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

MINISTRY OF MINES

DEMANDS FOR GRANTS
(2017-18)

TWENTY-EIGHTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI
MARCH, 2017/PHALGUNA, 1938 (SAKA)

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(2016-17)

SIXTEENTH LOK SABHA

MINISTRY OF MINES

DEMANDS FOR GRANTS
(2017-18)



Presented to Lok Sabha on 17.03.2017

Laid in Rajya Sabha on 17.03.2017

LOK SABHA SECRETARIAT
NEW DELHI
MARCH, 2017/ PHALGUNA, 1938 (SAKA)

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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. Vacant
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. Committee Assistant |

INTRODUCTION

I, the Chairperson, Standing Committee on Coal and Steel having been authorized by the Committee to present the Report on their behalf, present this Twenty-Eighth Report (Sixteenth Lok Sabha) on Demands for Grants (2017-18) relating to the Ministry of Mines.

2. The Demands for Grants of the Ministry of Mines were laid on the Table of the House on 09.02.2017. Under rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Coal and Steel are required to consider the Demands for Grants of Ministries under their jurisdiction and make Report on the same to both the Houses of Parliament.

3. The Committee took evidence of the representatives of the Ministry of Mines on 22nd February, 2017.

4. The Report was considered and adopted by the Committee at their sitting held on 16.03.2017.

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

6. The Committee place on record their profound appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

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

**NEW DELHI;
16 March, 2017
25 Phalgun, 1938 (Saka)**

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

REPORT
PART-I
CHAPTER-I
INTRODUCTORY

Minerals are valuable natural resources. They constitute the vital raw materials for many basic industries and are a major resource for development. The country is endowed with huge resources of many metallic and nonmetallic minerals. Mining sector is an important segment of the Indian economy. Since independence, there has been a pronounced growth in the mineral production both in terms of quantity and value. India produces as many as 95 minerals, which includes 4 fuel, 10 metallic, 23 non-metallic, 3 atomic and 55 minor minerals (including building and other materials).

Vision and Mission

1.2 The vision of the Ministry of Mines is to achieve optimal utilization of India's mineral resources through scientific, sustainable and transparent mining practices, exploration and geoscientific research & development. The mission of the Ministry is to develop geo-scientific partnerships with State Governments, industry and other stakeholders for management of mineral resources both on land and offshore and development of mineral-based industries on scientific and sustainable basis; to ensure fairness and transparency in allotment of mineral concessions; to establish an e-governance mechanism for accountability of mineral resources from mine to end use/export; and to ensure that the Geological Survey of India (GSI) and Indian Bureau of Mines (IBM) provide high standards of services to stakeholders.

Role and Organisation of the Ministry

1.3 Ministry of Mines is responsible for survey and exploration and mining of all minerals, other than natural gas, petroleum and atomic minerals and

coal. In the case of atomic minerals and coal, the activities of the Ministry are limited to regional exploration. The Ministry is responsible for the administration of the Mines and Minerals (Development and Regulation) Act, 1957, (67 of 1957) and rules made there under in respect of all mines and minerals other than coal, natural gas and petroleum. The Ministry also administers the Offshore Areas Mineral (Development and Regulation) Act, 2002 and rules made there under.

1.4 The list of subjects allocated to the Ministry of Mines, attached office, subordinate office, Public Sector Undertakings and Autonomous Bodies under the administrative control of the Ministry is given below:-

- (a) Legislation for regulation of mines and development of minerals within the territory of India, including mines and minerals underlying the ocean within the territorial waters or the continental shelf or the exclusive economic zone and other maritime zones of India as may be specified, from time to time by or under any law made by Parliament.
- (b) Regulation of mines and development of minerals other than Coal, Lignite and Sand for stowing and any other mineral declared as prescribed substances for the purpose of the Atomic Energy Act, 1962 (33 of 1962) under the control of the Union as declared by law, concerning regulation and development of minerals in various States and the matters connected therewith or incidental thereto.
- (c) All other metals and minerals not specifically allotted to any other Ministry/Department, such as Aluminium, Zinc, Copper, Gold, Diamond, Lead and Nickel.
- (d) Planning, development, and assistance to, all institutions dealt with by the Ministry.
- (e) Administration and Management of Geological Survey of India.
- (f) Administration and Management of Indian Bureau of Mines.
- (g) Metallurgical Grade Silicon.

1.5 The Ministry of Mines has the following attached/ subordinate offices, namely:

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

1.6 The following three Public Sector Undertakings(PSUs) are under the Ministry of Mines, namely:

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

1.7 The following three Autonomous Research Institutions are under the Ministry of Mines, namely:

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

1.8 In addition to the above, there is one registered Society, namely, the Non-ferrous Materials Technology Development Centre(NFTDC), Hyderabad which is a non-grant institution within the administrative purview of the Ministry of Mines. Recently, the Ministry established National Mineral Exploration Trust (NMET) on 14th August, 2015 and an autonomous bodies namely 36th International Geological Congress (IGC) Society on 27th April, 2016.

1.9 The detailed Demands for Grants of the Ministry of Mines were presented to Lok Sabha on 09.02.2017. The Committee have analyzed the detailed Demands for Grants of the Ministry of Mines for the year 2017-18, utilization of Plan Outlays of attached/subordinate offices and Public Sector Undertakings under the administrative control of the Ministry during 2016-17 along with various issues related to implementation of various Schemes/Projects/Programmes. In the context of the Demands for Grants (2017-18), the detailed analysis alongwith observations/recommendations of the Committee on various issues have been given in the succeeding chapters of the Report.

CHAPTER-II

ANALYSIS OF DEMANDS FOR GRANTS (2017-18)

The Ministry of Mines presented the detailed Demands for Grants No. 30 for the year 2017-18 to the Lok Sabha. The Demand includes provision for Plan and Non-Plan expenditure under Revenue and Capital Sections for the Ministry, its attached/subordinate offices and Public Sector Undertakings under its administrative control.

2.2 Budgetary support under Revenue and Capital is obtained for different schemes implemented by Geological Survey of India (GSI), Indian Bureau of Mines (IBM), MECL Promotional Scheme and S&T Scheme. Revenue provision is also obtained for GSI, IBM, Secretariat (Proper), grants-in-aid to Autonomous bodies, etc. A brief summary of Demands for Grants (2017-18) is given in the Table below:-

Summary of Demands for Grants

(Rs. crore)

| Sl. No. | Name of the Organisation | 2015-16 | | 2016-17 | | 2017-18 | |
|---------|--|---------|----------|---------|----------|---------|---------|
| | | Plan | Non-Plan | Plan | Non-Plan | Revenue | Capital |
| 1 | Secretariat (Proper) | 0.00 | 26.00 | 0.00 | 26.00 | 36.55 | 0.00 |
| 2 | Geological Survey of India | 462.58 | 489.45 | 480.00 | 547.44 | 873.57 | 154.30 |
| 3 | Indian Bureau of Mines | 53.00 | 54.83 | 47.23 | 54.00 | 106.54 | 4.54 |
| 4 | Grants to MECL | 40.00 | 0.00 | 29.15 | 0.00 | 6.00 | 0.00 |
| 5 | Bharat Gold Mines Limited-Grants | 0.00 | 2.70 | 0.00 | 3.00 | 3.50 | 0.00 |
| 6 | S&T Programme/Other Programme (6.1 to 6.6) | 15.00 | 12.15 | 13.62 | 13.05 | 28.49 | 0.00 |
| 6.1 | NIRM | 2.35 | 5.00 | 1.39 | 5.50 | 7.99 | 0.00 |
| 6.2 | NIMH | 0.75 | 1.80 | 0.24 | 1.50 | 1.96 | 0.00 |
| 6.3 | JNARDDC | 4.60 | 4.40 | 3.99 | 5.00 | 9.29 | 0.00 |
| 6.4 | IC | 0.00 | 0.30 | 0.00 | 0.30 | 0.35 | 0.00 |

| | | | | | | | |
|-----|--------------------------|---------------|---------------|---------------|---------------|----------------|---------------|
| 6.5 | NMA | 0.00 | 0.65 | 0.00 | 0.75 | 0.65 | 0.00 |
| 6.6 | Other Research Programme | 7.30 | 0.00 | 8.00 | 0.00 | 8.25 | 0.00 |
| | Total | 570.58 | 585.13 | 570.00 | 643.49 | 1054.65 | 158.84 |

The summary of provisions of Budget Estimates for the year 2017-2018 with the break-up of Revenue and Capital Section are given in the following table.

Section-wise Summary of Budget Estimates during 2017-18
(Rs. in Crore)

| | Revenue Section | Capital Section | Total |
|----------------------------|-----------------|-----------------|----------------|
| I. REVENUE SECTION | | | |
| Secretariat (Proper) | 36.55 | 0.00 | 36.55 |
| Geological Survey of India | | | |
| Charged | 0.10 | 0.00 | 0.10 |
| Voted | 849.89 | 152.30 | 1002.19 |
| Indian Bureau of Mines | 105.29 | 3.48 | 108.77 |
| NER & Sikkim | | | |
| GSI | 23.58 | 2.00 | 25.58 |
| IBM | 1.25 | 1.06 | 2.31 |
| Grants to MECL | 6.00 | 0.00 | 6.00 |
| BGML | 3.50 | 0.00 | 3.50 |
| Other Programmes/Bodies | 28.49 | 0.00 | 28.49 |
| Total | 1054.55 | 158.84 | 1213.49 |

Details of Annual Plan prepared by the Ministry and approved by the Ministry of Finance.

2.3 The Ministry of Finance has approved a Gross Budgetary Support (GBS) of Rs.1213.49 crore against the proposed support of Rs.1583.13 Crore. The details of proposed and approved Annual Plan 2017-18 organization-wise are given in the Table below.

| Annual Plan 2017-18 | | | (Rs. In crore) |
|---------------------|-----------------------------|----------|-----------------|
| Sl. No. | Name of PSUs / Organization | Proposed | Approved |
| 1. | Secretariat | 31.20 | 36.55 |
| 2. | GSI | 1329.59 | 1027.87 |

| | | | |
|----|------------------|---------|---------|
| 3. | IBM | 134.74 | 111.08 |
| 4. | MECL Promotional | 45.00 | 6.00 |
| 5. | BGML,IC & NMA | 7.22 | 4.50 |
| 6. | S & T | 35.38 | 27.49 |
| | TOTAL | 1583.13 | 1243.49 |

PLAN OUTLAY FOR 2017-18

2.4 Total Outlays of Ministry of Mines for 2017-18 at BE stage is Rs. 1213.49 crore out of which Revenue Section is being kept at Rs. 1054.65 crore and Rs. 158.84 crore under Capital Section. An amount of Rs. 570.00 crore was allocated under Plan and Rs.643.49 crore under Non-plan for 2016-17 totalling to Rs 1213.49 crore. From the year 2017-18, the Government has done away with the Plan and Non-Plan allocations and the Govt. focus would be on Revenue and Capital classification. During the years 2016-17 and 2017-18, the total Revenue Section and Capital Section was as under:-

| 2016-17 | | (Rs. In Crore) | |
|-----------------|--------|----------------|---------|
| | Plan | Non-Plan | Total |
| Revenue Section | 411.61 | 643.49 | 1055.10 |
| Capital Section | 158.39 | - | 158.39 |
| Total | 570.00 | 643.49 | 1213.49 |

| 2017-18 | | (Rs. In Crore) |
|-----------------|---------|----------------|
| | Total | |
| Revenue Section | 1054.65 | |
| Capital Section | 158.84 | |
| Total | 1213.49 | |

2.5 The Ministry of Mines has furnished the following details of budgetary allocation for different projects/schemes both at BE and RE stages for the last three years (year wise) from 2014-15 to 2016-17 and BE 2017-18 and actual expenditures incurred thereon. It has been stated that the variation between the RE amount and the actual expenditure has been fairly minimal. However, in the case of IBM the variation has been due to non-finalization of MTS project, non-materialization of MACP and recruitment of Group C employees.

