Nishad
10. Shrimati Riti Pathak
11. Shrimati Ranjit Ranjan
12. Dr. Ravindra Kumar Ray
13. Shri Chandu Lal Sahu
14. Shri Tamradhwaj Sahu
15. Shri Tathagata Satpathy
16. Shri Janardan Singh "Sigriwal"
17. Shri Pashupati Nath Singh
18. Shri Rama Kishore Singh
19. Shri Sunil Kumar Singh
20. Shri Sushil Kumar Singh
21. Shri Krupal Balaji Tumane

Rajya Sabha

22. Shri Ali Anwar Ansari
23. Dr. Pradeep Kumar Balmuchu
24. Shri Ranjib Biswal
25. Shri Md. Nadimul Haque
26. Shri B.K Hariprasad
27. Shri Ranvijay Singh Judev
28. Shri Ram Vichar Netam
29. Shri Dilip Kumar Tirkey
30. Shri Beni Prasad Verma
31. Vacant

(ii)

SECRETARIAT

1. Shri U.B.S. Negi - Joint Secretary
2. Shri Ajay Kumar Garg - Director
3. Shri Arvind Sharma - Additional Director
4. Ms. Miranda Ingudam - Deputy Secretary
5. Smt. Madhu Tandon - Sr. Executive Assistant

(iii)

INTRODUCTION

I, the Chairperson, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Twenty-Fifth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Nineteenth Report of the Standing Committee on Coal and Steel (Sixteenth Lok Sabha) on "Demands for Grants (2016-17)" of the Ministry of Mines.

2. The Nineteenth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 02.05.2016. Replies of the Government to all the observations/recommendations contained in the Report were received on 09.08.2016.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 29.11.2016.

4. An analysis on the Action Taken by the Government on the observations/ recommendation contained in the Nineteenth 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;
29 November,2016
8 Agrahayana, 1938(Saka)

RAKESH SINGH
Chairperson
Standing Committee on Coal and Steel

REPORT

CHAPTER- I

This Report of the Standing Committee deals with Action Taken by the Government on the observations/recommendations contained in the Nineteenth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel on Demands for Grants (2016-17) relating to the Ministry of Mines which was presented to Lok Sabha on 02.05.2016 and laid in Rajya Sabha on 02.05.2016.

2. The Action Taken Replies have been received from the Ministry of Mines on 09.08.2016 in respect of all the 10 observations/recommendations contained in the Report. These have been categorized as follows:-

- | | | |
|-------|---|--------------------------|
| (i) | Observations/Recommendations which have been accepted by the Government:
Serial Nos. 1, 2, 3, 4, 5, 8 and 9 | Total : 07
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. Nil | Total : 00
Chapter-IV |
| (iv) | Observations/Recommendations in respect of which final replies of the Government are still awaited:
Serial Nos. 6, 7 and 10 | Total : 03
Chapter-V |

3. The Committee do hope and 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 further Action Taken Notes on the Observations/Recommendations contained in Chapters-I and Final Action Taken Replies on the Observations/Recommendations contained in Chapters-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 Nineteenth Report.

Recommendation No.2

Utilization of Plan Funds by PSUs

5. The Committee noted that utilization of funds by all the three PSUs under the Ministry of Mines had remained far from satisfactory during the last three years. The Committee observed that while on one hand there had been reduction in Plan Outlays of Ministry of Mines, on the other, the utilization of even reduced funds by PSUs like NALCO, HCL and MECL had not been satisfactory. This gives an impression that plan outlays were not based on realistic projections. This was evident from the fact that during the year 2013-14, the Plan Outlays for NALCO were kept at Rs. 1737.00 crore but the actual expenditure was only Rs. 523.41 crore. Similarly, in the year 2014-15, against the approved outlays of Rs. 1181.02 crore at Budget Estimates (BE) stage, only Rs. 224.34 crore (18.99%) were utilized by NALCO. Again, during 2015-16, the BE was Rs. 1142.21 crore, the expenditure remained as low Rs.198.69 crore (17.39%). Similarly, the BE of HCL for the year 2013-14 was Rs. 688.37 crore but the company could utilize only Rs. 282.12 crore (40.98%). In the year 2014-15, the Plan Outlays of HCL were Rs. 522.16 crore, but the expenditure was Rs. 205.44 crore (39.34%) and in the year 2015-16, BE for HCL was kept at Rs. 475.00 crore but the actual expenditure by the company was Rs. 133.08 crore (28.01%). As regards, MECL (Capital), a provision for Rs. 20.00 crore was made at BE stage for the year 2013-14 but actually only Rs. 8.72 crore (43.6%) was expended. In the year 2014-15, the Budget Estimates of MECL was reduced to Rs. 18.71 crore and actual expenditure was Rs.7.76 crore (41.47%). During the year, 2015-16, against the BE of Rs. 17.23 crore, the expenditure by the Company was Rs.4.06 crore (23.56%). Under-utilization of funds by the Ministry/PSUs highlights their unsatisfactory financial performance.

Though, the Ministry of Mines had claimed that the expenditure was being monitored at a concurrent, monthly and quarterly level by the Ministry, the Committee failed to see any noticeable improvement in the utilization of the Annual Plans by all the three PSUs during the last three years. The under-utilization of funds year after year gives credence to the fact that the institutional mechanism put in place to monitor utilization of funds was not effective to give the desired results. The Committee, therefore, felt that the Ministry/PSUs need to be more prudent in their budget formulation. Further, they need to strengthen the existing monitoring system ensuring that the planned outlays are fully utilized as per targets during the year. The Committee would like to be apprised of the initiatives undertaken by the Ministry in this regard.

6. In its action taken reply, the Ministry of Mines has stated as under:-

"National Aluminium Company Ltd. (NALCO)

The major reasons for shortfall in expenditure of NALCO during 2013-14, 2014-15 and 2015-16 are as under:-

2013-14: The shortfall of CAPEX in 2013-14 was mostly due to non-utilisation of Rs.894 crore earmarked for Nuclear Power JV by NALCO with NPCIL, as approval of CCS for equity participation was not received.

2014-15: The shortfall of CAPEX in 2014-15 was mainly:

- Due to non-utilisation of Rs.586.5 crore earmarked for Gujarat Refinery in JV with GMDC. Information on quality & quantity of bauxite reserves to support a 1 mln ton plant & GMDC's response regarding 49% equity was not received;
- and de-allocation of Utkal- E mines in September, 2014.

2015-16: The shortfall of CAPEX in 2015-16 was mainly due to:

- Rs. 190 crore earmarked for 1 MTPA Alumina Refinery in Gujarat in JV with GMDC could not be spent due to feasibility issue of the project on account of non-availability of adequate bauxite to support a 1 MTPA alumina refinery throughout the useful plant life of 30 to 40 years.
- Delay in getting the allocation of Utkal D & E coal blocks by NALCO. The allocation letter was issued in May, 2016 by NALCO.
- Due to delay in land acquisition, etc. Rs.215 crore could be spent in the wind power project in Maharashtra & Rajasthan against earmarked Rs. 495 crore.

- Similarly, Rs.62 crore earmarked for the 20MW solar project in Madhya Pradesh could not be spent due to delay in getting the in-principle approval for land from MPNRED.

The above mentioned major reasons for not achieving the CAPEX targets of last few years were beyond the control of NALCO. However, the Company has achieved to a reasonable degree the CAPEX w.r.t. RE projections of all these years and exceeded the RE targets in the Financial Year 2015-16 by achieving Rs. 452 crore against RE projection of Rs. 407 crore in the Financial Year, 2015-16.

Strengthening Monitoring System: An effective online CAPEX monitoring system has been developed and implemented by NALCO to monitor the CAPEX utilization at different levels of units and at Corporate level. The online monitoring will sensitize all concerned at various levels for adherence to timelines for achieving the targets and incurring the targeted expenditures. A realistic reassessment of the projected CAPEX for 16-17 also has been done and fixed at Rs.1020.87 crore.

Hindustan Copper Ltd. (HCL)

As per HCL's plan, work of mine expansion projects could not be started due to inordinate delay in getting the wild life and environmental clearances from the Ministry of Environment, Forest & Climate Change. Due to want of required statutory clearances of mining projects within the scheduled time, the company had revised the plan outlay expenditure for 2013-14 from Rs 688.37 crore to Rs 383.50 crore. Also HCL's actual expenditure during 2013-14 was almost 81% of the Plan Outlay at RE stage.

As per HCL's plan, work of mine expansion projects of Malanjkhand, Rakha and Chapri-Sideswar could not be started due to want of required statutory clearances within the scheduled time. In case of underground mines of Malanjkhand Copper Project, required wild life clearance was obtained in December 2014. As a result, the company had revised the plan outlay expenditure for 2014-15 from Rs. 522.16 crore to Rs 268.00 crore against which the actual expenditure was Rs 399.03 crore which is 76% of BE target and 149% of the RE target.

The RE Targets against Mine Expansion, Renewal & Replacement and Mine Development Expenditure were achieved during 2014-15. However, the expenditure against Green Field Exploration was NIL since no fresh mine lease was granted in favour of HCL.

Further, environmental clearances were obtained for Kendadih and Rakha Mining Lease. However, due to want of required Stage II forest clearances for Kendadih and Rakha, the work of these mining projects could not be commenced within the scheduled time. Hence, the company had revised the plan outlay for 2015-16 from Rs 475.00 crore to Rs 380.00 crore against which the actual expenditure was Rs.398.56 crore. The RE Targets against Renewal & Replacement and

Mine Development Expenditure have been achieved during 2015-16 whereas there is marginal shortfall in expenditure under Mine Expansion. However, the expenditure against Green Field Exploration is NIL since no fresh mine lease was granted in favour of HCL.

The Ministry is reviewing the Capex on a quarterly basis. Further, this Ministry has also taken up the issue of stage-II forest clearance of Kendadih and Rakha mines with the Ministry of Environment, Forest & Climate Change.

Mineral Exploration Corporation Ltd. (MECL)

The reasons for the fund underutilization are as under:-

1. Failure of global tenders for high-end laboratory equipments and hydrostatic drill machines due to differences in technical specification requirements.

2. Cancellation of the procurement orders given in anticipation of developmental mining work which did not materialize.

The BE provisions of Rs. 18.71 crore for capital expenditure in the year 2014-15, were further reduced to Rs. 16.76 crore in RE. Finally, Rs. 14.20 crore (85%) was spent out of internal resources up to March, 2015.

The reasons for underutilization of CAPEX are –

1. Cancelling procurement of drill rods required for drilling in lignite.

2. Problems faced due to switching over from manual tendering to e-tendering process.

However, it may please be seen that MECL's CAPEX spending increased from Rs. 8.72 crore in 2013-14 to Rs. 14.20 crore in 2014-15.

During the year 2015-16, a provision for Rs. 17.23 crore was kept at BE stage for IEBR. However, Rs. 22.71 crore was finally spent on CAPEX against an initial target of Rs. 17.23 crore."

7. The Committee in their original Report had observed that not only there had been a reduction in Plan Outlays of the Ministry of Mines, but also, the utilization of even reduced plan outlays by PSUs like NALCO, HCL and MECL had not been satisfactory. The Committee had, therefore, recommended that the Ministry/PSUs need to be more prudent in their budget formulation and emphasized on the need to strengthen the existing monitoring system for ensuring that the planned outlays are fully utilized as per the targets during the year. In this regard, the Committee note from the Action Taken Replies of the Ministry that the reasons for shortfall in expenditure and non achievement of targets set in respect of NALCO, HCL and MECL include

inter alia delays in land acquisition and allocation of coal blocks which were admittedly beyond the control of NALCO. The Committee at the same time note with satisfaction that three mines PSUs viz. NALCO, HCL and MECL have improved their fund utilization of Plan Outlays when compared to their Revised Estimates for the year 2015-16. The Committee also desire that these companies should put into place an effective online monitoring system for enhanced sensitization for adherence to timelines for achievement of targets. As regards HCL, the Committee observe that the Ministry of Mines has taken up the issue of pending stage-II forest clearances of Kendadih and Rakha Mines of the company which has been the major cause for non-commencement of these mining projects with the Ministry of Environment and Forest. Regarding MECL, the Committee find that reasons cited for under-utilization include *inter alia* failure of global tenders due to differences in global technical specifications; cancellation of procurement orders, problems faced due to switching from manual tendering to e-tendering etc. The Committee are of the opinion that the Ministry of Mines need to foresee anticipated procedural problems and take up more proactive measures to offset such eventualities. The Committee would, therefore, like to emphasize upon the need to review the entire gamut of project planning, formulation and implementation strategy so that plan outlays are prepared on a realistic basis and utilized gainfully as well. The Committee would like to be apprised of the specific measures taken by the Ministry at the earliest.

Recommendation Serial No. 6

Implementation of Mining Tenement System (MTS)

8. The Committee noted with concern that for the year 2015-16, plan outlay of Rs. 53.00 crore which was provided to IBM at BE stage for implementation of various schemes was reduced to Rs. 37.93 crore at RE stage out of which, the IBM could utilize only Rs. 27.40 crore (upto January, 2016). The final estimates of utilization of plan funds by IBM during 2015-16 is Rs. 33.16 crore. The Committee further noted that for the year 2016-17, the budgetary allocation to IBM was reduced to Rs. 47.23 crore. According to the Ministry, though the

allocated funds for the year 2016-17 for IBM are sufficient to fulfill the present requirements, but after selection of implementation agency for Mining Tenement System(MTS) project, additional funds would be needed for the same. In this regard, the Committee noted that the allocation of Rs. 13.80 crore at BE stage for MTS during the year 2015-16 was revised to Rs. 0.74 crore at RE stage. But the utilization for the scheme during the year was nil due to non-implementation of the scheme on account of inordinate delay in getting bids for selection of Implementation Agency for MTS. Taking note of the fact that MTS when implemented would help to develop an Online National Mineral Information System by linking Central and State Government Organizations, engaged in administration of mineral resources in the country, the Committee firmly felt that such a crucial scheme should not be allowed to suffer for want of sufficient funds but ought to be given top priority. The Committee, therefore, recommended that the Ministry of Mines should take adequate steps to ensure that selection of implementing agency for MTS is completed without any delay and adequate funds be made available to IBM at RE stage during 2016-17 for ensuring that the scheme does not get delayed or suffer due to lack of funds.

9. In its action taken reply, the Ministry of Mines has stated as under:-

"Indian Bureau of Mines (IBM)

The Request for Proposal (RFP) for selection of Implementation Agency for MTS has been floated twice on 03.12.2013 and 08.07.2014, but had to be annulled due to lack of adequate participation in the bids. IBM too made requisite changes in the RFP to make it in line with the MMDR, (Amendment) Act and for enabling the use of cloud services for MTS requirements and had refloated the modified RFP on 4.8.2015. In the Technical Evaluation Committee (TEC) meeting held on 7.5.2015 regarding re-publication of RFP, it was decided that IBM will use NIC's Cloud to host MTS Software. The issue of use of NIC Cloud was discussed with the Cloud Team of NIC at New Delhi on 26.5.2015. Accordingly, the modified RFP inviting online bids from eligible bidders for selection of an implementation agency for design, development, maintenance and operations of Mining Tenement System was hosted on IBM website on 4.8.2015 and the same has been uploaded in the CPP portal & IBM

website. After several extensions of date for submissions of bids as per the Consultant's recommendation and requests of some leading/prospective bidders, the closing date was extended up to 20th January, 2016. The bids were opened on 20th January, 2016 and three parties namely M/s TCS, M/s Wipro and M/s L&T InfoTech submitted the bids. Technical bids have been opened and are being evaluated in line with technical evaluation criteria provided in RFP. The technically qualified bidders have been communicated to be in readiness for the technical presentation and proof of concept demonstration for selection of the Implementation Agency. It is hoped that the contract would be awarded to the successful bidder within a couple of months' time for implementation of the MTS project".

10. Taking note of the fact that the Mining Tenement System (MTS) project when implemented would help develop an Online National Mineral Information System by linking Central and State Government Organisations engaged in administration of mineral resources in the Country, the Committee in their original Report had recommended that selection of the implementation agency for MTS be completed without any delay and adequate funds be made available to IBM to ensure that the scheme does not get delayed or suffer from lack of funds. Taking note of the Action Taken Replies of the Ministry, the Committee feel concerned to find that apparently the process of awarding the contract is still not over. This only goes to reflect a lack of urgency to facilitate IBM for selection of the Implementation Agency for MTS in a time bound manner. However, the Ministry of Mines has expressed hope that the contract would be awarded to the successful bidder within a couple of months. The Committee, therefore, reiterate their earlier recommendation and desire that vigorous efforts be made by the Ministry ensuring that MTS is made operational in a time bound manner. The Committee would like to be apprised of the progress made in this regard.

Recommendation Serial No. 9

Expenditure by NALCO during 12th Plan

11. The Committee observed that out of total outlay of Rs. 14233.00 crore to NALCO as approved by the Ministry of Finance for the 12th Plan Period, the

expenditure made during the first four years was only Rs. 1831.47 crore. While during the year 2012-13, NALCO could spend only Rs. 878.00 crore (37.50%) of the allotted fund of Rs. 2343.00 crore, during 2013-14 the expenditure was Rs. 523.41 crore i.e. 30.13% of the approved outlays. In the year 2014-15 the expenditure by NALCO was Rs. 282.30 crore i.e. 23.90% of the allocated funds of Rs. 1181.00 crore and during the year 2015-16, the utilization of funds (upto February, 2016) was Rs. 146.96 crore i.e. 12.44% of approved outlays of RS.1181.00. The Committee felt that either the estimates prepared by NALCO were inflated or they had failed to utilize the Plan Outlays during the first four years of the 12th Plan. While observing under-utilization of 12th Plan outlays by NALCO, the Committee also noted the present monitoring mechanism to have monthly review meetings by CMD have not yielded the desired results. Hence, the Committee desired that the Ministry/NALCO should endeavour to analyse the reasons for consistent inadequate utilization of the funds and take the necessary remedial measures so as to ensure that in future the total allocated funds were fully utilized as targeted.

12. In its action taken reply, the Ministry of Mines has stated as under:-

"National Aluminium Company LTD.(NALCO)

The Projection in the 12th Plan vis-à-vis actual achievement of NALCO is as under:-

(Rs. in Crore)

Sl. No.	Name of the Scheme/ Project/ Programme	Projection in 12 th Plan					Total	Actual achievement				Total Actual
		12-13	13-14	14-15	15-16	16-17		12-13	13-14	14-15	15-16	
1	II-Phase Expansion	191	-	-	-	-	191	35.30	44.24	-	-	79.54
2	Utkal - E, Coal Mines	198	17	-	-	-	215	17.91	5.18	4.00	30.81	57.90
3	Addition modification and replacement	416	316	303	320	329	1,684	309.92	280.81	261.43	204.82	1,056.98
4	Up-gradation of Alumina refinery	160	129	-	-	-	289	115.89	55.28	15.73		186.90
5	Wind Power plant	75	7	-	-	-	82	246.35	4.34	-		250.69
6	Green Field Projects	1,182	1,163	725	1,139	1,817	6,026	153.30	132.84	1.14	215.98	503.26
7	220KA Up-gradation of Smelter	100	131	246	177	163	817	-	-	-		-
8	2 X 250 CPP	15	573	715	528	390	2,221	-	-	-		-
9	Refinery 5th stream including Pottangi Mine	6	302	750	1,050	600	2,708	0.13	0.72	-	0.65	1.50
	Total	2,343	2,638	2,739	3,214	3,299	14,233	878.80	523.41	282.30	452.26	2,136.77

With reference to the above table, the major reasons for not achieving the CAPEX target by NALCO in the 12th Plan are due to the following facts:-

1. II-Phase Expansion: There was overall savings of Rs 155 crore in the project having an outlay of Rs.4402 crore.
2. Utkal - E, Coal Mines: Non-receipt of mining lease and delay in getting forest clearance, etc .and subsequent de-allocation of the coal block by the Govt. in September, 2014.
3. Addition modification and replacement: Against the projected expenditure of Rs. 1684 during the Plan period including 2016-17, the actual expenditure will be around Rs.1461 crore, which works out to about 87% of the target.
4. Up-gradation of Alumina refinery: There was overall savings of about Rs. 66 crore in the project having an outlay of Rs.409 crore.
5. Green Field Projects: non-utilisation of earmarked fund towards greenfield projects, where the expenditure was only Rs. 503 crore against the target of Rs.6026 crore. In many of the Greenfield projects as outlined in reply under recommendation-2, there had been substantial delay at various levels which was beyond the control of NALCO.
6. 220KA Up-gradation of Smelter: Due to availability of higher amperage technology, the Company decided to explore the feasibility of enhancing the pot amperage to 400KA or more.
7. 2 X 250 MW CPP: As 220KA Up-gradation of Smelter could not materialize, the power supplement through 2X250 MW did not take off.
8. Refinery 5th stream including Pottangi Mine: Delay was due to non-allocation of Pottangi bauxite deposit by Govt. of Odisha, which is yet to be allocated. However, the pre-project activities have already started since December, 2014.