Budgetary allocation for different schemes / organization

(Rs. in crore)

| S. No. | Scheme/ Organization | 2014-15 | | | | 2015-16 | | | | 2016-17 | | | |
|--------|------------------------|---------|--------|--------|-------------------------|---------|--------|--------|-------------------------|---------|--------|-------------------------|-------------------------|
| | | BE | RE | Exp. | % Utilization w.r.t. RE | BE | RE | Exp. | % Utilization w.r.t. RE | BE | RE | Exp. Upto January, 2017 | % Utilization w.r.t. RE |
| 1 | GSI | 483.70 | 267.20 | 267.46 | 100.09 | 462.58 | 347.93 | 352.60 | 101.34 | 480.00 | 371.00 | 294.07 | 79.26 |
| 2 | IBM | 53.00 | 31.50 | 26.50 | 84.12 | 53.00 | 37.93 | 32.58 | 85.89 | 47.23 | 30.00 | 28.24 | 94.13 |
| 3 | S&T Program | 20.30 | 20.30 | 20.30 | 100.00 | 15.00 | 15.00 | 15.00 | 100.00 | 13.62 | 8.85 | 8.85 | 100.00 |
| 4. | MECL Promotional | 10.00 | 11.00 | 11.00 | 100.00 | 40.00 | 36.26 | 28.51 | 78.62 | 29.15 | 4.15 | 3.92 | 94.45 |
| 5. | Construction (GSI+IBM) | 83.00 | 83.00 | ---- | ---- | ---- | ---- | ----- | ----- | ---- | ---- | ---- | ---- |
| | Total (Excluding 5) | 566.99 | 330.00 | 325.26 | 98.56 | 570.58 | 437.12 | 428.69 | 98.07 | 570.00 | 414.00 | 335.08 | 80.93 |

(It may be mentioned that from the year 2015-16, the provision for Construction (for GSI & IBM) was being made in the demands for grants of the Ministry of Urban Development.)

2017-18

(Rs. In crore)

| Sl. No. | Scheme/Organization | BE 2017-18 |
|---------|---------------------|------------|
| 1. | GSI | 1027.87 |
| 2. | IBM | 111.08 |
| 3. | S&T Program | 27.49 |
| 4. | MECL Promotional | 6.00 |
| 5. | BGML, IC & NMA | 4.50 |
| 6. | Secretariat | 36.55 |
| | TOTAL | 1213.49 |

2.6 During the oral evidence, the Secretary of the Ministry of Mines briefed the Committee as under:-

‘मैं सबसे पहले बजट के बारे में बताना चाहूंगा कि वर्ष 2015-16 में हमारा आरई 437 करोड़ रुपये थे, जिसके विरुद्ध 428 करोड़ रुपये का एक्सपेंडीचर था। वर्ष 2016-17 में 570 करोड़ रुपये का बजट ऐस्टीमेट था, जिसे काटकर 414 करोड़ रुपये रिवाइज्ड ऐस्टीमेट में कर दिया। करीब 156 करोड़ रुपये की कटौती कर दी गयी। इसके विरुद्ध हमारा एक्सपेंडीचर अभी तक 335 करोड़ रुपये है और यह पूरा एक्सपेंडीचर खर्च हो जायेगा। इस बिन्दू के बारे में हम बाद में भी बतायेंगे कि फाइनेंस मिनिस्ट्री ने जो कट किया, उसका हमारे कार्यकलापों के ऊपर क्या प्रभाव

पड़ा। वर्ष 2017-18 में प्लान और नॉन प्लान को मर्ज कर दिया गया है। हमें 1213.49 करोड़ रुपये का एलोकेशन हुआ है, वह हमारा बीई, जो पिछले साल का हमारा प्लान और नॉन प्लान का था, उन दोनों को मिलाकर बिल्कुल बराबर रखा गया है, जबकि हमारी डिमांड 1583 करोड़ रुपये की थी। हमें 1583 करोड़ रुपये के अगेन्स्ट 1213 करोड़ रुपये मिले, जो कि अपर्याप्त है, क्योंकि सेवन्थ पे कमीशन और कई सारे कमिटेड एक्सपेंडीचर हैं, जिनके लिए हमें पैसे की जरूरत पड़ेगी। मान्यवर, इस साल हमारा बीई 570 करोड़ रुपये था, उसमें हमारे कैपिटल के हैड में 158 करोड़ रुपया रखा गया था। यह मेनली जीएसआई के अंतर्गत एक जियो टेक्नीकल वेस्सल ऑफशोर एक्सप्लोरेशन के लिए खरीदनी थी। यह बड़ी स्टेट ऑफ दी आर्ट वेस्सल खरीदे जाने का प्रस्ताव है। इसके अलावा बाकी इक्विपमेंट्स और इंस्ट्रुमेंटेशन के लिए था। जब अक्टूबर में बीई से आरई रिवीजन हुआ तो कैपिटल हेड में जो 158 करोड़ रुपये का प्रॉविजन था, उसे काटकर 55 करोड़ रुपये कर दिया गया। अब अगले साल 2017-18 में 158 करोड़ रुपये कैपिटल एक्सपेंडिचर में रखे गए हैं, जिनमें 110 करोड़ रुपये जियोटेक्नीकल वेसल, ड्रिल मशीन इक्विपमेंट्स आदि खरीदने के लिए रखे गए थे। जो बीई से आरई में जो 570 करोड़ रुपये से कटौती करके 414 करोड़ रुपये किए गए, उसमें जीएसआई का बजट 480 करोड़ रुपये से घटाकर 371 करोड़ रुपये किया गया, आईबीएम का बजट 47 करोड़ रुपये से 30 करोड़ रुपये किया गया, साइंस एंड टेक्नोलॉजी में 13.62 करोड़ रुपये से 8.85 करोड़ रुपये किया और एमईसीएल की जो एक प्रमोशनल स्कीम में हम एक्सप्लोरेशन के लिए पैसा देते हैं, उसे 29 करोड़ रुपये से घटाकर चार करोड़ रुपये कर दिया गया। इस तरह से काफी ड्रास्टिक कट हुआ है।’

CHAPTER-III

GEOLOGICAL SURVEY OF INDIA(GSI)

Founded in 1851, the Geological Survey of India (GSI) started its voyage to search for and assess coal and mineral resources of the country with regional level exploration. In the 165 years since its foundation, GSI has continued to grow and diversify into various geoscientific activities, and delivered colossal contribution in the arena of geosciences as well as in the economic growth of India. One of the oldest Surveys of the world, the history of Geological Survey of India is synonymous with history of development of the infrastructure and industries in India. The main functions of GSI relate to creation and updation of national geoscientific information and mineral resource assessment. These objectives are achieved through ground surveys, air-borne and marine surveys, mineral exploration, multi-disciplinary geoscientific, geotechnical, geo-environmental and natural hazards studies, glaciology, seismotectonics, and carrying out fundamental research.

3.2 The budget allocation for GSI for the years 2016-17 and 2017-18 are as under:

| BE 2016-17 | | RE 2016-17 | | BE 2017-18 | |
|------------|---------|------------|---------|------------|---------|
| Revenue | Capital | Revenue | Capital | Revenue | Capital |
| 547.44 | Nil | 558.50 | Nil | 598.87 | Nil |

3.3 When asked to furnish the reasons for variations between BE and RE during 2016-17 and BE during 2017-18 and the actual expenditure during 2016-17, the Ministry of Mines in its written reply stated as under:-

"The Reasons for variation in BE and RE during 2016-17 are:-

- (i) Under Survey & Mapping the expenditure incurred on maintenance by Shipping Corporation of India (SCI) of the three research vessels of GSI incurred less cost due to adjustment from the installments paid earlier;
- (ii) The outsourcing of drilling programme started late and the expenditure under the project was less than expected; and
- (iii) the G2 and G1 stage mineral exploration programme of GSI was introduced from the F.Y. 2015-16 and this has resulted in a number of additional programmes to be taken up by GSI for identification of auctionable mineral blocks. The same trend continues in 2016-17 and GSI shall pay a major amount for outsourcing of drilling programmes

for which additional allotments have been made under Mineral Exploration scheme.

The BE and RE during 2016-17, BE during 2017-18 and the actual expenditure during 2016-17 are as under:-

(Rs. In crore)

| | | BE 2016-17 | | | | | | | | | BE 2017- 18 |
|---|---------------------------------------|----------------------|--------|---------|----------------------|-------|--------|----------------------------------|-------|--------|-------------------|
| | | Allocation | | | Allocation | | | Expenditure (upto Jan., 2017) | | | |
| | | BE | | | RE | | | | | | |
| | SCHEMES | GSI (EXCL NER) | NER | TOTAL | GSI (EXCL NER) | NER | TOTAL | GSI (EXCL NER) | NER | TOTAL | |
| | Direction & Admn. | - | - | - | - | - | - | - | - | - | 78.43 |
| 1 | Survey & Mapping | 111.06 | 7.62 | 118.68 | 98.45 | 7.62 | 106.07 | 94.12 | 7.16 | 101.28 | 82.70 |
| 2 | Mineral Exploration | 49.67 | 5.21 | 54.88 | 57.62 | 5.21 | 62.83 | 47.24 | 4.87 | 52.11 | 52.20 |
| 3 | Special Investigation & Expl. | 5.23 | 4.80 | 10.03 | 4.62 | 4.80 | 9.42 | 3.96 | 4.54 | 8.50 | 1.85 |
| | Antarctica | - | - | - | - | - | - | - | - | - | 0.12 |
| 4 | R & D | 13.19 | 1.13 | 14.32 | 9.37 | 1.13 | 10.50 | 7.99 | 1.03 | 9.02 | 7.15 |
| 5 | Information Dissemination | 76.51 | 3.40 | 79.91 | 74.71 | 3.40 | 78.11 | 62.57 | 2.68 | 65.25 | 37.05 |
| 6 | Human Resource Development (Training) | 20.35 | 1.12 | 21.47 | 18.37 | 1.12 | 19.49 | 16.70 | 1.02 | 17.72 | 4.20 |
| 7 | Modernisation & Replacement | 167.84 | 3.80\$ | 171.64 | 68.08 | 3.80 | 71.88 | 30.59 | 1.54 | 32.13 | 154.30 |
| 8 | TSP | 12.70# | 0.00 | 12.70 | 12.70 | 0.00 | 12.70 | 5.35 | 2.71 | 8.06 | 11.00 |
| | TOTAL (Schemes) | 456.55 | 27.08 | 483.63* | 343.92 | 27.08 | 371.00 | 268.52 | 25.55 | 294.07 | 429.00 |
| | Establishment | | | | | | | | | | 598.87 |
| | Grand Total | | | | | | | | | | 1027.87 |

* Includes Rs. 3.63 crore grant of additional funds."

3.4 On being asked about the impact of increased plan outlays in BE of GSI during 2016-17 on its physical targets, the Ministry in its written reply stated as under:-

"The BE of GSI during 2016-17 was Rs 480.00 crore as compared to Rs. 462.58 Crore during 2015-16. This BE of Rs. 480.00 crore was later increased to Rs. 483.63 crore by grant of additional funds under Tribal Sub Plan (Rs 1.70 crore), under NER Capital (Rs 1.50 crore) and under the Training Sub head (Rs 0.43 crore). The total BE Plan allocation was thus Rs 483.63 crore. However, the RE allocation to GSI has been brought down to Rs 371 crore. This reduction shall impact

some of the targets of GSI. Efforts shall be made to keep the operational targets intact but some of the payments like Online Core Business Integrated Scheme (OCBIS) installment payment, Annual Maintenance Contract (AMC) of sophisticated instruments, procurement of some essential equipment to carry out investigation etc. may be hampered due to non-availability of funds."

3.5 The Modernization and Replacement Scheme includes the funds for procurement of Motor Vehicles, Machinery and Equipment, Minor Works etc. The initial funds under the Modernization and Replacement head was Rs 171.84 crore which included Rs 108 crore for procurement of the GTV and the rest of the amount was for procurement of laboratory and drilling instruments. Since the necessary sanctions and permissions for the GTV was received towards the end of 2016 it was envisaged that a maximum of about Rs 25 crore could be paid for the GTV depending on the timelines for the construction of the GTV. Thus, the funds under the scheme was drastically cut during the RE stage and an amount of Rs 71.88 crore was left in the RE stage for payment of one instalment of the GTV of about Rs 25 crore and procurement of other laboratory and drilling instruments. Out of this fund Rs 58.66 crore has already been used for procurement of other laboratory and drilling instruments, Minor Works, Supply & Materials, Clothing and Tentages etc.