Inspite of the above constraints, all out efforts are being made to achieve the CAPEX target of Rs.1020.87 crore for 2016-17."

13. Taking note of the underutilization of 12th Plan outlays by NALCO, the Committee in their original Report had desired that the Ministry/NALCO should endeavour to analyse the reasons for consistent under utilization of the funds and take necessary remedial measures so as to ensure that in future the total allocated funds are fully utilized as targeted. From the Action Taken Reply, the Committee find that the major reasons for not achieving the target set by NALCO during the 12th Plan were due to non-receipt of mining lease of coal mines, delays in getting forest clearances, non-utilization of funds towards Greenfield Projects, de-allocation or non-allocation of coal blocks, non-allocation of Pottangi bauxite deposit by State Government of Odisha, etc. The Committee also note that all out

efforts are being made to overcome these constraints so as to achieve the targets set for 2016-17. The Committee hope that the efforts being made by Ministry would materialise so that the implementation of these projects are executed and targets set are achieved within their timelines and also to facilitate optimum utilization of funds. The Committee would also like to be apprised of the updated information on allocation of Pottangi bauxite mines to NALCO by Odisha Government.

Recommendation Serial No. 10

Mineral Exploration Corporation Ltd. (MECL)

14. The Committee observed that MECL (promotional) scheme was implemented through MECL for which funds were provided by the Central Government on the basis of detailed exploration schemes formulated by the Company based on demand as well as national priorities in the metallic/non-metallic minerals. Besides, MECL also undertakes mineral exploration activities of State Governments, undertakings of Central and State Governments and other on charge basis. MECL was allocated an outlay of Rs. 40.00 crore for promotional drilling during the year 2015-16 which was revised to Rs. 36.26 crore at RE stage. The actual utilization of the outlays was, however, Rs. 10.80 crore (upto December, 2015). The Committee also noted that a project for creation of Capital Assets for enhancement of mineral exploration capacity of MECL at the total cost of Rs. 96.00 crore submitted to Ministry of Mines was approved on 03.02.2016. In anticipation of approval, an advance action was taken and a sum of Rs. 6.51 crore had been spent upto February 2016. Further, it was estimated that an amount of Rs. 11.05 crore will be spent during March 2016, totaling to Rs. 17.56 crore in the year 2015-16. However, one of the reasons attributed for shortfall in utilization of funds was that the Ministry did not receive any response to the global tenders for procurement of equipment. The Ministry had stated that action had already been initiated to re-tender and they expected to materialize the procurement action in 2016-17. The Committee further noted that MECL has been allotted an annual plan outlay of Rs. 29.15 crore to implement its schemes/projects during 2016-17 against a proposed demand of Rs. 53.35 crore. The Committee were unhappy at the slow

pace of completion of promotional drilling projects while observing that as against the 10 promotional projects approved by Standing Committee on Promotional Projects (SCPP) during 2015-16, only 4 projects were completed during the year. Although, the Ministry of Mines had informed the Committee that four new projects namely Hanumalpura East Block, Davangeri Distt., Karnataka; Nandup-Bayanbil Combined Block, East Singhbhum Distt. Jharkhand; Bhalusari Block, Hanumangarh Distt., Rajasthan; and Jaitpur Block, Bikaner Distt., Rajasthan with varying schedule of completion from 9 months to 23 months will be taken up by MECL during 2016-17, a representative of the Ministry of Mines informed the Committee during evidence that MECL would be working on 40 mining blocks during the coming year and will submit detailed Geological Reports on 40 new blocks for which enhanced budgetary support is required by MECL to replace its old & outdated drilling machines. In view of the anticipated increased targets for minerals exploration by MECL and proposal for creation of Capital Assets by MECL, the Committee recommended that the Ministry of Mines should take up the matter with Ministry of Finance and impress upon them to enhance the Budgetary Support to MECL at RE stage so that not only the new drilling machines are procured on time but also the enhanced drilling targets are achieved during the year 2016-17. The Committee would also like to be apprised of details of 40 new blocks on which MECL had targeted to submit detailed Geological Reports during 2016-17.

15. In its action taken reply, the Ministry of Mines has stated as under:-

"Mineral Exploration Corporation Ltd. (MECL)

MECL has fully utilised the plan outlay for 2015-16 in both Promotional Exploration (Rs. 15.00 crore) as well as Capital Asset Creation (Rs. 13.51 crore). In addition Rs. 9.20 crore (IEBR) has also been utilised. As a result, a total amount of Rs. 22.71 crore has been spent by MECL during 2015-16.

As regards the completion of projects, out of 10 projects approved during the year 2015 -16, 5 are in progress and 5 could not be taken up due to local resistance or identified blocks were falling in the existing leases / Reconnaissance Permit (RP) of private companies. Four projects completed during this year were carried forward from previous years.

In addition, work in 3 blocks namely Nandup-Bayanbil Combined Block for copper, East Singhbhum District, Jharkhand, Jaitpur and Bharusari Blocks for

potash, Bikaner District, Rajasthan has already started. Hanumalapura (Karnataka) could not be taken up because of local resistance.

The exploration work shall be undertaken in a total of 43 blocks and Geological Reports of around 32 blocks shall be submitted during 2016-17. The details are given below in Table -2.

Further, the Government has approved the proposal for "Creation of Capital Assets of Mineral Exploration Corporation Limited (MECL)" for Rs. 96 crore in February, 2016. MECL shall be utilising this fund for procurement of latest drilling machines, advanced laboratory and geophysical equipments, survey instruments, IT software / hardware, machinery for the workshop, and for construction of well-designed integrated laboratory and workshop buildings.

During 2015-16, MECL has procured 14 new drill machines and has plans to procure another 12 machines during 2016-17. In addition, other procurements shall also be done simultaneously. As regards the budgetary allocation of Rs. 4.15 crore for promotional exploration work during 2016-17, it is submitted that in view of the approved work in hand and enhanced drilling targets, additional grant will be sought at the RE stage.

Table : 1 Budgetary Allocation for MECL during XII Five Year Plan (Rs. in crore)

Fund	Allocation	2012-13			2013-14			2014-15			2015-16			2016-17
		Allocation (BE)	Allocation (RE)	Achievement	Allocation (BE)	Allocation (RE)	Achievement	Allocation (BE)	Allocation (RE)	Achievement	Allocation (BE)	Allocation (RE)	Achievement	Allocation (BE)
Promotional Exploration	50.00	10.00	8.50	8.50	9.00	9.00	9.00	10.00	11.00	11.00	15.00	15.00	15.00	4.15 [#]
Capital (IEBR)	49.00	9.00	12.00	12.00	20.00	20.00	8.72	18.71	16.76	14.20*	17.23	9.20	9.20	8.00
Capital Grant for "Creation of Capital Assets of Mineral Exploration Corporation Limited (MECL)" under promotional scheme of MoM		--	--	--	--	--	--	--	--	--	--	13.51	13.51	25.00

(*) includes Rs.. 2.68 crore on procurement of items which were later on re-categorised from capital to revenue items.

(#) MECL will seek addition funds for promotional exploration at RE stage.

Table : 2 Exploration of Blocks / GRs for auction during 2016-17			
Sl. No.	Funding Source	No. of blocks under exploration at present	No. of GRs planned to be submitted during 2016-17
1.	Promotional Scheme of MoM.	7	6
2.	National Mineral Exploration Trust (NMET)	12	4
3.	Mineral Exploration Trust (MEF)	4	2
4.	Contractual	20	20
	Total	43	32

16. The Committee express their satisfaction to note that MECL has fully utilized the plan outlay for 2015-16 in both Promotional Exploration as well as Capital Asset Creation besides fully utilizing the IEBR funds of Rs. 9.20 crore. The Committee, however, observe that on the aspects of completion of projects, out of 10 projects approved during the year 2015-16, five are in progress and another five projects could not be taken up due to local resistance or because identified blocks were falling in the existing leases/reconnaissance permit (RP) of private companies. The Committee desire that adequate efforts to overcome the constraints impending the offtake of projects are needed to be made to facilitate timely completion of these projects. The Committee would like to be apprised of the action taken in this regard as well as the details of estimated drilling works, cost of drilling, minerals being explored in 43 blocks by MECL during 2016-17.

CHAPTER – II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation No. 1

Budgetary Provision and Utilization

The Committee note that the total budgetary allocation of Rs. 570.58 crore under the Plan Head of the Ministry of Mines during the year 2015-16 was reduced to Rs. 437.12 crore at Revised Estimates(RE) stage. The actual expenditure has only been Rs. 393.79 crore upto 21.03.2015. The Committee are concerned at the underutilization of plan funds by GSI, IBM and MECL. The reasons attributed by the Ministry for under-utilization of funds i.e. delayed start of Online Core Business Integrated System (OCBIS) project due to technical reasons, delayed start of outsourced drilling work (GSI), non-materialization of Modified Assured Career Progression Schemes, recruitment of Group 'C' employees, delay in getting bids from implementing agency of the Mining Tenement System (MTS) project,(IBM), delay in approval for the project for creation of Capital Assets (MECL) are of repetitive nature and unconvincing. The Committee also note that for the year 2016-17, against projection of Rs. 652.45 crore made by the Ministry, the Ministry of Finance has allocated Rs. 570.00 crore under Plan Head. As per the Ministry's submission, the reasons for lower allocation by the Ministry of Finance is based on account of availability of resources with them and also the trends of expenditure by the Ministry of Mines during 2015-16. While emphasizing the need for corrective measures to overcome the constraints affecting the implementation of projects/schemes by the Ministry of Mines/attached offices, the Committee desire that the Ministry of Mines, after ensuring timely utilization of allocated funds should approach the Ministry of Finance at RE Stage to enhance the funds for 2016-17 for effective implementation of their ongoing schemes.

Action Taken

Geological Survey of India (GSI)

During 2014-15, against a Final Estimate (FE) grant of Rs 266.50 crore, the expenditure of GSI was Rs 267.17 crore which is 100.25% of the total allocation. Further, during 2015-16, against the RE grant of Rs. 347.93 crore, the expenditure of GSI was Rs 342.88 crore which comes to 98.55% expenditure.

As regards low expenditure till 21.03.2015, it is stated that GSI being primarily a field-based organization, the bulk of its activities, by their very nature, are concentrated in the last two quarters. Although the activities commence in April, they gather momentum only during the fair weather period i.e. October to March. Owing to these practical difficulties, GSI is not able to spend the stipulated percentage of the Plan budget in the initial

period of the financial year. However, by the end of the financial year GSI makes up for the shortfall and utilizes its budget efficiently.

Indian Bureau of Mines (IBM)

IBM's actual expenditure for 2015-16 under **Plan Head** was Rs.30.47 crore against the BE of Rs.53.00 crore and RE of Rs.37.93 crore i.e. utilization of 57.49% of the budget allocation with reference to BE and 80.33% of budget allocation with reference to RE.

Reasons for variation, between RE and actual during the year for Plan expenditure are as under:-

- a. The variation between RE and actual expenditure is Rs. 7.46 crore, out of which, Rs 3.22 crore is NER capital funds and Rs. 0.94 crore is Tribal Area Sub Plan (TASP). Non utilization of amount under TASP and underutilization of amount under NER has been essentially due to non-availability of specific schemes under IBM's charter of functions which can be covered under NER Capital & TASP as per the guidelines for their utilization as IBM is a regulatory body not having much of executive functions. Further, it emerged in consultation with the concerned Ministries that the funds under TSP & NER heads of IBM for the FY 2016-17 can be utilized by way of transfer from IBM to GSI within the Ministry.
- b. The remaining sum about Rs. 1 crore could not be utilized under the salary head due to non-materialization of some recruitments & MACP grants.

Mineral Exploration Corporation Ltd. (MECL)

As regards Financial Year 2015-16, MECL fully utilized the grant of Rs. 15.00 crore for promotional exploration on behalf of Ministry of Mines. However, the Budget Estimate of Rs. 25.00 crore for the programme for creation of capital assets was reduced to Rs. 21.26 crore at Revised Estimate stage. Though the proposal could be approved only in February 2016, MECL was able to utilize the Revised Estimate of Rs.13.51 crore. During the 2016-17 MECL has plans in place to utilize the grant fully.

The Ministry of Finance would be requested at Revised Estimate stage to enhance the funds for 2016-17 for effective implementation of the ongoing schemes.

[O.M. No.5/1/2016-IF (344) dated 09.08.2016 of the Ministry of Mines]

Recommendation No. 2

Utilization of Plan Funds by PSUs

The Committee note that utilization of funds by all the three PSUs under the Ministry of Mines has remained far from satisfactory during the last three years. The Committee observe that while on one hand there has been

reduction in Plan Outlays of Ministry of Mines, on the other, the utilization of even reduced funds by PSUs like NALCO, HCL and MECL has not been satisfactory. This gives an impression that plan outlays are not based on realistic projections. This is evident from the fact that during the year 2013-14, the Plan Outlays for NALCO were kept at Rs. 1737.00 crore but the actual expenditure was only Rs. 523.41 crore. Similarly, in the year 2014-15, against the approved outlays of Rs. 1181.02 crore at Budget Estimates (BE) stage, only Rs. 224.34 crore (18.99%) were utilized by NALCO. Again, during 2015-16, the BE was Rs. 1142.21 crore, the expenditure remained as low Rs.198.69 crore (17.39%). Similarly, the BE of HCL for the year 2013-14 were Rs. 688.37 crore but the company could utilize only Rs. 282.12 crore (40.98%). In the year 2014-15, the Plan Outlays of HCL were Rs. 522.16 crore, but the expenditure was Rs. 205.44 crore (39.34%) and in the year 2015-16, BE for HCL was kept at Rs. 475.00 crore but the actual expenditure by the company was Rs. 133.08 crore (28.01%). As regards, MECL (Capital), a provision for Rs. 20.00 crore were made at BE stage for the year 2013-14 but actually only Rs. 8.72 crore (43.6%) were expended. In the year 2014-15, the Budget Estimates of MECL were reduced to Rs. 18.71 crore and actual expenditure was Rs.7.76 crore (41.47%). During the year, 2015-16, against the BE of Rs. 17.23 crore, the expenditure by the Company was Rs.4.06 crore (23.56%). Under-utilization of funds by the Ministry/PSUs highlights their unsatisfactory financial performance. Though, the Ministry of Mines has claimed that the expenditure is being monitored at a concurrent, monthly and quarterly level by the Ministry, the Committee fail to see any noticeable improvement in the utilization of the Annual Plans by all the three PSUs during the last three years. The under-utilization of funds year after year gives credence to the fact that the institutional mechanism put in place to monitor utilization of funds is not effective to give the desired results. The Committee, therefore, feel that the Ministry/PSUs need to be more prudent in their budget formulation. Further, they need to be strengthen the existing monitoring system in place ensuring that the planned outlays are fully utilized as per targets during the year. The Committee would like to be apprised of the initiatives undertaken by the Ministry in this regard.

Action Taken

National Aluminium Company Ltd. (NALCO)

The major reasons for shortfall in expenditure of NALCO during 2013-14, 2014-15 and 2015-16 are as under:-

2013-14: The shortfall of CAPEX in 2013-14 was mostly due to non-utilisation of Rs.894 crore earmarked for Nuclear Power JV by NALCO with NPCIL, as approval of CCS for equity participation was not received.

2014-15: The shortfall of CAPEX in 2014-15 was mainly:

- Due to non-utilisation of Rs.586.5 crore earmarked for Gujarat Refinery in JV with GMDC. Information on quality & quantity of bauxite reserves to support a 1 mln ton plant & GMDC's response regarding 49% equity was not received;
- and de-allocation of Utkal- E mines in September, 2014.

2015-16: The shortfall of CAPEX in 2015-16 was mainly due to:

- Rs. 190 crore earmarked for 1 MTPA Alumina Refinery in Gujarat in JV with GMDC could not be spent due to feasibility issue of the project on account of non-availability of adequate bauxite to support a 1 MTPA alumina refinery throughout the useful plant life of 30 to 40 years.
- Delay in getting the allocation of Utkal D & E coal blocks by NALCO. The allocation letter was issued in May, 2016 by NALCO.
- Due to delay in land acquisition, etc. Rs.215 crore could be spent in the wind power project in Maharashtra & Rajasthan against earmarked Rs. 495 crore.
- Similarly, Rs.62 crore earmarked for the 20MW solar project in Madhya Pradesh could not be spent due to delay in getting the in-principle approval for land from MPNRED.

The above mentioned major reasons for not achieving the CAPEX targets of last few years were beyond the control of NALCO. However, the Company has achieved to a reasonable degree the CAPEX w.r.t. RE projections of all these years and exceeded the RE targets in the Financial Year 2015-16 by achieving Rs. 452 crore against RE projection of Rs. 407 crore in the Financial Year, 2015-16.

Strengthening Monitoring System: An effective online CAPEX monitoring system has been developed and implemented by NALCO to monitor the CAPEX utilization at different levels of units and at Corporate level. The online monitoring will sensitize all concerned at various levels for adherence to timelines for achieving the targets and incurring the targeted expenditures. A realistic reassessment of the projected CAPEX for 16-17 also has been done and fixed at Rs.1020.87 crore.

Hindustan Copper Ltd. (HCL)

As per HCL's plan, work of mine expansion projects could not be started due to inordinate delay in getting the wild life and environmental clearances from the Ministry of Environment, Forest & Climate Change. Due to want of required statutory clearances of mining projects within the scheduled time, the company had revised the plan outlay expenditure for 2013-14 from Rs 688.37 crore to Rs 383.50 crore. Also HCL's actual expenditure during 2013-14 was almost 81% of the Plan Outlay at RE stage.

As per HCL's plan, work of mine expansion projects of Malanjkhand, Rakha and Chapri-Sideshwar could not be started due to want of required statutory clearances within the scheduled time. In case of underground mines of Malanjkhand Copper Project, required wild life clearance was obtained in December 2014. As a result, the company had revised the plan outlay expenditure for 2014-15 from Rs. 522.16 crore to Rs 268.00 crore against which the actual expenditure was Rs 399.03 crore which is 76% of BE target and 149% of the RE target.

The RE Targets against Mine Expansion, Renewal & Replacement and Mine Development Expenditure were achieved during 2014-15. However, the

expenditure against Green Field Exploration was NIL since no fresh mine lease was granted in favour of HCL.

Further, environmental clearances were obtained for Kendadih and Rakha Mining Lease. However, due to want of required Stage II forest clearances for Kendadih and Rakha, the work of these mining projects could not be commenced within the scheduled time. Hence, the company had revised the plan outlay for 2015-16 from Rs 475.00 crore to Rs 380.00 crore against which the actual expenditure was Rs.398.56 crore. The RE Targets against Renewal & Replacement and Mine Development Expenditure have been achieved during 2015-16 whereas there is marginal shortfall in expenditure under Mine Expansion. However, the expenditure against Green Field Exploration is NIL since no fresh mine lease was granted in favour of HCL.

The Ministry is reviewing the Capex on a quarterly basis. Further, this Ministry has also taken up the issue of stage-II forest clearance of Kendadih and Rakha mines with the Ministry of Environment, Forest & Climate Change.

Mineral Exploration Corporation Ltd. (MECL)

The reasons for the fund underutilization are as under:-

1. Failure of global tenders for high-end laboratory equipments and hydrostatic drill machines due to differences in technical specification requirements.
2. Cancellation of the procurement orders given in anticipation of developmental mining work which did not materialize.