PROPOSED PLAN FUND FOR ENTIRE XII PLAN ACTIVITIES OF GSI

3.6 GSI had proposed a Plan Outlay of Rs. 4596.00 crore for its entire XII Plan activities. However, GSI has been granted an approved Plan Outlay for the XII Plan of Rs 2004.42 crore. The details are given below:

The Planning Commission has approved a Plan outlay of Rs. 2004.42 crore (including Construction Budget) for GSI for taking up the XII Plan activities. The break up as per the actual expenditure during the first four years of the XII Plan and the RE Ceiling received during 2016-17 the fifth and last year of the XII Plan is as follows:

| | SCHEMES | XII Plan Grant | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | Total |
|---|------------------|----------------|------------|-------------|-------------|-------------|----------|--------|
| | | | Actual Exp | Actual Exp. | Actual Exp. | Actual Exp. | RE Grant | |
| 1 | Survey & Mapping | 545.29 | 49.50 | 71.66 | 129.39 | 115.07 | 106.07 | 471.69 |

| | | | | | | | | |
|---|---------------------------------------|---------|--------|--------|--------|--------|--------|---------|
| 2 | Mineral Exploration | 181.90 | 25.16 | 25.02 | 31.54 | 38.71 | 62.84 | 183.27 |
| 3 | Spl. Investigation & Antarctica Expd. | 39.26 | 7.69 | 6.00 | 5.54 | 11.10 | 9.42 | 39.75 |
| 4 | Research & Development | 56.35 | 8.36 | 8.25 | 12.57 | 11.72 | 10.50 | 51.40 |
| 5 | Information Dissemination | 210.51 | 15.27 | 15.67 | 23.84 | 95.07 | 78.11 | 227.96 |
| 6 | Human Resource Development | 48.34 | 5.62 | 7.75 | 11.32 | 10.49 | 19.48 | 54.66 |
| 7 | Modernisation & Replacement | 745.25 | 152.48 | 351.49 | 39.61 | 66.41 | 71.88 | 681.87 |
| 8 | Tribal Area sub Plan (TSP) | 49.52 | 7.51 | 8.55 | 10.69 | 8.20 | 12.70 | 47.65 |
| | Total | 1876.42 | 271.59 | 494.39 | 264.50 | 356.77 | 371.00 | 1758.25 |
| | Construction Budget of GSI | 128.00 | | | | | | 128.00 |
| | GRAND TOTAL | 2004.42 | | | | | | 1886.25 |

GSI had been allotted a total budget of Rs 1876.42 crore for the XII Plan for Operational and Capital Activities of GSI. Additionally Rs 128 crore has been granted as the Construction Budget for the XII Plan the total grant for the XII Plan thus becoming Rs 2004.42 crore for all operational and capital expenditure. Considering the expenditure of GSI over the last four financial years 2012-13, 2013-14, 2014-15 and 2015-16 and adding the RE ceiling grant received in the current FY 2016-17, the total allocation of GSI would come to Rs 1758.25 crore [FY 2012-13 –Rs 271.59 crore + FY 2013-14 – Rs 494.39 crore + FY 2014-15 – Rs 264.50 crore + F.Y. 2015-16 – Rs 356.77 crore + RE grant 2016-17 – Rs 371.00 crore].

3.7 The financial performance of GSI during the first four years of the XII Plan and for Financial Year 2016-17 (upto December, 2016, alongwith the breakup of the 12th Plan grant and total expenditure of 12th Plan may be seen in **Annexure-I**

3.8 On being asked to furnish a detailed note on implementation of Modernization and Replacement Scheme of GSI, the Ministry in its written reply stated as under:-

"Regular scientific cruises are being undertaken onboard Ocean Going Research Vessel 'Samudra Ratnakar' with State-of-the-art equipment acquired by GSI in 2013-14. A national level programme titled "High Resolution Sea-bed Mapping and Natural Resource Evaluation in EEZ of India and beyond" has been launched during FS 2014-15. The marine maps produced during sea bed mapping shall be used for identifying

offshore mineral deposits, placer deposits as well as for development of ports and harbours etc. GSI is already carrying out preliminary mineral investigation in potential offshore areas for identification of mineral deposits.

The Twin Otter aircraft of RSAS, GSI had taken up operations and is flying to carry out the Field Season Programme of 2016-17. The TOASS has already been brought under Comprehensive Maintenance Contract (CMC). The Heliborne Survey System (HGSS) aboard the Garuda Vasudha has also taken up flights as per the FSP 2016-17. Effort is on to bring the helicopter also under comprehensive maintenance.

Regarding the acquisition of Geotechnical Vessel, M/s Alion Science Technologies (AST) is selected as the foreign consultant for the procurement and SCI shall be the Indian consultant. The agreement for construction of the vessel has been signed between GSI and M/s Triyards Marine Services Pvt. Ltd, Singapore and the shipyard for the construction of the vessel has also been fixed. The expenditure sanction of Rs. 258.34 crore has been received. The construction of the vessel is expected to be completed by 2019-20.

During the last three years the major laboratory and drilling procurements include Gravimeters; I.T. networking equipment, GPS System & Seismological Geodetic Systems for DRPC; Microscopes; Multi-parameter Borehole Logger; Heavy-duty skid mounted Diamond core drills of 600m and 1000m capacity; Mud Pumps; Field Spectrometer; Double Beam AAS; DGPS instruments and several drilling accessories etc. Eleven high-technology drilling machines have already been procured. Several other procurements especially with respect to drilling like wireline drilling and hydrostatic drilling are lined up to be procured as GSI is currently taking up G2-stage exploration for which GSI shall require large quantities of drilling with sophisticated equipment to complete the exploration in a time-bound manner before handing over the mineral blocks to the Government for auction. The list of major equipment procured /to be procured in 2016-17 include microscopes, ICPMS, WD-XRF, state-of-the-art drilling machines and accessories, gravimeters, semiautomatic thin section preparation units, digital seismograph, advanced nanometrics for DRPC Lab, proton precision magnetometers etc.

Project UNCOVER (India): In view of the rapid depletion of surface/near-surface deposits, GSI has shifted its thrust to probe deep-seated deposits (up to a depth of 2 km). For this purpose, GSI has already launched a new initiative in association with Geoscience Australia in the form of Project: UNCOVER (India), whereby two

transects - 560km long and 620km long - will be studied by integrated approach by studying the geology, geophysics, geochemistry and other parameters in 3 years. One transect in the Aravallis has already been initiated in November, 2016. After completion of the joint fieldwork a workshop has also been conducted in GSITI, Hyderabad. Further work will be taken up on this project.

For implementation of OCBIS, a 3-tier Project Governance Structure including a PMU, Steering Committee at GSI and Empowered Committee at the Ministry of Mines has been implemented. Implementation of Phase -III of the portal through the OCBIS in GSI is underway. The OCBIS programme is a one-year implementation plus six-year maintenance contract. The project has already gone Beta Live in September 2016 and is expected to be completed by March 2017.

GSI is in the process of launching Aerogeophysical Survey Programme to aerogeophysically map the country including remote and inaccessible areas. These shall provide a variety of information including data on the concealed and deep-seated structures capable of hosting mineralization. The survey shall be carried out by outsourcing through the NMET fund and processing for the same is on to launch the programme."

3.9 On being asked to highlight the achievements in terms of tangible additions by way of improvement in capabilities in the field or laboratories which were the stated purpose for allocation under this head, the Ministry in its written reply submitted as under:-

"There has been a continuous effort to augment the quality of output of all the projects and activities of GSI in which, state-of the-art laboratory network of GSI has always played a leading role by effectively supporting the major scientific works under different missions of Geological Survey of India with quality data inputs and guidance. Under the auspices of National Centre of Excellence in Geoscience Research (NCEGR) having main centre at Kolkata and satellite centres at Bangalore and Faridabad, utilization of the laboratory facilities and deployment of available expertise have been optimised for a better and more effective functioning of laboratories. Interactions among the NCEGR and regional laboratories of GSI and constant monitoring for maintenance of existing sophisticated instruments to minimize the breakdown period have been prioritized. Procurement of new state-of the-art instruments has been planned to augment the strength of the laboratories. EPMA, SEM, XRD, Raman Spectroscope, Gemmology, Fluid inclusion, TL and OSL Dating, Radiocarbon dating, Isotope Ratio Mass Spectrometer (IRMS), Laser

Ablation Inductively Coupled Plasma Mass Spectrometer (LA-Q-ICPMS) and Laser Ablation Multi-collector Inductively Coupled Plasma Mass Spectrometer (LA-MC-ICPMS) laboratories are operating successfully along with basic laboratories such as petrology and palaeontology. These laboratory facilities are being used by the GSI officers as well as other organizations including academic institutes to facilitate their projects and research activities."

3.10 On being asked whether the decrease in allocation of funds would affect ongoing Modernisation and Replacement Projects in GSI, the Ministry in its written reply stated as under:-

"From the year 2017-18 the Modernization & Replacement scheme only includes funds allocated for procurement of vehicles and procurement of laboratory and drilling instruments. The other parts of Minor Works, Supply and Material which were earlier included in the Modernization & Replacement Scheme are no longer a part of this scheme. Thus the funds appear to be less. During the year 2017-18 the total capital fund allocated to GSI is Rs 154.30 which includes NER Capital, procurement of GTV, procurement of laboratory and drilling instruments. GSI has kept an amount of Rs 110 crore for payment of instalment related to the procurement of the Geotechnical vessel. Another Rs 6 crore has been kept under MV for procurement of forty field vehicles for which sanctions have already been received from the Government. The rest of the amount is for procurement of laboratory and drilling equipment. GSI proposes to acquire some high technology hydrostatic drilling machines in the current year in view of the fact that GSI is carrying out G2 exploration in the country which requires these kind of drill machines to arrive at a logical conclusion regarding the exploration of the deposit. Since the exploration relates to the development of mineral blocks for auction, very fast exploration is required for which these kind of state of the art drill machines are required. If the GTV instalments are paid in full GSI may face some shortage in funds, otherwise the funds allocated should be sufficient to carry out the Modernization project in GSI."

3.11 GSI has proposed an amount of Rs. 1329.59 crore for their Annual Plan 2017-18. However, a reduced outlay of Rs. 1027.87 crore has been made in BE (2017-18). When the Committee asked as to whether it would affect the activities of GSI, the Ministry in its written reply stated as under:-

"During 2017-18 the major expenditure under the Central Sector Scheme is for instalment payment related to the procurement of the GTV. The funds have been allocated for the procurement but as per availability there are certain areas where it is expected that GSI may face some shortage. With the reduced outlay GSI may face crisis in

operational funds in respect of Survey & Mapping 'OC' for Comprehensive Maintenance Contract (CMC) of the Helicopter; under the IT funds for payments related to the OCBIS and under Training for payments to the IGC Secretariat. Thus, GSI may have to request for Supplementary funds to meet these expenditures."

Annual Plan 2017-18 for GSI

3.12 The outlays for 2017-18 are expected to be about Rs 1027.87 crore of which Rs 1002.29 crore is GSI (Non-NER) and Rs 25.58 crore is GSI (NER). From the F.Y. 2017-18, Government has done away with the Plan and Non-Plan budget. Thus, the Non-Plan and Plan parts of the GSI budget have been clubbed into one. The funds have been distributed into Revenue and Capital and funds have been distributed accordingly. Of the GSI total of Rs 1002.29 crore, Rs 849.99 crore has been marked as revenue expenditure while Rs 152.30 crore has been identified as Capital expenditure. Similarly for NER Rs 23.58 crore is revenue expenditure and Rs 2.00 crore is Capital expenditure for an overall total of Rs 873.57crore of revenue expenditure and Rs 154.30 crore capital expenditure.

| | SCHEMES | 2017-18 |
|----|--|----------------|
| 1 | Direction & Administration | 661.90 |
| 2 | Survey & Mapping | 82.70 |
| 3 | Mineral Exploration | 52.20 |
| 4 | Spl. Investigation | 1.85 |
| 5 | Antarctica | 0.12 |
| 6 | Research & Development | 7.15 |
| 7 | Other Expenditure (Information Dissemination + Adv. & Pub + Supply & Materials + Cloth & Tentages + Minor Works) | 52.45 |
| 8 | Human Resource Development | 4.20 |
| 9 | Modernisation & Replacement (including MV) | 154.30 |
| 10 | Tribal Area Sub Plan (TSP) | 11.00 |
| | Total | 1027.87 |

3.13 During the remaining period (FY 2016-17) of XII Five Year Plan, GSI had been granted a Plan budget of Rs 480 crore which was reduced to Rs 371 crore during the RE stage. Thus, out of Rs 1876.42 crore projected as the GSI budget for the XII Plan excluding the construction Budget the

expenditure of GSI was Rs 1758.25 crore including the RE grant received in F.Y. 2016-17. The expenditure planned to be incurred for the procurement of the Geotechnical Vessel (GTV) was delayed and thus GSI had requested for withdrawal of part of the funds kept for the GTV to the tune of Rs 83 crore in the current year. However, a total of about Rs 112.63 crore has been withdrawn.