The BE provisions of Rs. 18.71 crore for capital expenditure in the year 2014-15, were further reduced to Rs. 16.76 crore in RE. Finally, Rs. 14.20 crore (85%) was spent out of internal resources up to March, 2015.

The reasons for underutilization of CAPEX are –

1. Cancelling procurement of drill rods required for drilling in lignite.
2. Problems faced due to switching over from manual tendering to e-tendering process.

However, it may please be seen that MECL's CAPEX spending increased from Rs. 8.72 crore in 2013-14 to Rs. 14.20 crore in 2014-15.

During the year 2015-16, a provision for Rs. 17.23 crore was kept at BE stage for IEBR. However, Rs. 22.71 crore was finally spent on CAPEX against an initial target of Rs. 17.23 crore.

[O.M. No.5/1/2016-IF (344) dated 09.08.2016 of the Ministry of Mines]

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

Recommendation No. 3

Approved Plan Outlays for 12th Plan Period

The Committee note that for the 12th Five Year Plan (2012-17) , the gross budgetary allocation for the Ministry of Mines is Rs. 2332.00 crore consisting of Rs.2004.42 crore for GSI, Rs.228.53 crore for IBM, Rs. 50 crore for MECL (promotional) and Rs.49.05 crore for S&T schemes. In this regard, the Committee note that the outlay provided for GSI was Rs. 483.70 crore for the year 2014-15; and Rs. 462.58 crore for 2015-16. However, as against this, the actual expenditure by GSI was only Rs. 267.46 crore during the year 2014-15 and Rs. 334.67 crore during 2015-16 which is 55.29% and 72.34% respectively of the approved budget. In respect of IBM, the allocation during the years 2014-15 and 2015-16 was Rs. 52.99 crore and 53.00 crore respectively but the expenditure was only Rs. 25.68 crore and Rs. 28.61 crore (upto 21.03.2013) which were 48.46% and 53.98% respectively of the allocations. Moreover, in respect of MECL, against the BE of Rs. 40.00 crore during the year 2015-16, the actual expenditure upto 21.03.2016 was only Rs. 15.74 crore. Also, under the Head construction (GSI & IBM), the plan outlay for 12th Plan was Rs. 158.00 crore. The total combined expenditure during 2012-13 and 2013-14 was only Rs. 18.00 crore and during 2014-15 against the allocation of Rs. 83.00 crore at BE stage, the actual expenditure shown is zero. During the year 2015-16 and 2016-17, no plan outlay has been kept for the purpose. Looking at the overall scenario, the Committee find that against the gross budgetary allocation of Rs. 2332.00 crore for the mining sector during 12th Plan, the actual utilization during the first four years (upto 21.03.2016) is reported to be Rs. 1571.44 crore and the likely expenditure during the 12th Plan will be Rs. 2184.77 crore. Thus, the overall expenditure figure during the 12th plan period was highly unsatisfactory. The Committee, therefore, note with concern about lower utilization of funds by organizations like GSI, IBM and MECL during the Plan Period and desire that the Ministry need to focus more on deficient areas resulting in under-utilization of funds by these bodies and take appropriate remedial measures to ensure optimal utilization of allotted funds so that their overall physical and financial performance do not suffer.

Action Taken

Geological Survey of India (GSI)

During the Financial Year 2014-15, GSI was granted a budget of Rs 483.70 crore at the BE stage which was subsequently, reduced to Rs. 267.20 crore at the RE stage and Rs. 266.50 crore at the Final Estimate stage. The massive reduction of the grant occurred primarily because of delays in materialization of two important projects of GSI i.e the OCBIS and GTV. The GTV project could not be taken up because the Ministry had decided that

due to technical reasons GSI should start the process afresh. On the other hand, the OCBIS project was delayed due to the fact that there was an escalation in the cost estimate of the project after the bidding process was over. The revised cost estimate required a fresh appraisal by EFC.

During the Financial Year 2015-16, the OCBIS implementation suffered delays owing to technical issues related to signing of the agreement between GSI and the implementing agency. The OCBIS implementation has already been started and is due for launching in April, 2017. In order to smoothen the process of procurement of the GTV, DG, GSI has constituted a task force which is supervising the process.

As regards the Construction Budget, the actual allotment and expenditure w.r.t. GSI during the XII Plan is given in the Table below:-

(Rs. in Lakh)

S.N o.	Name of work	2013-14			2014-15			2015-16		
		BE	RE	Exp.	BE	RE	Exp.	BE	RE	Exp.
1.	Construction of Office –cum- Laboratory Complex including Regional Training Institute (RTI) at GSI NER Shillong	200.00	-	Nil	1000.00	-	3.86	561.00	113.00	117.00
2.	Construction of Phase-II of chemical Lab Complex at Kumaraswamy Layout, Bangalore	200.00	-	Nil	1000.00	-	45.00	1149.00	472.00	472.00
3.	Construction of Phase-II of Office-cum-Lab Complex at Guindy Chennai	200.00	-	312.00	1000.00	-	883.00	560.00	472.00	301.00
4.	Restructuring and Renovation in Heritage Buildings at Kolkata (Portion in possession of Geological Survey of India)	-	-	-	5000.00	-	Nil	1122.00	-	Nil

The main reasons for nil expenditure in the heritage buildings in 2014-15 and 2015-16 are delayed receipt of clearance from the heritage committee which has strict

rules for renovation of heritage buildings, and the longtime taken for selection of agency by CPWD by following the prevailing Government Rules.

As regards budget grant for construction projects, GSI had requested for Rs. 77.30 crores in Financial Year 2016-17 and it is making concerted effort to fully utilize the allotted Budget in the Financial Year 2016-17.

Indian Bureau of Mines (IBM):

Year wise Financial Performance of Indian Bureau of Mines (IBM) for the Twelfth Plan (2012-17) is as follows:

(Rs. In crores)							
Year	BE	RE	FE	Actual Exp.	% of Exp. wrt BE	% of Exp. wrt RE	Reasons for under utilization
2012-13	24.00	24.00	21.38	21.07	87.79	87.79	1. Delay in materialization of Tendering process for Mining Tenement System due to lack of bidders. 2. Non utilization of amount under Tribal Area Sub-Plan (TASP). 3. Underutilization of amount under NER.
2013-14	49.00	35.00	26.53	25.22	51.47	72.06	
2014-15	53.00	31.50	--	25.68	48.45	81.52	
2015-16	53.00	37.93	33.16	30.47	57.49	80.33	
2016-17	47.23						

There are no schemes under IBM's charter of functions which can be covered under NER Capital & Tribal Area Sub-Plan (TASP) as per the guidelines for their utilization.

MOUD Budget: - During 2014-15, Rs. 3.00 crores and in 2015-16, Rs. 4.91 crores was allotted by the Ministry towards construction of office building at Bhubaneswar. This amount has been fully utilized by CPWD, Bhubaneswar for construction of the same. The office building was handed over after completion and was formally inaugurated on 7.1.2016.

Mineral Exploration Corporation Ltd. (MECL)

During the 12th Five Year Plan, out of the budgetary allocation of Rs. 50 crore for promotional exploration work, Rs. 43.50 crore (87%) has already been utilized by MECL up to 2015-16.

In 2016-17, Rs. 4.15 crore has been allocated to MECL in BE for which MECL is requesting for enhancement to Rs. 15 crore in RE. Further, MECL has utilized

Rs. 13.51 crore in 2015-16 and is confident of fully utilizing Rs. 25.00 crore allocated for 2016-17 towards CAPEX (Table-I refers). Cumulatively, MECL shall be utilizing Rs. 97.01 crores during the XII Plan under both promotional exploration and CAPEX under promotional exploration scheme of Ministry of Mines (MoM).

During the year 2015-16, MECL demanded Rs. 40.00 crore at BE stage in two heads as under:-

1. Promotional Exploration Rs. 15.00 crore.
2. Capital Assets Rs. 25.00 crore.

At RE stage, while the outlay for promotional exploration remained unchanged and was utilized, Rs. 13.51 crore allocated for creation of capital assets for modernization of MECL was also fully utilized by them.

[O.M. No.5/1/2016-IF (344) dated 09.08.2016 of the Ministry of Mines]

Recommendation No. 4

Geological Survey of India (GSI)

The Committee note that since its inception in 1851, the GSI have grown into a repository of geo-science information and attained the status of a geo-scientific organization of global repute. The Committee, however, are distressed to note that such an important organization has to face a reduced grant of Rs. 347.93 crore at RE stage from BE grant of Rs. 462.58 crore for plan expenditure during 2015-16. For the year 2016-17, according to the Ministry, GSI has proposed Rs. 524.50 crore but the Finance Ministry has allocated Rs. 480 crore. Without disputing the lower expenditure on the maintenance of the GSI vessel due to significant fall in global oil prices, the Committee are unhappy to note that the delayed start of Online Core Business Integrated System (OCBIS) projects as well as the delayed start of outsourced drilling works are the major reasons for reduction of grants. As a consequence to such budget reduction, the aerial survey projects by GSI may face truncated targets, mineral exploration may be affected and implementation of Online Core Business Integrated System (OCBIS) may be delayed further. Moreover, many of the payments which GSI were to make during 2015-16 for outsourcing of drilling, outsourcing of vehicles etc. will now have to be deferred and may have to be made from the budget of Financial Year 2016-17. In addition, the payment for aerial survey as well as part payment of OCBIS would have to be made from the budget of Financial Year 2016-17. The budget cut is also likely to adversely affect the National Geo-Chemical Mapping (NGCM) and National Geo-physical Mapping (NGPM) programmes. In the opinion of the Committee all such factors, therefore, are likely to create further pressure on the budget of 2016-17. The Committee have little doubt that such reduction in budget allocation is going to adversely affect the performance of GSI. The Committee, therefore, recommend the Ministry to approach the Finance Ministry with ample justifications to obtain sufficient funds at RE stage for the year 2016-17 as per the need of GSI.

Action Taken

Geological Survey of India(GSI)

In the light of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, GSI has made commitments to fast track exploration for giving mineral blocks for auctioning. In this connection, several of the two year programs have been condensed into one year program, and the requirement of drilling has increased significantly compared to what was projected in the Annual Plan. This would necessitate outsourcing and, therefore, additional funds under Mineral Exploration scheme for GSI would, accordingly, be sought from the Ministry of Finance at the RE stage.