3.14 The justifications for the proposal made in 2017-18 as furnished by the Ministry of Mines are as follows:

1. Direction & Administration: Rs 661.90 crore which includes Salary of Rs 587.25 crore and other items like Domestic travel, office expenditure, wages, medical expenditure, rents rates and taxes etc.
2. Survey & Mapping: Rs 82.70 crore for maintenance of three GSI vessels and maintenance of the aircraft (comprehensive maintenance on turnkey basis) and heliborne Survey System, items under NGCM and NGPM to be taken up and outsourcing of NGCM samples; outsourcing of vehicles].
3. Mineral exploration: Rs 52.20 crore for taking up additional items under the scheme especially for taking up additional items under G2 UNFC stage of exploration including outsourcing of drilling.
4. Other Expenditure (Information dissemination, Advertising & Publicity etc.): Rs 52.45crores: The OCBIS has been taken up in F.Y. 2015-16 when the actual installation of the system has been taken up and shall entail maximum expenditure. The OCBIS project has been formulated as a 1+6 year project where 1 year is for installation of the project and 6 years is for maintenance of the project. The installation part of the OCBIS project has been taken up in 2015-16 and is expected to be completed in 2016-17, thereafter maintenance shall continue. The amount would be required for payment of installation charges as well as maintenance charges for the first year as per the contract. The IT OAE funds have been merged with the IT (OE) funds and thus any digitization etc. shall be carried out from this fund. Rest of the funds under IT head is for procurement of hardware and software, bandwidth increase network upgradation etc. Publication funds have been enhanced to Rs 1.03 crore to enable GSI to produce a variety of publications which shall show case Indian geology especially in view of IGC 2020. Under the scheme an amount of Rs 1.80 crore has been kept under Clothing and tentages for procurement of prefabricated tents for the drilling crew. Advertisement and Publicity funds have been increased to Rs 2.10 crore while the Supply and material funds have been kept at Rs 0.80 crore. Minor works funds have been fixed at Rs 10.70 crore. However, it is expected that there shall be a shortage

- of funds under the head and additional funds would be required for maintenance of all the GSI buildings.
5. Special Investigation: Rs 1.85 crore for carrying out investigations related to National Landslide Susceptibility Mapping (NLSM) and other Geotechnical and Earthquake geology investigations. Most of the Geotechnical investigations are sponsored projects and thus the fund requirement for carrying out these projects is low.
 6. Antarctica: Rs 0.12crore The Antarctic programme is taken up by the Government of India and thus expenditure under the project is low.
 7. Research & Development: Rs 7.15 crore; In view of the impending IGC 2020 to be held in New Delhi research and development assumes special significance and it is expected that more research programmes shall be taken up and the laboratories of GSI shall become better equipped in view of the research drive.
 8. HRD: Rs 4.20 crore for upgrading of Center of Excellence for Training Institute with up gradation of Field Training Centers (FTC) and Regional training Institutes (RTI) and IGC 2020- Development of WOCS, New Delhi. For the development of WOCS it is expected that Ministry of Mines and Ministry of Earth Sciences shall carry out the expenditure on 50:50 basis. Thus an amount of Rs 2.51 crore would be required to be paid to the IGC Secretariat. Further, funds would be required for carrying out training of the officers including orientation courses for the newly recruited officers. Thus, here again it is expected that funds will be short and additional funds shall be required for training of the officials of GSI.
 9. Modernisation & Replacement: Rs. 154.30 crore : Major expenditure will be provision for instalment payment for the Geotechnical vessel to the tune of Rs 110 crore, Rs 44 crore will be required for procurement of high capacity state-of-the-art drill machines, accessories and laboratory equipment as GSI has already ventured into G2 stage mineral exploration from F.Y. 2015-16 onwards for the identification of auctionable blocks; additional gravimeters, DGPS, Field Spectrometers; Automatic Core cutters; Scintillometers, Advanced and Basic Petrological and ore Microscopes; Field equipments like Brunton, hammer, Pocket lenses, GPS etc.; Sanctions have been received for procurement of field vehicle, which are to be implemented in the current F.Y. for which an amount of Rs 6.50 crores has been kept.
 10. Tribal area: Rs. 11.00 Crores 4% of the Budget excluding the TSP head as per Government norms but deducting the amounts for Geotechnical Vessel, and maintenance of the three research vessels of GSI as they have no direct bearing on tribal areas.

3.15 Regarding the steps taken to improve the performance of GSI during the next 5 years, the Ministry of Mines in its written reply stated as follows: -

"Geological Survey of India (GSI) has been generating baseline geoscientific data and carrying out regional exploration for mineral

deposits i.e. upto G3/G4 exploration level of United Nation Framework Classification (UNFC) for non-energy minerals. Detailed exploration of mineral deposits has now been opened up for GSI. Accordingly, GSI has taken up a number of detailed exploration programmes to provide auctionable blocks which can be taken up for further exploration by the stakeholders on the basis of the data available. Further, in order to accelerate the exploration of minerals the Ministry has taken an important step by establishing a National Mineral Exploration Trust. The Central Government has established the National Mineral Exploration Trust (NMET) and notified its Rules on 14.8.2015. It is a non-profit body, with the primary objective of promoting regional and detailed mineral exploration in the country.

Government took up a comprehensive review of its exploration strategy and is in the process of finalizing a National Mineral Exploration Policy (NMEP). The proposed NMEP encompasses diverse issues related to exploration like acquisition and dissemination of pre-competitive baseline geoscientific data of the highest standards, creation of a geoscience data repository, special initiative to probe deep-seated/concealed mineral deposits, attracting private sector participation in exploration etc.

An important component of baseline data is aerogeophysical data. In keeping with the international best practices of providing pre-competitive aerogeophysical data to the stake holders, GSI is gearing up to undertake national airborne geophysical survey in a mission mode. The consultant for the aerogeophysical survey has been selected. Further, as a part of the endeavor of disseminating directly analyzable exploration data to the stakeholders, GSI is in the process of digitizing its exploration reports. More than 6000 mineral investigation reports of GSI will be uploaded in the GSI portal of which around 3500 reports have already been uploaded. The exploration data will be made available in a geospatial format for easy access and analysis by explorers. This is expected to have a far reaching impact on planning of further investigation programs by stakeholders.

With the near exhaustion of the surficial or shallow deposits, GSI has recently changed its exploration strategy and started looking for deep-seated mineral deposits (of up to 2 km depth) for the first time in the country. Accordingly GSI has also taken up Project Uncover as a part of its programme to locate deep seated and concealed mineral deposits which would involve an integrated geological, geophysical, aerogeophysical and chemical approach to locate mineral deposits with no surface manifestations. New methodologies and latest geophysical techniques are also being deployed. The project is being executed along two transects in north-western and southern India. Geoscience Australia is providing the necessary guidance by organizing a series of workshops in India, the first of which has already been completed."

3.16 On being asked about the achievements in terms of tangible additions by way of improvement in capabilities in the field or laboratories, the Ministry in its written reply stated as under:-

"There has been a continuous effort to augment the quality of output of all the projects and activities of GSI in which, state-of the-art laboratory network of GSI has always played a leading role by effectively supporting the major scientific works under different missions of Geological Survey of India with quality data inputs and guidance. Under the auspices of National Centre of Excellence in Geoscience Research (NCEGR) having main centre at Kolkata and satellite centres at Bangalore and Faridabad, utilization of the laboratory facilities and deployment of available expertise have been optimised for a better and more effective functioning of laboratories. Interactions among the NCEGR and regional laboratories of GSI and constant monitoring for maintenance of existing sophisticated instruments to minimize the breakdown period have been prioritized. Procurement of new state-of the-art instruments has been planned to augment the strength of the laboratories. EPMA, SEM, XRD, Raman Spectroscope, Gemmology, Fluid inclusion, TL and OSL Dating, Radiocarbon dating, Isotope Ratio Mass Spectrometer (IRMS), Laser Ablation Inductively Coupled Plasma Mass Spectrometer (LA-Q-ICPMS) and Laser Ablation Multi-collector Inductively Coupled Plasma Mass Spectrometer (LA-MC-ICPMS) laboratories are operating successfully along with basic laboratories such as petrology and palaeontology. These laboratory facilities are being used by the GSI officers as well as other organizations including academic institutes to facilitate their projects and research activities."

CHAPTER-IV

INDIAN BUREAU OF MINES (IBM)

Indian Bureau of Mines (IBM) is a subordinate office under the Ministry of Mines. It is engaged in the promotion of scientific development of mineral resources of the country, conservation of minerals, protection of environment in mines, other than coal, petroleum and natural gas, atomic minerals and minor minerals. IBM performs regulatory functions with respect to the relevant provisions of Mines and Minerals (Development & Regulation) Act, 1957 and enforcement of the rules framed there under, namely Mineral Conservation and Development Rules, 1988 and Minerals (other than Atomic and Hydro Carbons Energy Minerals) Concession Rules 2016 and Environmental (Protection) Act, 1986 and Rules made there under. IBM undertakes scientific, techno-economic, research oriented studies in various aspects of mining, geological studies, ore beneficiation and environmental studies.

4.2 An amount of Rs.54.00 crore (Non-Plan) was provided to IBM in BE during 2016-17 which was revised to Rs.55.99 crore in RE stage. For 2017-18, Ministry of Finance has approved an outlay of Rs. 111.08 crore. When asked about the reasons for variations between BE and RE 2016-17 and enhanced outlay for BE 2017-18, the Ministry of Mines in its written reply, stated as follows:-

"There was increase of Rs.1.99 crore at RE 2016-17 stage in comparison to BE 2016-17 due to enhancement of field tours and fresh recruitment/ MACP. The BE 2017-18 is Rs.61.93 crore. Thus there is increase of Rs.5.94 crore against the approved RE of 2016-17 due to the following reasons:-

- i) Implementation of 7th Central Pay Commission (CPC).
- ii) Opening of two new Regional Offices and up gradation of Guwahati office from sub-regional to Regional and shifting of Zonal office which will result in substantial increase in Domestic Travel Expenses (DTE) both under transfers and tours.
- iii) Fresh recruitment of officers & staff."

4.3 The budgeted funds for IBM during the year 2016-17 was Rs. 47.23 crore at BE stage which were revised to Rs. 30.00 crore at RE stage. The actual expenditure of budget upto January, 2017 was Rs. 28.24 crore only. Rs. 111.08 crore allocated to IBM during 2017-18 is sufficient to fulfill the present requirements. To ensure that budgeted outlays are fully utilized, action plan has been proposed for each division and expenditure is being monitored at IBM as well at Ministry Level so as to comply with the provisions of Fiscal Responsibility and Budget Management (FRBM) Act.

4.4 Enquired about the steps taken to ensure timely completion of various ongoing and new projects, the Ministry of Mines has apprised the Committee of the following steps which are being taken by them:-

"As per Annual Programme 2017-18, a detailed Action Plan with Month-wise/ Quarter-wise activities fixing responsibilities for the divisions implementing on-going schemes is being prepared. Monthly progress as per action Plan 2017-18 will be monitored by the Controller General, IBM. Ministry of Mines monitors the performance monthly/quarterly through performance Review meetings held by Secretary (Mines)."

4.5 Asked about the mining proposals approved by IBM during the last 3 years from 2013-14, 2014-15 & 2015-16 and during 2016-17 and those which are pending along with the reasons for the same, the Committee were informed in a written reply as under:-

"Mining Plans approved by Indian Bureau of Mines (IBM) during the last three years 2013-14 2014-15 and 2015-16 & during 2016-17 (up to Jan., 2017) for fresh grants of mining lease are as follows:

| Year | No. of Mining Plans approved for fresh grants of Mining Lease |
|----------------------------|---|
| 2013-14 | 110 |
| 2014-15 | 185 |
| 2015-16 | 46 |
| 2016-17 (Up to Jan., 2017) | 55 |

The mining plan approvals have been streamlined and are to be granted within 45 days."

CHAPTER-V

CENTRAL PUBLIC SECTOR UNDERTAKINGS

The details of the Central Plan Outlay for the Ministry of Mines including budgetary support and IEBR components at BE, RE stage and actual expenditure during the last three years from 2014-15 to 2016-17 and BE 2017-18 of each PSU under the Ministry of Mines are as under:-

(Rs. in crore)

| | 2014-15 | | | | | 2015-16 | | | | | 2016-17 | | | | | 2017-18 | |
|------------------|---------|--------|---------|---------|--------|---------|---------|--------|--------|--------|---------|---------|---------|---------|------------------------|---------|---------|
| | IEBR | | CAPEX | | Actual | IEBR | | CAPEX | | Actual | IEBR | | CAPEX | | Actual Upto 31.01.2017 | IEBR | CAPEX |
| Organisa tion | BE | RE | BE | RE | | BE | RE | BE | RE | | BE | RE | BE | RE | | BE | BE |
| HCL | 522.16 | 268.00 | 522.16 | 522.16 | 399.03 | 475.00 | 380.00 | 475.00 | 475.00 | 398.56 | 668.00 | 400.00 | 668.00 | 400.00 | 231.20 | 400 | 400.00 |
| NALCO | 1181.02 | 400.38 | 1181.02 | 1181.02 | 282.30 | 1142.21 | 5193.36 | 407.62 | 407.62 | 452.26 | 5233.15 | 2596.28 | 1367.87 | 1020.87 | 535.41 | 2791.59 | 1158.00 |
| MECL | 18.71 | 16.76 | 18.71 | 18.71 | 8.16 | 17.23 | 9.20 | 17.23 | 17.23 | 9.21 | 8.00 | 8.00 | 8.00 | 8.00 | 9.74 | 21.40 | 8.00 |
| Total | 1721.89 | 685.14 | 1721.89 | 1721.89 | 689.49 | 1634.44 | 5582.56 | 899.85 | 899.85 | 860.03 | 5909.15 | 3004.28 | 2043.87 | 1428.87 | 776.35 | 3212.99 | 1566.00 |

No Budgetary support is provided to HCL and NALCO. However, Budgetary support provided to MECL is as under:

(Rs. in crore)

| MECL | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|------|---------|---------|---------|---------|
| | 10.00 | 40.00 | 4.15 | 6.00 |

I. MINERAL EXPLORATION CORPORATION Ltd.(MECL)

5.2 Mineral Exploration Corporation Limited (MECL), a PSU under Ministry of Mines, is carrying out mineral exploration activities and is the premier exploration agency in the country. It carries out its exploration activities under promotional programme funded by Government of India and on contractual basis on behalf of other agencies including Public Sector, Private Sector and State Government(s) on mutually agreed terms and conditions. It has added 158 billion tonnes of mineral resources to national Mineral Inventory upto August, 2016. MECL is also engaged in regional exploration of coal & lignite on behalf of Ministry of Coal. The schemes of exploration are being finalized by the Core Group of Committee on Energy Minerals and

Resources, Group V of Central Geological Programming Board (EGPB). So far, a total of 48.90 billion tonnes of coal and 30.55 billion tonnes of lignite resources have been established by MECL on behalf of Ministry of Coal upto August, 2016. MECL has also taken up new Greenfield exploration in 30 blocks in addition to its mandate of detailed exploration (G 3/G 4 level).

5.3 With the enactment of MMDR Amendment Act, 2015 opportunities have come up for MECL in Non-energy sector in the form of enhanced exploration through NMET funding. MECL has also been designated as a "Nodal Exploration Agency" by the Governing Body of National Mineral Exploration Trust (NMET) for carrying out exploration through funds of NMET. Ministry of Mines also allotted 30 blocks for regional exploration and 16 blocks for G-3/G-2 level exploration through NMET funding. The work in these blocks has started in 2016-17 and will continue in 2017-18. With the increase in exploration in non-energy minerals, MECL has to strengthen its capacity and capability in exploration of non-energy minerals. Accordingly, it has framed a strategic plan of building its capacity for exploration of non-energy minerals in the coming year without adversely affecting its capacity in exploration of energy minerals i.e. coal and lignite. The plan envisages a faster growth through modernization, technological up-gradation. Efforts have already been initiated for replacing old machineries and equipment in the year 2014-15 and it is still continuing. In the year 2015-16, Rs. 13.51 crore was allocated to MECL which was fully utilised. For the year 2016-17, MECL was going on with its modernization and capacity building through its own resources. For the year 2017-18, it is proposed to make a provision of Rs. 47.00 crore for procurement of high performance drilling equipment along with Laboratory, Geophysical and Survey equipment of international quality and creation of infrastructure for housing these equipment. New mineral exploration proposals will be formulated and put up to Standing Committee on Promotional Projects (SCPP) for their approval for the year 2018-19. The modernization and upgradation plan of MECL will also

continue in the year 2018-19 for which budget provision will be made for procurement of new machineries and equipment.

5.4 During the 12th Five Year Plan, budgetary allocation of Rs. 50.00 crore for promotional exploration work was kept, out of which Rs. 43.50 crore (87%) has already been utilized by MECL upto 2015-16. In 2016-17, Rs. 4.15 crore has been allocated to MECL in BE for which request has been made for its enhancement to Rs. 15.00 crore in RE. However, in RE, only Rs. 4.15 under Grants in aid general has been allocated. Finally, MECL shall be fully utilizing Rs. 47.65 crore granted against the XII Plan allocation of Rs. 50.00 crore. Further, MECL has fully utilized Rs. 13.51 crore allocated in 2015-16 for creation of capital assets. Cumulatively, MECL shall be utilizing Rs. 61.16 crores during the XII Plan under both promotional exploration and creation of capital assets under promotional exploration scheme of MoM, GOI.

5.5 A grant of Rs. 29.15 crore was earmarked in BE 2016-17 to MECL for Promotional work. However, the RE for 2015-16 stood at a meager Rs. 4.15 crore. And actual utilisation of funds up to December, 2016 is Rs. 3.92 crore. Now, a provision of Rs. 6.00 crore has been kept for the year 2017-18. When enquired about the reasons in detail for the steep downward revision of both RE and BE during 2016-17 and 2017-18 respectively, the Ministry in a written reply explained as follows:-

"MECL is a Mini Ratna profit making PSU and it has made a payment of Rs. 23.02 crore as Dividend for the year 2016-17 to the Central government. It will meet its requirements through internal resources. Further, funds for promotional work are being sought from MEF (Mineral Exploration Fund). The Central Government has also established the National Mineral Exploration Trust (NMET) and notified its Rules on 14.8.2015. It is a non-profit body, with the primary objective of promoting regional and detailed mineral exploration in the country. The funds from this Trust will also be available to the MECL."

5.6 When the Committee asked as to whether the drastic reduction in the allocation of funds would affect Promotional work of MECL, the Ministry in its written reply stated as under:-

"Yes, the shortfall in the allocation of funds to the tune of Rs. 8.67 crore during 2016-17 and 2017-18 will affect promotional work of MECL especially in timely completion of the ongoing approved promotional work and providing mineral blocks to state governments for auctioning. Similarly, the modernization scheme of MECL for which an amount of Rs 96 crore was approved for 5 years by the Ministry of Mines and against which only Rs 13.51 crore was disbursed in 2015-16 will also have an adverse impact on the modernization and capacity building venture of MECL as the total expenditure will be borne by MECL only from its internal resources. Notwithstanding, the above shortfall of Rs 8.67 crore for promotional work, fund is being sought from MEF (Mineral Exploration Fund) and full plan for creation of capital assets will be met from the internal resources of MECL."

5.7 As regards details of new projects proposed to be taken by MECL during 2017-18, the Committee were apprised in writing as under:-

"Six ongoing approved promotional projects will be continuing in 2017-18. For completion of these 6 projects, MECL will require an amount of Rs 21 crore whereas only Rs 6 crore has been allocated in the BE of 2017-18 as a result MECL will require an additional amount of Rs 15 crore. These ongoing approved promotional projects are 3 for gold for BGML in KGF, 1 for potash in Rajasthan, 1 for copper in Jharkhand and 1 for molybdenum in Tamil Nadu. The exploration of all these minerals is as per the national priority. In addition, MECL plans to take up 2 new promotional projects for gold and base metal exploration during 2017-18 with an anticipated cost estimate of Rs 8 crore."

5.8 The Ministry of Mines in its written reply apprised the Committee of the following measures for proper utilization of funds for implementation of various schemes during 2017-18 by MECL:-

"Projects which are to be taken up in the year 2017-18, have already been evaluated technically by the Technical sub-committee of SCPP and the same have been approved by SCPP. The resources will be deployed in the projects to take up exploration work. All efforts will be made by proper co-ordination and monitoring to complete the geological reports as per approved time schedule to avoid time and cost overrun."

5.9 Regarding the projects/schemes for modernization and up-gradation plan approved by the Technical Sub-Committee of Standing Committee on Promotional Projects (SCPP), the Ministry stated as under:-

"The Technical Sub-Committee of SCPP has not approved any modernization and up-gradation plan. However, for speeding up the exploration of minerals, the Ministry of Mines has approved a plan for

capital expenditure of Rs 96 crore over a period of 3 years out of which only Rs 13.51 crore was released in 2015-16."

II. NATIONAL ALUMINIUM COMPANY LTD.(NALCO)

5.10 National Aluminium Company Ltd. is Asia's largest integrated Aluminium complex, encompassing Bauxite Mine, Alumina Refinery, Aluminium Smelter and Captive power plant in the State of Odisha. Commissioned during 1985-87, NALCO has emerged as a star performer in the production and export of Alumina. It has expanded its capacity twice and added high end products such as Rolled products. Special Grade Alumina, Special Grade hydrate and Zeolite. At present, NALCO is the only Central Public Sector Undertaking (CPSU) exploiting bauxite for production of alumina and aluminium. Navratna status has been conferred on NALCO on 28.04.2008.

5.11 The company is neither availing, nor proposes to avail any budgetary support from Government of India. The plan outlay is being managed entirely through internal resources only.

Physical targets for 2016-17 and 17-18

| Sl. No. | Product | | Projection 2016-17 | Projection 2017-18 |
|---------|-----------------|------|------------------------------|------------------------------|
| a) | Bauxite | (MT) | 67,25,000 | 68,25,000 |
| b) | Alumina Hydrate | (MT) | 21,30,000 | 21,00,000 |
| c) | Metal | (MT) | 3,80,000 | 4,40,000 |
| d) | Power (Thermal) | (MU) | 5,954 | 6,761 |

Financial requirements during 2016-17 and 2017-18

The company does not propose any financial requirements as budgetary support from the Government of India and company shall manage it's plan schemes from internal sources for the years under consideration. The approved outlay of Rs.1367.87 was projected for the FY 2016-17 at BE stage and subsequently revised to Rs. 1020.87 Cr at the time of finalization of MOU. The plan outlay is revised to Rs. 1,005.47 Crore at the RE 2016-17 stage. The capital plan outlay is projected Rs. 1,158 Crore for the year 2017-18.

5.12 Regarding the actual expenditure during the year 2016-17 vis-à-vis plan and revised outlays with reasons for shortfall, the Ministry of Mines in a written reply has informed the Committee as follows:-

"Actual Expenditure for the year Vis-à-vis plan, actual expenditure and revised outlay are as under: (Rs. In Crores)

| Sl | Schemes | 2016-17 | | |
|----|---|----------|----------|---------------|
| | | BE | RE | Actual Jan-17 |
| 1 | New and on-going Schemes. | | | |
| A | Coal Mines - UTKAL -E | 60.00 | 10.00 | 3.55 |
| B | Pottangi/new Bauxite Mines & IIIRD-Ph Expansion | 12.00 | 12.00 | 0.52 |
| D | Green field project | 891.80 | 594.80 | 357.84 |
| 2 | AMR | 404.07 | 404.07 | 173.50 |
| | Total | 1,367.87 | 1,020.87 | 535.41 |

The budgeted amount (revised projection of Rs. 1020.87 crore) in most of the projects is likely to be met as detailed below:

- Projected CAPEX for Utkal D & E Coal Mines and Pottangi Mines & 3rd Phase Expansion of Alumina Refinery (i.e. 5th Stream) for FY 2016-17 is likely to be spent in 4th Quarter subject to resolution of the land issues with OMC for Utkal-D.
- Projected CAPEX in 100 MW Wind Power Project in Jailsalmer, Rajasthan and Sangli, Maharashtra is likely to be met in 4th Quarter of FY 2016-17.
- Projected CAPEX in JV Projects i.e. Caustic Soda Project in JV with GACL and Angul Aluminium Park in JV with IDCO is likely to be met in 4th Quarter.

However, there could be shortfall in CAPEX in few projects as explained below:

Green field projects:

- 50 MW Wind Power Project: The bid opening was delayed upon request of the bidders and to have wider participation for 50 MW Wind Power Project. Since land constitutes the most critical part of the contract, the order would be placed after legal due diligence of the land and independent assessment of Annual Energy Projection (AEP) by NIWE. Considering the short time frame for closing of this financial year, the budgeted amount for the project is unlikely to be spent.
- 20 MW Solar Power Project: Due to surplus power situation, there is reluctance to sign PPA by MP Power Management

Company Ltd for 20 MW Solar Power Project in Madhya Pradesh. Delay also occurred in project registration and for land allotment by MPNRED, Hence, the projected amount of Rs 70 crore in 2016-17 is unlikely to be spent.

- 50 MW Solar Power Project: Due to issues cropping up for sale of power through APPC route to Discoms, the NIT was delayed and hence the budgeted amount could not be spent for the 50 MW Solar Power Project.

Addition, Modification and Replacement Scheme:

- There could be some shortfall in AMR budget due to delay in obtaining forest clearances etc."

Captive Coal Mine Utkal D & E- Coal Mine

5.13 For backward integration and to meet the critical raw materials need, Government of India allotted Utkal-E coal block in 2004. The Board approved the project at an estimated capital cost of Rs. 215 Crore (at Oct., 06 price level) and then revised to Rs. 280.30 crore (at Nov., 09 price level). The present estimated project cost is Rs. 337 crore.

Brief of the project

A total mining reserve of 67.49 Million Ton has been planned with an average stripping ratio of 3.05 cum/t. Rated Production Capacity of the Mine is 2.0 Million ton per year.

Achievement of the project.