[O.M. No.5/1/2016-IF (344) dated 09.08.2016 of the Ministry of Mines]

Recommendation No. 5

Indian Bureau of Mines (IBM)

Restructuring of IBM

The Committee note that IBM is a premier organization for scientific and systematic development of mineral resources, conservation of minerals and protection of environment in mines. IBM also ensures effective regulation of Indian Mineral Sector and performs regulatory functions such as enforcement of Mineral Conservation and Development Rules, 1988, relevant provisions of Mineral Concession Rules, 1960 framed under MMDR Act, 1957, and as a facilitator, it undertakes scientific and techno-economic research oriented studies in various mining related areas besides functioning as a data bank of mines and minerals. In its advisory role, IBM advises the Central and State Governments on all aspects of mineral industry, trade and legislation. The Committee observe that in view of policy directions under the National Mineral Policy 2008, a Committee was constituted by Ministry of Mines in July, 2009 for reviewing and restructuring of the functions and role of IBM and that Committee submitted its Report in May, 2012 containing 73 major recommendations. With substantial and significant changes in the MMDR Act, 1957 after passing of the MMDR (Amendment) Bill, 2015 and 31 major minerals notified by the Government as minor minerals, the role of IBM is being further redefined. Although, the amended law permits self certification of mining plans by the States, some States like Madhya Pradesh, Karnataka, etc. have sought continued assistance of IBM for regulation of minerals notified as minor minerals as they lack capacity in this regard. In view of this enhanced responsibility on IBM, the Ministry of Mines have accorded in-principle approval for opening two new Regional Offices of IBM at Raipur and Gandhinagar as part of reorganization of IBM. This Committee in their 8th Report on Demands for

Grants (2015-16) has also stressed upon the Government to revise the restructuring proposal of IBM. In view of the foregoing, the Committee disapprove any cut in the budgetary support to IBM and recommend that the Ministry should expeditiously complete the examination of the proposal, for re-organization and redefining the role of IBM in the changed legal & functional scenario. The Committee further recommend that the budgetary allocation to IBM may be suitably enhanced so that new Regional Offices at Raipur and Gandhinagar become functional without further delay. The Committee would like to be apprised of the action taken by the Ministry in this regard.

Action Taken

Indian Bureau of Mines (IBM)

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 meetings, 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 centers, etc. IBM had initiated action to implement 26 non-financial recommendations of the Review and Restructuring Committee thereunder. However, two recommendations regarding national level awards and RQP examination have since been dropped from non-financial recommendations. The remaining 24 non-financial recommendations have been taken up for implementation and so far action has been initiated in respect of 20 recommendations.

The MMDR Act 1957 has undergone significant change with the passage of the MMDR (Amendment) Bill, 2015. The Government has 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 has been reflected in the subordinate legislation by way of amendment in MCR, 1960. The amendment in MCDR, 1988 further reflects on the emerging role i.e. in the context of sustainable development of the mining sector. The changes made in the regulatory & legal framework by way of MMDR Amendment Act, 2015, require that most of the action will be taken by the State Governments in implementing the provisions of the Amended Act. An important provision made under section 5(2) for enabling the self-certification of mining plans has to be implemented by making a system by the States, which most of the States are yet to initiate. Thus the role of IBM would depend a lot on the implementation by the State Governments.

Further, the restructuring of IBM is under active consideration of the Government. IBM is envisaged to play an important role in facilitation and capacity building of the States and Mining Industry in the changed context of carrying out the provisions of amended MMDR Act. The IBM has to be an

efficient and effective Institution to provide technical support apart from regulating and facilitating function for sustainable mining and evolving as a global leader in the field. New initiatives like 'Star Rating' of the mining leases for the efforts and initiatives taken for implementation of the Sustainable Development Framework (SDF), use of space technology for development of Mineral Surveillance System(MSS) for curbing illegal mining, etc. are to be taken up by IBM by inducting the use of modern technologies.

In principle approval for opening of new regional offices of IBM at Raipur, Chhattisgarh, Gandhinagar, Gujarat and Bhopal, Madhya Pradesh has been accorded and the Raipur Regional office has started functioning with effect from 1.4.2016. Revenue neutral proposal (matching saving) with the transfer of 150 posts from GSI to IBM has also been approved for further augmenting and strengthening of IBM. The following points are also under active consideration to be taken up along with restructuring-

- (i) Shifting of North Zone office from Ajmer to Udaipur and opening of new regional office at Gandhinagar, Gujarat:
- (ii) Up gradation of Guwahati Sub-regional office to Regional Office in NE Region:
- (iii) Opening of new East Zone office at Kolkata by upgrading existing Regional Office.
- (iv) Conversion of Dehradun Regional Office to Sub-Regional Office.
- (v) Opening of New office at New Delhi.
- (vi) Establishment of a National Level Training Centre "Institute of Sustainable Mining" at Zonal Office, Kolkata.
- (vii) Creation of Remote Sensing Cell at IBM HQ, Nagpur.

[O.M. No.5/1/2016-IF (344) dated 09.08.2016 of the Ministry of Mines]

Recommendation No. 8

National Aluminium Company Ltd. (NALCO)

While examining allocation and utilization of I&EBR by NALCO in the year 2015-16, the Committee note that NALCO had projected a plan outlay of Rs. 1141.21 crore which was later revised to Rs. 1181.00 crore based on a further discussion with the Government. The Committee are concerned to note that the projection of Plan Outlays during 2015-16 was drastically reduced to Rs. 407.62 crore at RE stage. The Committee are surprised to observe that company has spent only Rs. 146.96 crore (upto February, 2016) out of the allocated amount of Rs. 1181.00 crore at BE stage thus spending barely 12.44% of the funds allocated. Further, a sum of Rs. 1367.87 crore has been projected by NALCO at BE stage during 2016-17 based on the progress of ongoing schemes and new proposals. The revised estimates of Utkal-E Coal Mines during 2015-16 were reduced to Rs. 70 crore at RE stage although originally the target of expenditure was Rs. 115.84 crore. According to Ministry of Mines, even though it was decided for allotment of Utkal D & E coal blocks in

favour of NALCO, formal allotment order is yet to be executed to enable further spending. Accordingly, no further expenditure could be made under this head. There was drastic reduction in Plan Outlays for Greenfield Projects by NALCO and it was reduced from Rs. 757.27 crore at BE stage to Rs. 106.69 crore at RE stage as expenditure for 100 MW Wind Power Plant and 15 MW Solar Power Plant have been re-phased to 2016-17. Further, against the Budget Estimates of Rs. 304.89 crore for Addition, Modification Replacement (AMR) Scheme, only Rs. 146.23 crore could be utilized upto February, 2016 due to delay in execution by the executing agencies, poor response to the tendering process, etc. Taking note of the under-utilization of funds by NALCO which is directly affecting the implementation of Greenfield Projects, AMR Scheme, Utkal-E Coal mine, etc., the Committee would like to impress upon the Ministry and NALCO to continuously monitor their ongoing schemes/projects so that the allocated funds could be utilized as targeted during the year. The Committee would like to be apprised of the steps taken by Ministry/NALCO to ensure full utilization of Plan Outlays of Rs.1367.87 crore during 2016-17.

Action Taken

National Aluminium Company Ltd. (NALCO)

It may be mentioned that to take care of unforeseen circumstances, a mid-term Revised Estimate is prepared in the NALCO. The CAPEX utilization for the Financial Year 2015-16 by NALCO is Rs. 452.26 crore, which is 111% against the RE target of Rs. 407.62 crore due to effective monitoring and proactive action though it is lower than BE projections for 2015-16. The details are as under:-

(Rs. Crore)

	Project Details	BE 2015-16	RE 2015-16	Actual Expenditure	Achievement w.r.t. BE	Achievement w.r.t. RE
1	Utkal-D&E, Coal Mine	115.84	70.00	30.81	26.6%	44.0%
2	5 th Stream Alumina Refinery	3.00	0.67	0.65	21.7%	97.0%
3	Greenfield Projects	757.27 (Gujarat Refinery-Rs.190 cr, 100 Wind -Rs.495 cr, 20 MW Solar Power-Rs.62 cr, Solar Power-NRTC & NALCO Township-Rs.9.82 cr)	106.69	215.98	28.5%	202.4%
4	Addition, Modification & Replacement	304.89	230.26	204.82	67.2%	89.0%
	<i>Grand Total</i>	<i>1181.00</i>	<i>407.62</i>	<i>452.26</i>	<i>38.3%</i>	<i>111.0%</i>

Explanation on Shortfall against BEof Financial Year 2015-16 & steps taken for full utilization of plan outlays:

The reasons for shortfall in the Financial Year 2015-16 have already been explained under recommendation sl. no 2. However, in the Financial Year 2016-17, all-out effort would be made by the PSU for compliance of the budgeted estimates. The online CAPEX monitoring system has been put in place for online monitoring at various levels and review at management level. The phasing along with milestone activities have been planned and captured in the system. These are being monitored to ensure utilisation. Further, a reassessment of the CAPEX for the Financial Year 2016-17 based on realistically achievable figures has been carried out and fixed at Rs. 1020.87 Crore against earlier projection of Rs. 1367.87 Crore.

[O.M. No.5/1/2016-IF (344) dated 09.08.2016 of the Ministry of Mines]

Recommendation No. 9

Expenditure by NALCO during 12th Plan

The Committee observe that out of total outlay of Rs. 14233.00 crore to NALCO as approved by the Ministry of Finance for the 12th Plan Period, the expenditure made during the first four years was only Rs. 1831.47 crore. While during the year 2012-13, NALCO could spend only Rs. 878.00 crore (37.50%) of the allotted fund of Rs. 2343.00 crore, during 2013-14 the expenditure was Rs. 523.41 crore i.e. 30.13% of the approved outlays. In the year 2014-15 the expenditure by NALCO was Rs. 282.30 crore i.e. 23.90% of the allocated funds of Rs. 1181.00 crore and during the year 2015-16, the utilization of funds (upto February, 2016) was Rs. 146.96 crore i.e. 12.44% of approved outlays of RS.1181.00. The Committee feel that either the estimates prepared by NALCO are inflated or they have failed to utilize the Plan Outlays during the first four years of the 12th Plan. While observing under-utilization of 12th Plan outlays by NALCO, the Committee also note the present monitoring mechanism to have monthly review meetings by CMD have not yielded the desired results. Hence, the Committee desire that the Ministry/NALCO should endeavour to analyse the reasons for consistent inadequate utilization of the funds and take the necessary remedial measures so as to ensure that in future the total allocated funds are fully utilized as targeted.