- Environmental Clearance obtained.
- Consent to Establish for mining operation obtained.
- Mining plan Approved.
- Mining lease approved. The final allotment will be done shortly after agreement in respect of the same will be signed with GoO.
- Stage-I forest clearance recommended by PCCF & sent to MoEF, GoO.
- Land acquisition is under progress.
- Water drawal permission obtained.
- Contract for construction of R & R colony awarded.

Fund allocation and progress of expenditure (Rs. in crore)

| Srl | Particulars | Projection | Actual Expenditure |
|-----|--|------------|--------------------|
| A. | Revised Project cost | 337 | |
| B. | Funds spent during 10th and 11th plan | 101 | |
| C. | Proposed under 12th five year plan | 215 | |
| D. | Annual plan/BE | | |
| | 2012-13 | 198 | 17.91 |
| | 2013-14 | 65 | 5.18 |
| | 2014-15 | 123 | 4.00 |
| | 2015-16 | 70 | 30.81 |
| | 2016-17 | 106 | 3.29 [^] |
| E. | Cumulative expenditure during XII th plan | | 61.19 |

[^] Expenditure as on 31.12.2016.

Reasons for Shortfall

The major reason for the shortfall in expenditure are as under;

- i. Slow progress in disbursement of compensation to land affected persons in mining lease area.
- ii. Forest diversion proposal has been delayed due to shortcoming in the approval of Forest right certificate amendment by District Administration.
- iii. Local resistance for construction of R & R Colony.

Utkal-E coal block was de-allocated in pursuance to Hon'ble Supreme Court verdict dtd. 24.09.2014 along with several other Coal blocks allocated to other Coal block allottee(s). Pursuant to the de-allocation, company could not make any investment on this project during the later part of FY 2014-15 and till end part of financial year 2015-16. Many of the Contracts awarded in this respect also either expired or cancelled during this period. Subsequently, Government of India has promulgated ordinance for auction and allocation of coal block. Based on the provisions of the ordinance the Company has requested the Govt. of India for re-allocation of the coal block (Utkal-E) along with another adjacent coal block (Utkal-D). Ministry of Coal, Govt. of India vide notification dated 11.09.2015 issued directive to the nominated authority for allotment of Utkal-D & E coal mines in favour of NALCO for which the agreement was signed with Ministry of Coal on 22.03.2016. The allotment order for Utkal-D&E coal block was issued in favour NALCO by the Nominated Authority, MoC on 02.05.2016. As per the post allotment obligations stipulated in the allotment agreement, commencement plan for Utkal-D&E was submitted to the Ministry of Coal, GoI on 01.06.2016.

Addition, Modification and Replacements (AMR) :

The original plants were commissioned in 1985 to 1987. The 1st stream expansion was added during the year 2003-04. Major systems/circuits of all the original project installations have completed their technical / economic life cycle and need to be replaced. The company has undertaken several major replacement and up-gradation projects to maintain its existing installed capacity and to ensure efficient operations.

Details of fund projected and actual expenditure. (Rs. in crore)

| Srl | Particulars | Projection | Actual Expenditure |
|-----|--|------------|--------------------|
| A. | Funds approved under 12th five year plan | 1,684 | |
| B. | Annual plan/BE | | |
| | 2012-13 | 416 | 309.92 |
| | 2013-14 | 404 | 280.81 |
| | 2014-15 | 440 | 261.43 |
| | 2015-16 | 305 | 204.82 |
| | 2016-17 [^] | 404 | 160.17 |
| C. | Cumulative expenditure during XII th plan | | 1217.15 |

[^] Expenditure upto 31.12.2016

5.14 When the Committee asked about the allotment and utilization of funds under AMR scheme during the years 2014-15, 2015-16 and 2016-17 and the reasons for under-utilization, the Ministry of Mines in a written reply, stated as follows:-

"The allotment and utilization of funds under AMR scheme during the years 2014-15, 2015-16 and 2016-17 is as given below.

Rs in Crore

| Name of Scheme / Programme | 2014-15 | | 2015-16 | | 2016-17 | |
|--|---------|-----------|---------|-----------|---------|--------------------|
| | Plan | Act. Exp. | Plan | Act. Exp. | Plan | Act. Exp. (Jan-17) |
| Additions/ Modifications Replacement (AMR) | 440.03 | 261.43 | 304.89 | 204.82 | 404.07 | 173.50 |

The under utilization of fund in AMR items is mainly due to poor response to the tendering process, local resistance to the projects in some cases and delay in availability of various statutory clearances required for the project."

Reasons for Shortfall

The analysis of shortfall, year-wise is as under:

The shortfall in expenditure is mainly for delay and under performance of the following programme. It may kindly be noted that some of the modernization and up-gradation projects as mentioned below undertaken by the Company under the Schemes aimed at maximizing benefits did not progress leading to a lesser achievement in the AMR projects.

2012-13 & 2013-14

1. Alumina ship loader and Caustic storage tank..
2. Laxmipur Transmission Line .
3. BPTG works
4. Railway and Logistics modernization projects.
5. FLDC and SMCP works at Mines.
6. Lean slurry and other Ash disposal systems.

2014-15

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

2015-16

- a. Delay in procurement, Mobile earth equipment in Mines Unit.
- b. BPTG -5
- c. Transmission Line From Laxmipur To Damanjodi
- d. Delay in revamping Of Casting Station -Rod Shop-I
- e. Plough feeder (Capacity augn. CHP)
- f. Bus differential Relay for 220KV
- g. Turbidity Reducing system
- h. Anode Slut Cutting Machine For R/S II
- i. Lean Slurry Disposal System

2016-17

- a. Delay in procurement of Heavy Mobile earth moving equipment, Drill other machineries for development of South Block Mines Unit
- b. Automation system of CRM in Smelter
- c. Delay Revamping of VCU in gap-1-Smelter
- d. Augmentation of de-fluoridation plant-Smelter
- e. DCS for Unit 7& 8
- f. Stacker Cum Reclaimer
- g. Lean Slurry Disposal System
- h. Transmission Line From Laxmipur To Damanjodi
- i. Revised plant operation philosophy
- j. Civil works such as boundary work and other buildings
- k. 2nd water intake and XRD

5.15 When asked about the action/measures proposed for proper utilization of funds for implementations of various projects during 2017-18, the Ministry of Mines in a written reply informed the Committee as follows:-

"The funds allocated for various projects during the year 2017-18 are as under:

| Sl. | Particulars | | | BE(Rs Cr.) |
|-----|-------------------------------------|--|--------|------------|
| | | | | 2017-18 |
| a) | New Projects | | | 604.16 |
| | I | Utkal "D" & "E" Coal Blocks | 105.89 | |
| | ii | 100 MW Wind Power | 61.76 | |
| | iii | 50 MW wind power | 175.00 | |
| | iv | 20 MW Solar Power Madhya Pradesh | 36.00 | |
| | v | 50 MW Solar power | 155.00 | |
| | vi | 5 th Stream Alumina Refinery Project. | 70.51 | |
| b) | Projects in JVs | | | 52.00 |
| | i | Caustic Soda Plant-Gujarat | 50.00 | |
| | ii | Angul Aluminium Park | 2.00 | |
| c) | Addition Modification & Replacement | | | 501.84 |
| | Total | | | 1,158.00 |

All major projects would be monitored at highest level at regular intervals. An On-line CAPEX monitoring system has been developed for close monitoring."

5.16 Enquired about the total installed capacity of NALCO and the actual achievements during the years 2014-15, 2015-16 and 2016-17, the Ministry in its written reply stated as under:-

"The total installed capacity of NALCO and the actual achievements during the years 2014-15, 2015-16 and 2016-17 are as under:

| Product | Unit | 2014-15 | | 2015-16 | | 2016-17 (Upto Jan'17) | |
|-----------------|-----------|--------------------|--------------------|--------------------|--------------------|--------------------------|--------------------|
| | | Installed Capacity | Actual Achievement | Installed Capacity | Actual Achievement | Installed Capacity | Actual Achievement |
| Bauxite | MT | 6,825,000 | 57,39,120 | 6,825,000 | 63,40,142 | 68,25,000 | 59,48,965 |
| Alumina Hydrate | MT | 21,00,000 ** | 18,51,000 | 21,00,000 ** | 19,53,000 | 21,00,000 ** | 17,03,400 |
| Aluminium | MT | 4,60,000 | 3,27,070 | 4,60,000 | 3,72,183 | 4,60,000 | 3,20,944 |
| Thermal Power | MW/ MU | 1,200MW | 5,131 MU | 1,200MW | 5,841 MU | 1,200MW | 5,034 MU |
| Wind Power-I | MW/ MU | 50.4 MW | 114.92 MU | 50.4 MW | 94.56 MU | 50.4MW | 93.39 MU |
| Wind Power-II | MW/ MU | 47.6 MW | 66.04 MU | 47.6 MW | 61.36 MU | 47.6 MW | 61.90 MU |
| Wind Power-III | MW/ MU | - | - | - | - | 50 MW* | 23.40 MU |

MT- Metric Tonne, MU- Million Unit, MW Mega Watt.

* Wind Power-III at Jaisalmer, Rajasthan Commissioned by 30.09.2016.

** Normative Capacity. Name Plate Capacity is 22,75,000 MT.

III. HINDUSTAN COPPER LTD. (HCL):

5.17 Hindustan Copper Limited (HCL), a Mini Ratna Government of India (GoI) Enterprise under the administrative control of the Ministry of Mines, was incorporated on 9th November 1967 under the Companies Act., 1956. It was established as a Govt. of India Enterprise to take over all plants, projects, schemes and studies pertaining to the exploration and exploitation of copper deposits, including smelting and refining from National Mineral Development Corporation Ltd. It is the only company in India engaged in mining of copper ore and owns all the operating mining lease of Copper ore and also the only integrated producer of refined copper (vertically integrated

company). Major activities of HCL include mining, ore beneficiation, smelting, refining and casting of refined copper metal into downstream products.

5.18 HCL has no Demands for Grants for 2017-18. The annual plan outlay of 2017-18 was reviewed in detail and HCL has put up a budget of Rs 400.00 crore for 2017-18, which included budget for Replacement & Renewal, Green Field Exploration, Mine Development Expenditure and Mine Expansion. Financial requirements of Rs 400.00 crore to be funded mainly out of long term borrowings and partially internal accruals. This includes R&R budget of Rs 38.00 crore, Green Field Exploration of Rs 10.00 crore, Mine Development Expenditure of Rs 120.00 crore and Mine expansion of Rs 232.00 crore. Similarly HCL had no Demands for Grants during 2013-14, 2014-15, 2015-16 and 2016-17. Financial requirements for Replacement & Renewal, Green Field Exploration, Mine Development Expenditure and Mine Expansion are funded from internal accruals for 2013-14 and 2014-15 whereas in 2015-16 and 2016-17 the above expenditure is funded both from long term borrowings and internal accruals.

5.19 Plan Outlay for HCL was Rs. 668.00 crore in BE 2016-17. It was revised to Rs. 400.00 crore at RE stage for 2016-17. Now, a same provision of Rs.400.00 crore in BE 2017-18 has been kept for Capital Expenditure in 2017-18 for meeting the expenditure of Mine Expansion, Mine Development, Replacement and Renewals and Greenfield exploration etc. As regards the reasons for decrease in plan outlays, the Ministry of Mines in its written reply stated as follows:-

"Financial Targets fixed for various activities during 2016-17 & 2017-18 are as under:-

| Particulars | (Rs. in crore) | | | |
|------------------|----------------|---------------|---|---------------|
| | BE 2016-17 | RE 2016-17 | 2016-17 Actual (up to Dec., 2016) | BE 2017-18 |
| Mine Expansion | 500.00 | 132.00 | 24.56 | 232.00 |
| Mine Development | 120.00 | 220.00 | 164.85 | 120.00 |

| | | | | |
|-------------------------|--------|--------|--------|--------|
| Renewal & Replacement | 38.00 | 38.00 | 18.13 | 38.00 |
| Green Field Exploration | 10.00 | 10.00 | 0.00 | 10.00 |
| Total | 668.00 | 400.00 | 207.54 | 400.00 |

Reasons for downward revision of plan outlays from Rs. 668 crore in BE 2016-17 to Rs. 400.00 crore in RE 2016-17 are as under:

i) Delay in getting required statutory clearances for Rakha, Kendadih, Surda, Chapri-Sidheswar mine expansion projects of HCL leading to reduction the target expenditure.

ii) In view of the financial crunch faced by the company due to lower prices of copper at London Metal Exchange(LME), the internal accruals of the Company have gone down. Therefore, expenditure could not be realized as per target leading to reduction at RE stage.

iii) Plan outlay for BE 2017-18 is kept as Rs. 400.00 crore due to the financial crunch. However, it will be reviewed at RE stage considering the prevailing financial condition of the Company. It has been also planned to implement mine project of Rakha and Chapri-Sidheswar through a Mine developer and operator route (MDO) wherein all the capital expenditure will be invested by the MDO agency."

5.20 The Ministry further apprised the Committee that the funds earmarked for Mine Exploration, Mine Development, Replacement & Renewals and Greenfield Explorations are sufficient to meet its requirements.

5.21 The Ministry of Mines further informed the Committee that the new projects have been proposed to be taken up during 2017-18 are: 1. Setting of plant to extract minerals from copper ore tails of capacity 10,000 tonnes per day at Malanjkhanda at an estimated cost of Rs 200.0 crore. 2. Setting up of plant of capacity 1.0 lakh tonne per annum to manufacture copper cathode based on hydro metallurgy technology. The investment approval of the project is under consideration of the Board.

5.22 Regarding physical and financial targets set and actual achievements from 2013-14 to 2015-16 by HCL, the Ministry apprised the Committee in a written reply as follows:-

"2013-14

Physical targets and actual achievements

| Item | Target | Actual | Reason for variation |
|-------------------------------|--------|--------|---|
| Ore production (lakh tonnes) | 40.00 | 38.27 | Due to major breakdown of crushing and hoisting systems at Kolihan and Khetri underground mines. |
| Metal-in-concentrate (tonnes) | 35200 | 32276 | Under achieved due to lower grade of ore compared to the targeted grade at Khetri & Kolihan Mines |
| Copper Cathode-ICC (tonnes) | 16500 | 17005 | More than the target. |

Financial targets and actual achievements

(Rs. in crore)

| Item | Target | Actual | Reasons for variation |
|-------------------|---------|---------|--|
| Turnover | 1651.06 | 1615.90 | Under achievement due to lower sales volume. |
| Profit before tax | 404.17 | 430.65 | More than the target. |
| Profit after tax | 273.05 | 286.42 | More than the target. |

2014-15

Physical targets and actual achievements

| Item | Target | Actual | Reason for variation |
|-------------------------------|--------|--------|--|
| Ore production (lakh tonne) | 40.00 | 35.05 | Un-seasonal heavy rains at Malanjkhand have affected the ore production as the lower benches were under water for longer period and were not available for production. Stoppage of Surda Mines at ICC w,e,f 08 th September 2014 as per the instruction of Govt. of Jharkhand in view of the Judgment of Apex Court. |
| Metal-in-concentrate (tonnes) | 35000 | 24878 | The ore grade at Malanjkhand mine which contributes around 60% of the company's production, the grade of ore has fallen by 22% during the 2014-15. Lower ore grade also in turn affected the metal recovery efficiency from ore by another 3%. |
| Copper Cathode-ICC (tonnes) | 18000 | 15243 | Commensurate with MIC production |

Financial targets and actual achievements

(Rs. in crores)

| Item | Target | Actual | Reasons for variation |
|-------------------|---------|---------|---|
| Turnover | 1650.13 | 1127.49 | Steep fall in turnover is due to lower sales volume on account of less production from the mines and fall in LME copper price |
| Profit before tax | 316.50 | 80.45 | Due to under achievement of turnover |
| Profit after tax | 214.92 | 67.60 | Due to under achievement of turnover |

2015-16

Physical targets and actual achievements

| Item | Target | Actual | Reason for variation |
|-------------------------------|--------|--------|---|
| Ore production (lakh tonne) | 36.00 | 39.08 | Highest in last 16 years |
| Metal-in-concentrate (tonnes) | 34000 | 31578 | Under achieved due to lower grade of ore compared to the targeted grade at Malanjkhand and Khetri Mine. |
| Copper Cathode-ICC (tonnes) | 18000 | 17026 | Commensurate with MIC production |

Financial targets and actual achievements

(Rs. In crores)

| Item | Target | Actual | Reasons for variation |
|--------------------|---------|---------|---|
| Turnover | 1310.70 | 1068.95 | Under achievement due to lower sales volume |
| Profit before tax* | (54.73) | 45.37 | More than the target |
| Profit after tax* | (54.73) | 43.56 | More than the target |

*Original target for turnover, Profit before tax and profit after tax was Rs. 1531.00 crore, Rs. 131.47 crore and Rs. 86.78 crore respectively which was later reviewed based on actual average LME price and Exchange rate of 2015-16."

5.23 When enquired about the physical targets (both BE & RE) set out for HCL during the years 2014-15, 2015-16 and 2016-17 and achievements thereof, with reasons for shortfall, the Ministry informed the Committee in writing as under:-

| Sl. No. | Year | Item | Target | Actual |
|----------------|-------------|------------------------------|---------------|---------------|
| 1. | 2014-15 | Ore production (Lakh tonne) | 40.00 | 35.05 |
| | | Metal-in-concentrate (tonne) | 35000 | 24878 |
| | | Copper Cathode-ICC (tonne) | 18000 | 15243 |
| 2 | 2015-16 | Ore production (Lakh tonne) | 36.00 | 39.08 |
| | | Metal-in-concentrate (tonne) | 34000 | 31578 |
| | | Copper Cathode-ICC (tonne) | 18000 | 17026 |
| 3. | 2016-17 | Ore production (Lakh tonne) | 40.00 | 31.51 |
| | (upto Dec., | Metal-in-concentrate (tonne) | 33000 | 24787 |
| | 2016) | Copper Cathode-ICC (tonne) | 18000 | 10992 |

The reasons for variation/shortfall are due to lower grade of ore compared to the targeted grade at Khetri & Malanjkhand Mines. ICC smelter is in the last leg of its campaign life. Last shutdown was undertaken in April'2013. Repeated failure of the refractory and waste heat boiler of the furnace has affected the production."

PART-II

OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

Budgetary Provision and Utilization

1. The Committee note that budgetary support under revenue and capital is provided for implementation of various schemes by the Geological Survey of India (GSI), Indian Bureau of Mines (IBM), Science & Technology (S&T) Scheme and the Promotional Scheme of the Mineral Exploration Corporation Ltd. (MECL). While the revenue provision is obtained from budgetary support for GSI, IBM, Secretariat (proper) and Grants-in-Aid to autonomous bodies, etc., the expenditure for the schemes being implemented by the public sector undertakings is met from their own Internal and Extra Budgetary Resources (IEBR). In this regard, the Committee note that the budgetary allocation for different schemes/organisations of the Ministry of Mines for the year 2016-17 (BE) was Rs. 570.00 crore and the same was reduced to Rs. 414.00 crore at RE stage, out of which actual expenditure was only Rs. 335.08 crore upto January 2017. Thus, the percentage of utilization with respect to RE works out only 80.93%. The Committee note with concern the failure of the Ministry to ensure timely and full utilization of the funds allocated to them. For the year 2017-18, the Committee note that an allocation of Rs. 1213.49 crore has been made at the BE stage against the proposed projection of the Ministry of Mines for Rs. 1583.13 crore. During the course of evidence, the Secretary of the Ministry submitted before the Committee that the allocated funds would be insufficient to meet the committed expenditures including the implementation of the Seventh Pay Commission. The Committee are, therefore, apprehensive that reduced allocation of funds may adversely affect the smooth and effective implementation of various activities/programmes undertaken by the Ministry. The Committee, therefore, recommend that the Ministry should vigorously urge the

Ministry of Finance to allocate the funds as proposed by them so that various activities/programmes undertaken by them do not suffer for want of funds. The Committee also desire that the Ministry should also look into the constraints and causes for underutilization of funds and take corrective steps ensuring optimum and timely utilization of funds. To this end, the Committee also desire that a mechanism may be put in place to monitor utilization of funds uniformly and regularly by the agencies concerned. The Committee would like to be apprised of the action taken in the matter.

Budgetary Support to GSI

2. The Committee note that since its foundation in 1851, GSI has continued to grow and diversify into various geo-scientific activities and delivered colossal contribution in the arena of geo-science as well as in the economic growth of India. The Committee also note that GSI had proposed a plan outlay of Rs. 4596.00 crore for its entire XIIth Plan activities. However, GSI has been granted an approved outlay of Rs. 2004.42 crore for XIIth Plan. However, the Committee are distressed to note that out of the approved outlay of Rs. 2004.42 crore to GSI for XIIth Plan Period (2012-17), the budgetary allocations were reduced to Rs. 1762.04 crore at RE stage. Even the reduced allocation of Rs. 1762.04 crore could not be fully utilized by GSI and the actual utilization of funds upto January, 2017 works out only Rs. 1687.54 crore. During the year 2016-17, the Committee note that BE grant of Rs. 483.63 crore was drastically reduced to Rs. 371.00 crore at RE stage. For 2017-18, GSI has proposed an allocation of Rs. 1329.59 crore but a reduced outlay of Rs. 1027.87 crore has been allocated at BE (2017-18) stage. Keeping in view of the importance of GSI for various Geo-scientific activities and its contribution for economic growth of the Country, the Committee express their concern over the allocation of lesser than proposed budgetary support by the Ministry of Finance. The

Committee are apprehensive that the reduction of allocation of funds at RE stage may impact various activities of GSI. According to the Ministry, with reduced outlay, some of the targets shall be affected namely payments like Online Core Business Integrated Scheme (OCBIS) installment payment, Annual Maintenance Contract (AMC) of sophisticated instruments, procurement of some essential equipment to carry out investigation, etc. may be hampered due to non-availability of funds. The Committee, therefore, recommend that GSI may be provided funds as per their demand so that various activities undertaken by them are not hampered for want of funds. The Committee also urge the Ministry of Mines to pursue the Ministry of Finance for allocation of adequate funds at RE stage. The Committee also desire that the Ministry of Mines/GSI should accelerate the momentum of their activities/programmes ensuring timely and optimum utilization of the funds allocated to them. The Committee would like to be apprised of the initiatives undertaken by the Ministry of Mines/GSI in this regard.

International Geological Congress, 2020

3. The Committee note that in view of the impending International Geological Congress 2020 (IGC) to be held in New Delhi, Research and Development (R&D) assumes special significance and GSI laboratories were expected to become better equipped in view of the research drive. In this regard, the Committee note that publication funds have been enhanced to Rs. 1.03 crore to enable GSI to produce a variety of publications which shall showcase Indian Geology at IGC 2020. According to Ministry of Mines, under the HRD head, IGC 2020 – Development of Working Office-cum-Secretariat (WOCS), New Delhi, the Ministry of Mines and Ministry of Earth Science will share the expenditure on a 50:50 basis. The Committee desire that the Ministry should gear up its activities on all these fronts so that targets sets are achieved within the

stipulated time frame. The Committee also desire that the adequate funds may be provided to GSI for the purpose.

Modernization and Replacement Scheme of GSI

4. The Committee note that some of the important projects implemented/being implemented under Modernisation and Replacement scheme include launching of a national level programme titled 'High Resolution Sea-Bed Mapping and Natural Resource Evaluation in Exclusive Economic Zone (EEZ) of India and Beyond' during 2014-15 wherein marine maps produced during sea-bed mapping shall be used for identifying offshore mineral deposits; placer deposits as well as for development of ports and harbours etc; Acquisition of Geotechnical Vessel; major laboratory and drilling procurements including gravimeters, IT networking equipment, microscopes, multi-parameters Borehole logger; Heavy-duty skid mounted diamond core drills of 600 m and 1000 m capacity; mud pumps; field spectrometer; double beam AAS; and eleven high technology drilling machines. The list of major equipment procured or to be procured in 2016-17 includes microscopes, ICPMS, WD-XRF, state-of-the-art drilling machines and accessories, gravimeters, digital seismograph etc. GSI has also launched a new initiative in association with Geo-science Australia in the form of project UNCOVER(India) wherein GSI would put thrust to probe deep-seated deposits (upto a depth of 2 km) in view of rapid depletion of surface/near-surface Deposit. GSI is also in the process of launching Aerogeophysical Survey Programme to aerogeophysically map the country including remote and inaccessible areas which shall be carried out by outsourcing through National Mineral Exploration Trust (NMET) Fund. GSI proposes to acquire sophisticated equipment for carrying out G2 exploration in the country to complete exploration of mineral blocks in a time bound manner. The Committee appreciate the achievements of GSI in various important

fields like effective support given by State-of-the-Art Laboratory Network of GSI for different missions of GSI with quality data inputs and guidance; Optimizing laboratory facilities and deployment of available expertise under the auspices of the National Centre of Excellence in Geo-science Research (NCEGR), Kolkata and satellite centres at Bengaluru and Faridabad; etc.