Action Taken

National Aluminium Company LTD.(NALCO)

The Projection in the 12th Plan vis-à-vis actual achievement of NALCO is as under:-

(Rs. in Crore)

Sl. No.	Name of the Scheme/ Project/ Programme	Projection in 12 th Plan					Total	Actual achievement				Total Actual
		12-13	13-14	14-15	15-16	16-17		12-13	13-14	14-15	15-16	
1	II-Phase Expansion	191	-	-	-	-	191	35.30	44.24	-	-	79.54
2	Utkal - E, Coal Mines	198	17	-	-	-	215	17.91	5.18	4.00	30.81	57.90
3	Addition modification and replacement	416	316	303	320	329	1,684	309.92	280.81	261.43	204.82	1,056.98
4	Up-gradation of Alumina refinery	160	129	-	-	-	289	115.89	55.28	15.73		186.90
5	Wind Power plant	75	7	-	-	-	82	246.35	4.34	-		250.69
6	Green Field Projects	1,182	1,163	725	1,139	1,817	6,026	153.30	132.84	1.14	215.98	503.26
7	220KA Up-gradation of Smelter	100	131	246	177	163	817	-	-	-		-
8	2 X 250 CPP	15	573	715	528	390	2,221	-	-	-		-
9	Refinery 5th stream including Pottangi Mine	6	302	750	1,050	600	2,708	0.13	0.72	-	0.65	1.50
	Total	2,343	2,638	2,739	3,214	3,299	14,233	878.80	523.41	282.30	452.26	2,136.77

With reference to the above table, the major reasons for not achieving the CAPEX target by NALCO in the 12th Plan are due to the following facts:-

1. II-Phase Expansion: There was overall savings of Rs 155 crore in the project having an outlay of Rs.4402 crore.
2. Utkal - E, Coal Mines: Non-receipt of mining lease and delay in getting forest clearance, etc .and subsequent de-allocation of the coal block by the Govt. in September, 2014.
3. Addition modification and replacement: Against the projected expenditure of Rs. 1684 during the Plan period including 2016-17, the actual expenditure will be around Rs.1461 crore, which works out to about 87% of the target.
4. Up-gradation of Alumina refinery: There was overall savings of about Rs. 66 crore in the project having an outlay of Rs.409 crore.
5. Green Field Projects: non-utilisation of earmarked fund towards Greenfield projects, where the expenditure was only Rs. 503 crore against the target of Rs.6026 crore. In many of the Greenfield projects as outlined in reply under recommendation-2, there had been substantial delay at various levels which was beyond the control of NALCO.
6. 220KA Up-gradation of Smelter: Due to availability of higher amperage technology, the Company decided to explore the feasibility of enhancing the pot amperage to 400KA or more.
7. 2 X 250 MW CPP: As 220KA Up-gradation of Smelter could not materialize, the power supplement through 2X250 MW did not take off.

8. Refinery 5th stream including Pottangi Mine: Delay was due to non-allocation of
9. Pottangi bauxite deposit by Govt. of Odisha, which is yet to be allocated. However, the pre-project activities have already started since December, 2014.

Inspite of the above constraints, all out efforts are being made to achieve the CAPEX target of Rs.1020.87 crore for 2016-17.

[O.M. No.5/1/2016-IF (344) dated 09.08.2016 of the Ministry of Mines]

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

CHAPTER III

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

-NIL-

CHAPTER IV

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

-NIL-

CHAPTER V

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

Recommendation No. 6

Implementation of Mining Tenement System (MTS)

The Committee note with concern that for the year 2015-16, plan outlay of Rs. 53.00 crore which was provided to IBM at BE stage for implementation of various schemes was reduced to Rs. 37.93 crore at RE stage out of which, the IBM could utilize only Rs. 27.40 crore (upto January, 2016). The final estimates of utilization of plan funds by IBM during 2015-16 is Rs. 33.16 crore. The Committee further note that for the year 2016-17, the budgetary allocation to IBM are reduced to Rs. 47.23 crore. According to the Ministry, though the allocated funds for the year 2016-17 for IBM are sufficient to fulfill the present requirements, but after selection of implementation agency for Mining Tenement System(MTS) project, additional funds would be needed for the same. In this regard, the Committee note that the allocation of Rs. 13.80 crore at BE stage for MTS during the year 2015-16 was revised to Rs. 0.74 crore at RE stage. But the utilization for the scheme during the year was nil due to non-implementation of the scheme on account of inordinate delay in getting bids for selection of Implementation Agency for MTS. Taking note of the fact that MTS when implemented would help to develop an Online National Mineral Information System by linking Central and State Government Organizations, engaged in administration of mineral resources in the country, the Committee firmly feel that such a crucial scheme should not be allowed to suffer for want of sufficient funds but ought to be given top priority. The Committee, therefore, recommend that the Ministry of Mines should take adequate steps to ensure that selection of implementing agency for MTS is completed without any delay and adequate funds be made available to IBM at RE stage during 2016-17 for ensuring that the scheme does not get delayed or suffer due to lack of funds.

Action Taken

Indian Bureau of Mines (IBM)

The Request for Proposal (RFP) for selection of Implementation Agency for MTS has been floated twice on 03.12.2013 and 08.07.2014, but had to be annulled due to lack of adequate participation in the bids. IBM too made requisite changes in the RFP to make it in line with the MMDR, (Amendment)Act and for enabling the use of cloud services for MTS requirements and had refloated the modified RFP on 4.8.2015. In the Technical Evaluation Committee (TEC) meeting held on 7.5.2015 regarding re-publication of RFP, it was decided that IBM will use NIC's Cloud to host MTS Software. The issue of use of NIC Cloud was discussed with the Cloud Team of NIC at New Delhi on 26.5.2015.

Accordingly, the modified RFP inviting online bids from eligible bidders for selection of an implementation agency for design, development, maintenance and operations of Mining Tenement System was hosted on IBM website on 4.8.2015 and the same has been uploaded in the CPP portal & IBM website. After several extensions of date for submissions of bids as per the Consultant's recommendation and requests of some leading/prospective bidders, the closing date was extended up to 20th January, 2016. The bids were opened on 20th January, 2016 and three parties namely

M/s TCS, M/s Wipro and M/s L&T InfoTech submitted the bids. Technical bids have been opened and are being evaluated in line with technical evaluation criteria provided in RFP. The technically qualified bidders have been communicated to be in readiness for the technical presentation and proof of concept demonstration for selection of the Implementation Agency. It is hoped that the contract would be awarded to the successful bidder within a couple of months' time for implementation of the MTS project.

[O.M. No.5/1/2016-IF (344) dated 09.08.2016 of the Ministry of Mines]

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

Recommendation No. 7

Hindustan Copper Ltd. (HCL)

The Committee note that Hindustan Copper Ltd. (HCL) could spend only Rs. 287.35 crore (upto February, 2016) as against the plan outlays of Rs. 475.00 crore at BE stage and Rs. 380.00 crore at RE stage during 2015-16. The Committee find it as an obvious indication of sub-optimal utilization of approved allocation. The Committee are concerned to note that HCL could not utilize Rs. 40.00 crore allocated for 'Replacement and Renewals' and upto February, 2016, only Rs. 14.75 crore could be expended. Though, the company has exceeded the utilization of Rs. 120 crore (BE) for mine development, the allocation of Rs. 305.00 crore for mine expansion programme was drastically reduced and expenditure of Rs. 144.91 crore could be made till February, 2016. The Committee also take note of the fact that though the Company has repeatedly taken up the matter of reopening, operation and expansion of Rakha Mine, Kendidah Mine and ChapriSiddheswar Mines with the concerned State Government/Ministry of Environment & Forests(MOEF), the required statutory clearances in obtaining stage-II forest clearances are still awaited. The Committee further note that the Plan outlay of HCL for 2016-17 was initially kept at Rs 668.00 crore, but was later reduced to Rs 400.00 crore. According to the Ministry of Mines, the reason for decrease of Rs 268.00 crore is due to reduction of plan expenditure under Mine Expansion head from Rs 500.00 crore to Rs 232.00 crore for delay in getting required statutory clearances for mine expansion projects. Taking note of under utilization of plan outlays by HCL during 2015-16, the Committee urge the Ministry to review the methodology adopted by HCL for setting up annual financial targets which in the opinion of the Committee should be realistic and achievable. The Committee expect that

HCL would make all out efforts to utilize the earmarked funds during 2016-17 and complete mine expansion schemes without any further time and cost overrun. The Committee also recommend that the Ministry of Mines should accord top priority for getting stage-II forest clearances for Rakha, Kendidah and Chapri- Siddheswar mines and take up the matter with the concerned State Governments and Ministry of Environment and Forests at the highest level lest the ongoing expansion plan of the Company would get further delayed.

Action Taken

Hindustan Copper Ltd. (HCL)

The Plan Outlay for different Projects/Schemes of HCL both at BE, RE stage & Actual expenditure for 2015-16 is as under:-

(Rs in Crore)

Sl No.	Name of Schemes/Projects	ANNUAL PLAN 2015-16		
		BE	RE	Actual
1.	Replacement & Renewals	40.00	20.00	36.18
2.	Mine Development Expenditure	120.00	165.00	198.08
3.	Mine Expansion	305.00	190.00	164.30
4.	Green Field Exploration	10.00	5.00	0.00
	Total	475.00	380.00	398.56

The actual expenditure during 2015-16 was Rs.36.18 crore towards Renewal and Replacement, which is 90% of the BE target and 181% of the RE target. Expenditure on mine development activity was 165% of the BE target and 120% of the RE target. Expenditure picked up due to increased mine development activity. Regarding lower expenditure of mine development activity, environmental clearances were obtained for Kendadih and Rakha Mining Lease but due to want of required Stage II forest clearances, the work of the above mining projects could not commence within the scheduled time.

Due to want of Stage II forest clearances for Kendadih and Rakha Mining Lease, the company had revised the plan outlay expenditure for 2015-16 from Rs 475.00 crore to Rs. 380.00 crore against which the actual expenditure was Rs. 398.56 crore. The RE Targets against Renewal & Replacement and Mine Development Expenditure were achieved during 2015-16 whereas there was marginal shortfall in expenditure under Mine Expansion. However, the expenditure against Green Field Exploration was NIL since no fresh mine lease was granted in favour of the company.

Since the required statutory clearances are still awaited for the projects like Rakha, Kendadih and Chapri-Siddheswar, the BE target of plan outlay for the year 2016-17 has been kept Rs. 400 crore which is less than the BE target of 2015-16 but more than RE target of 2015-16. However, at the RE stage,

the plan outlay based on the progress of the projects will be reviewed. The Ministry of Mines has also taken up the issue of stage-II forest clearance of the above mentioned mines with the Ministry of Environment, Forest & Climate Change.

[O.M. No.5/1/2016-IF (344) dated 09.08.2016 of the Ministry of Mines]

Recommendation No. 10

Mineral Exploration Corporation Ltd. (MECL)

The Committee observe that MECL (promotional) scheme is implemented through MECL for which funds are provided by the Central Government on the basis of detailed exploration schemes formulated by the Company based on demand as well as national priorities in the metallic/non-metallic minerals. Besides, MECL also undertakes mineral exploration activities of State Governments, undertakings of Central and State Governments and other on charge basis. MECL was allocated an outlay of Rs. 40.00 crore for promotional drilling during the year 2015-16 which was revised to Rs. 36.26 crore at RE stage. The actual utilization of the outlays was, however, Rs. 10.80 crore (upto December, 2015). The Committee also note that a project for creation of Capital Assets for enhancement of mineral exploration capacity of MECL at the total cost of Rs. 96.00 crore submitted to Ministry of Mines was approved on 03.02.2016. In anticipation of approval, an advance action was taken and a sum of Rs. 6.51 crore has been spent upto February 2016. Further, it is estimated that an amount of Rs. 11.05 crore will be spent during March 2016, totaling to Rs. 17.56 crore in the year 2015-16. However, one of the reasons attributed for shortfall in utilization of funds was that the Ministry did not receive any response to the global tenders for procurement of equipment. The Ministry have stated that action has already been initiated to re-tender and they expect to materialize the procurement action in 2016-17. The Committee further note that MECL has been allotted an annual plan outlay of Rs. 29.15 crore to implement its schemes/projects during 2016-17 against a proposed demand of Rs. 53.35 crore. The Committee are unhappy at the slow pace of completion of promotional drilling projects while observing that as against the 10 promotional projects approved by Standing Committee on Promotional Projects (SCPP) during 2015-16, only 4 projects were completed during the year. Although, the Ministry of Mines have informed the Committee that four new projects namely Hanumalpura East Block, Davangeri Distt., Karnataka; Nandup-Bayanbil Combined Block, East Singhbhumdistt. Jharkhand; Bhalusari Block, Hanumangarh Distt., Rajasthan; and Jaitpur Block, Bikaner Distt., Rajasthan with varying schedule of completion from 9 months to 23 months will be taken up by MECL during 2016-17, a representative of the Ministry of Mines informed the Committee during evidence that MECL will be working on 40 mining blocks during the coming year and will submit detailed Geological Reports on 40 new blocks for which enhanced budgetary support is required by

MECL to replace its old & outdated drilling machines. In view of the anticipated increased targets for minerals exploration by MECL and proposal for creation of Capital Assets by MECL, the Committee recommend that the Ministry of Mines should take up the matter with Ministry of Finance and impress upon them to enhance the Budgetary Support to MECL at RE stage so that not only the new drilling machines are procured on time but also the enhanced drilling targets are achieved during the year 2016-17. The Committee would also like to be apprised of details of 40 new blocks on which MECL has targeted to submit detailed Geological Reports during 2016-17.

Action Taken

Mineral Exploration Corporation Ltd. (MECL)

MECL has fully utilised the plan outlay for 2015-16 in both Promotional Exploration (Rs. 15.00 crore) as well as Capital Asset Creation (Rs. 13.51 crore). In addition Rs. 9.20 crore (IEBR) has also been utilised. As a result, a total amount of Rs. 22.71 crore has been spent by MECL during 2015-16.

As regards the completion of projects, out of 10 projects approved during the year 2015 -16, 5 are in progress and 5 could not be taken up due to local resistance or identified blocks were falling in the existing leases / Reconnaissance Permit (RP) of private companies. Four projects completed during this year were carried forward from previous years.

In addition, work in 3 blocks namely Nandup-Bayanbil Combined Block for copper, East Singhbhum District, Jharkhand, Jaitpur and Bharusari Blocks for potash, Bikaner District, Rajasthan has already started. Hanumalapura (Karnataka) could not be taken up because of local resistance.

The exploration work shall be undertaken in a total of 43 blocks and Geological Reports of around 32 blocks shall be submitted during 2016-17. The details are given below in Table -2.

Further, the Government has approved the proposal for "Creation of Capital Assets of Mineral Exploration Corporation Limited (MECL)" for Rs. 96 crore in February, 2016. MECL shall be utilising this fund for procurement of latest drilling machines, advanced laboratory and geophysical equipments, survey instruments, IT software / hardware, machinery for the workshop, and for construction of well-designed integrated laboratory and workshop buildings.

During 2015-16, MECL has procured 14 new drill machines and has plans to procure another 12 machines during 2016-17. In addition, other procurements shall also be done simultaneously. As regards the budgetary allocation of Rs. 4.15 crore for promotional exploration work during 2016-17, it is submitted that in view of the approved work in hand and enhanced drilling targets, additional grant will be sought at the RE stage.

Table : 1 Budgetary Allocation for MECL during XII Five Year Plan (Rs. in crore)

Fund	Allocation	2012-13			2013-14			2014-15			2015-16			2016-17
		Allocation (BE)	Allocation (RE)	Achievement	Allocation (BE)	Allocation (RE)	Achievement	Allocation (BE)	Allocation (RE)	Achievement	Allocation (BE)	Allocation (RE)	Achievement	Allocation (BE)
Promotional Exploration	50.00	10.00	8.50	8.50	9.00	9.00	9.00	10.00	11.00	11.00	15.00	15.00	15.00	4.15 [#]
Capital (IEBR)	49.00	9.00	12.00	12.00	20.00	20.00	8.72	18.71	16.76	14.20*	17.23	9.20	9.20	8.00
Capital Grant for "Creation of Capital Assets of Mineral Exploration Corporation Limited (MECL)" under promotional scheme of MoM		--	--	--	--	--	--	--	--	--	--	13.51	13.51	25.00

(*) includes Rs.. 2.68 crore on procurement of items which were later on re-categorised from capital to revenue items.

(#) MECL will seek addition funds for promotional exploration at RE stage.

Table : 2 Exploration of Blocks / GRs for auction during 2016-17

Sl. No.	Funding Source	No. of blocks under exploration at present	No. of GRs planned to be submitted during 2016-17
1.	Promotional Scheme of MoM.	7	6
2.	National Mineral Exploration Trust (NMET)	12	4

3.	Mineral Exploration Trust (MEF)	4	2
4.	Contractual	20	20
	Total	43	32

[O.M. No.5/1/2016-IF (344) dated 09.08.2016 of the Ministry of Mines]

Comments of the Committee

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

**NEW DELHI;
29 November, 2016
8 Agrahayana,1938(Saka)**

**RAKESH SINGH
Chairperson
Standing Committee on Coal and Steel**

ANNEXURE-I

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 29 NOVEMBER, 2016 IN HON'BLE CHAIRPERSON'S CHAMBER, ROOM NO. '112', FIRST FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI.

The Committee sat from 1600 hrs. to 1630 hrs.

PRESENT

Shri Rakesh Singh - Chairperson

Lok Sabha

2. Shrimati Jyoti Dhurve
3. Shri Nagesh Godam
4. Shri Shailesh Kumar
5. Dr. Banshilal Mahato
6. Shri Kamalbhan Singh Marabi
7. Shrimati Riti Pathak
8. Shrimati Ranjit Ranjan
9. Dr. Ravindra Kumar Ray
10. Shri Chandu Lal Sahu
11. Shri Tamradhwaj Sahu
12. Shri Janardan Singh "Sigriwal"
13. Shri Pashupati Nath Singh
14. Shri Sunil Kumar Singh
15. Shri Sushil Kumar Singh

Rajya Sabha

16. Shri Ali Anwar Ansari
17. Shri Md. Nadimul Haque
18. Shri Ranvijay Singh Judev
19. Shri Ram Vichar Netam

SECRETARIAT

- | | | | |
|----|----------------------|---|---------------------|
| 1. | Shri U.B.S. Negi | - | Joint Secretary |
| 2. | Shri Ajay Kumar Garg | - | Director |
| 3. | Shri Arvind Sharma | - | Additional Director |
| 4. | Ms. Miranda Ingudam | - | Deputy 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) | Report on Action Taken by the Government on the observations / recommendations contained in the 19th Report (16th Lok Sabha) of the Committee on "Demands for Grants (2016-17)" relating to the Ministry of Mines; and | | | |
| (iii) | ** | ** | ** | ** |

4. The Committee adopted the Reports with some changes/modifications. The Committee then authorized the Chairperson to finalise the Reports and present the same to both the Houses of Parliament.

5.	**	**	**	**
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The Committee then adjourned.

** Do not pertain to this Report.

ANNEXURE-I I
(Vide Para IV of Introduction)

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

I.	Total No. of Recommendations made	10
II.	Recommendations that have been accepted by the Government (<i>vide</i> Recommendation at Sl. Nos. 1, 2, 3, 4, 5, AND 9 Percentage of total	07 70%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies (<i>vide</i> recommendation at Sl. No. Nil) Percentage of total	00 0%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee (<i>vide</i> Recommendation at Sl. No. Nil) Percentage of total	00 0%
V.	Recommendations in respect of which final replies of the Government are still awaited (<i>vide</i> recommendation at Sl. Nos. 6, 7 and 10) Percentage of total	03 30%