The Committee note that for the year 2017-18, the Modernization and Replacement Scheme includes funds allocated for procurement of vehicles and laboratory/drilling instruments etc. However, the Committee note with concern that during 2016-17, Rs. 171.64 crore were allocated for Modernization and Replacement Scheme of GSI but the same was drastically reduced at the RE stage to only Rs. 71.88 crore. Out of this, actual expenditure (upto December, 2016) was Rs. 55.27 crore which amounted to 76.89% of the RE allocation. For 2017-18 (BE), an outlay of Rs. 154.30 crore has been allocated for this Scheme. The Ministry of Mines has admitted that the total allocated funds for GSI amounting to Rs. 154.30 crore for 2017-18 (BE) may be insufficient if full installments are to be paid for GTV procurement. Keeping in view of the significant role that GSI play in the exploration, survey and mapping of Minerals in the country, the Committee feel that such an important scheme for Modernization and Replacement of GSI should not suffer due to shortage of funds. The Committee, therefore, recommend that while GSI should make all out efforts for expeditious implementation of various projects under the Modernization and Replacement Scheme and timely and optimum utilization of funds allocated to them, the Ministry of Mines should urge the Ministry of Finance to allocate more funds to GSI at RE stage so that all the ongoing or proposed projects of GSI do not suffer for want of funds.

Indian Bureau of Mines(IBM)

5. 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 enforcement of Mineral Conservation and Development Rules, 1988, relevant provisions of Mineral Concession Rules, 1960 framed under MMDR Act, 1957. IBM also performs regulatory functions under the Mines and Minerals (Development & Regulation) Act, 1957, Environment Protection Act, 1986 and Rules made thereunder. As a facilitator, IBM 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. IBM also undertakes scientific, techno-economic research oriented studies in various aspects of mining, geological studies, ore beneficiation and environmental studies besides providing technical consultancy services to the mining industry. The Committee note that for undertaking the above activities by IBM, plan outlay of Rs. 47.23 crore was made for the year 2016-17, which was reduced to Rs. 30.00 crore at RE stage while the actual expenditure stood at Rs. 28.24 crore upto January, 2017. The Committee observe that an enhanced outlay of Rs. 111.08 crore has been approved for 2017-18 (BE) which is expected to be sufficient to fulfill the requirements of IBM as stated by the Ministry of Mines. As regards utilization of available resources, the Committee note that an action plan has been proposed for each division and expenditure will be monitored at IBM as well Ministry level so as to comply with the provisions of Fiscal Responsibility and Budget Management (FRBM), Act. The Committee also note that the Ministry of Mines has taken steps to ensure timely completion of various ongoing and new projects viz. preparation of detailed plan

with month-wise/quarter-wise activities fixing responsibilities for divisions implementing on-going Schemes; monitoring of monthly progress by the Controller General, IBM; monthly/quarterly performance Review Meetings at the Secretary (Mines) level, etc. The Committee hope that as a result of initiatives taken up by the Ministry, IBM will be able to achieve physical and financial targets set for their various programmes/projects. The Committee trust that the Ministry will constantly endeavour to improve the performance of IBM.

Approval of Mining Plan by IBM

6. The Committee also note that IBM has approved 110 Mining Plan during 2013-14 and 185 Mining Plan during 2014-15 as compared to 46 Mining Plan during 2015-16 and 55 Mining Plan approved during 2016-17 (upto Jan., 2017). The Committee would like to be apprised of the present number of pending Mining Plan with IBM and the reasons for lower number of Mining Plan approved by it during 2015-16 and 2016-17 as compared to 2013-14 and 2014-15. The Committee would also like to be apprised of the steps taken by the Ministry/IBM to clear all pending Mining Plans within stipulated period of 45 days.

Underutilization of Plan Outlays of PSUs

7. The Committee note that for the year 2015-16, BE of Rs. 1634.44 crore for three PSUs namely NALCO, HCL and MECL was increased to Rs. 5582.56 crore at RE stage but the actual utilization of funds during the year was only Rs. 860.03 crore. Further, for 2016-17, Plan outlay of Rs. 5909.15 crore were earmarked at BE stage for the said PSUs but the same was reduced to Rs. 3004.28 crore at RE stage. Again out of Rs. 3004.28 crore, the actual utilization upto 31.1.17 was only Rs. 776.35 crore. While expressing their unhappiness over gross under utilization of funds by three

PSUs and the huge mismatch between the financial outlays of PSUs during the years 2015-16 and 2016-17 which points to systematic flaws in the implementation of the projects vis-a-vis financial requirements, the Committee stress that the Ministry should accord utmost priority for realistic budget estimates of annual plan of PSUs as well as their physical targets set to be accomplished so that approved outlays are fully utilized during the financial year. Further, it is also imperative that all the projects/programmes undertaken by the PSUs may be reviewed periodically and corrective steps be undertaken ensuring timely completion and optimum utilization of funds. The Committee would like to be apprised of the steps taken by the Ministry/PSUs in this regard.

Mineral Exploration Corporation Ltd. (MECL)

8. The Committee note that MECL is carrying out mineral exploration activities and is the premier exploration agency in the country. It carries out its exploration activities under promotional programme funded by Government of India and on contractual basis on behalf of other agencies including Public Sector, Private Sector and State Government(s) on mutually agreed terms and conditions. It has added 158 billion tonnes of mineral resources to National Mineral Inventory upto August, 2016. MECL is also engaged in regional exploration of coal and lignite on behalf of Ministry of Coal and established a total of 48.90 billion tonnes of coal and 30.55 billion tonnes of lignite resources upto August, 2016. The Committee further note that with the enactment of MMDR Amendment Act, 2015 opportunities have come up for MECL in Non-energy sector in the form of enhanced exploration through National Mineral Exploration Trust (NMET) funding. MECL has also been designated as the "Nodal Exploration Agency" by the Governing Body of NMET for carrying out exploration through funds of the Trust. The Ministry of Mines also allotted 30 blocks for regional exploration and 16 blocks for G 3 /G 2

level exploration through NMET funding. With the increase in exploration in non-energy minerals, MECL has to strengthen its capacity and capability in exploration of non-energy minerals. Accordingly, it has framed a strategic plan of building its capacity for exploration of non-energy minerals in the coming years without adversely affecting its capacity in exploration of energy minerals i.e. coal and lignite. The plan envisages a faster growth through modernisation and technological upgradation. Efforts have already been initiated for replacing old machinery and equipment. However, the Committee are distressed to note that MECL was allocated Rs. 29.15 crore for promotional exploration in BE 2016-17 which was reduced to Rs. 4.15 crore at RE stage and actual utilization stood at Rs. 3.92 crore upto January, 2017. In BE 2017-18, the amount has further been reduced to Rs. 6.00 crore. It was informed to the Committee that for completion of 6 ongoing approved projects, MECL will require an amount of Rs. 21 crore whereas only Rs. 6 crore has been allocated in BE 2017-18 as a result MECL will require an additional amount of Rs. 15 crore. In addition, MECL plans to take up two new promotional projects for gold and base metal exploration during 2017-18 with an anticipated cost estimate of Rs. 8 crore. According to the Ministry, the shortfall of funds will affect the promotional work of MECL especially in timely completion of the ongoing approved promotional work and providing mineral blocks to state governments for auctioning. Similarly, the modernization scheme of MECL for which an amount of Rs 96 crore was approved for 5 years by the Ministry of Mines and against which only a meager amount of Rs 13.51 crore was released in 2015-16 will also have an adverse impact on the modernization and capacity building venture of MECL as the total expenditure has to be borne by MECL only from its internal resources. In view of the foregoing, the Committee are of the considered opinion that shortage of funds may directly affect the plans of MECL for modernization and to strengthen its capacity and

capability in exploration of non-energy minerals. The Committee, therefore, desire that the Government should provide adequate funds to MECL so that activities/projects undertaken by them do not suffer due to insufficient funds. The Committee would like to be apprised about the action taken in the matter. The Committee also desire that MECL should also make concerted and coordinated efforts for optimum utilization of the allocated funds for the year 2017-18.

9. The Committee are happy to note that MECL is a Mini Ratna profit making PSU and it has made a payment of Rs. 23.02 crore as Dividend for the year 2016-17 to the Central government and it will meet its requirements through internal resources. Further, funds for promotional work are being sought from Mineral Exploration Fund (MEF). The Committee further note that the Central Government has also established the National Mineral Exploration Trust (NMET) and notified its Rules on 14.8.2015 which is a non-profit body, with the primary objective of promoting regional and detailed mineral exploration in the country. The funds of NMET which will also be made available to the MECL. According to Ministry of Mines, MECL has also taken up new Greenfield exploration in 30 blocks in addition to its mandate of detailed exploration (G3/G4 level). In this regard, the Committee desire that MECL should make vigorous efforts to obtain substantial orders not only from traditional clients like coal companies but also from other companies in order to generate more internal resources. The Committee further desire that the Government should also put the modernization and upgradation plan of MECL on priority so that it can withstand competition from other companies in the field of exploration and all projects undertaken by them are completed without any time and cost overrun. The Committee would like to be apprised of the action taken in the matter.

National Aluminium Company Ltd.(NALCO)

10. The Committee note that National Aluminium Company Ltd.(NALCO) is the only Central Public Sector Undertaking (CPSU) exploiting bauxite for production of alumina and aluminium and is Asia's largest integrated Aluminium complex, encompassing Bauxite Mine, Alumina Refinery, Aluminium Smelter and Captive power plant in the State of Odisha. The Committee note that this Navratna Company over the years has emerged as a star performer in the production and export of alumina and expanded its capacity twice besides also adding high end products such as Rolled Products special grade Alumina, special grade hydrite and zeolite etc. The Committee note with appreciation that the Plan outlay of the company is being managed entirely through its internal resources without requiring any budgetary support from the Government. The Committee, however, note that during 2016-17, plan outlay of NALCO was revised from Rs. 1367.87 crore at BE stage to Rs. 1020.87 crore at RE stage. According to the Ministry, the actual utilization of funds was however, Rs. 535.41 crore upto January, 2017 which comes to 39.14% of the approved outlay of Rs. 1367.87 crore. The underutilization of funds has been attributed to delay in execution of many Greenfield projects like delay in bid opening for 50 MW wind power project upon request of the bidders and to have wider participation, delay in 20 MW solar power project registration and land allotment by Madhya Pradesh New and Renewable Energy Department (MPNRED), delays in statutory clearances required for Addition, Modification and Replacement (AMR) Scheme; delay in the Notice Inviting Tender (NIT) due to issues cropping up for sale of power through Average Power Purchase Cost (APPC) route to discoms, etc. The Committee are not convinced with the reasons reportedly cited by the Ministry for justifying underutilization of the approved outlays. The Committee desire that NALCO should make

concerted efforts to accelerate the execution of the proposed projects in a planned and time bound manner so that the funds earmarked for 2017-18 are optimally utilized. The Committee would like to be apprised of the action plan of the NALCO to utilize the enhanced funds of Rs. 1158.00 crore for the year 2017-18.

Allocation of Utkal-D&E Coal Blocks to NALCO

11. The Committee note that Utkal-E Coal Block was allocated to NALCO in 2004 for meeting its critical raw material needs. Subsequently, on 24.09.2004 this coal block was de-allocated in pursuance of Hon'ble Supreme Court verdict alongwith several other coal blocks allotted to other coal block allottees. Pursuant to the de-allocation, the company could not make any investment in the project during the period between later part of 2014-15 till the end part of 2015-16. After promulgation of Ordinance, for auction and allocation of coal blocks and thereafter on the request of NALCO, the Utkal D&E Coal Block was allocated to NALCO on 02.05.2016. As per the post allotment obligations stipulated in the allotment agreement, commencement plan for Utkal-D&E was submitted to the Ministry of Coal on 01.06.2016. The Committee further note that approved project cost which was estimated Rs. 215.00 crore (at October, 2006 price) was revised to Rs. 280.30 crore in November, 2009 and the present estimated project cost is Rs. 337.00 crore. The Committee also note that against the projected outlays of Rs. 198 crore during the year 2012-13 for the project, the actual expenditure was Rs. 17.91 crore and during 2013-14 against the projected outlays of Rs. 65.00 crore, the actual utilization was Rs.5.18 crore. In 2014-15, against the projected outlays of Rs. 123.00 crore for the project, the actual utilization of fund was only Rs. 4.00 crore. During the year 2015-16, against the outlays of Rs. 70.00 crore, actual expenditure was Rs. 30.81 crore. In the year 2016-17, against the projected amount of Rs. 106.00 crore, the

utilization of the funds for the project was Rs. 3.29 crore only upto 31.12.16. The Committee also note that the delay in Utkal D&E Coal Block is reported to be held up due to slow progress in disbursement of compensation to land affected persons in mining lease area, Forest diversion proposal due to shortcoming in the approval of Forest right certificate amendment by District Administration and Local resistance for construction of R & R Colony. The Committee feel extremely concerned that the coal block which was initially allotted by the Government of India to NALCO in 2004 to meet its coal requirement of new power units has still made no headway. The Committee, therefore, recommend the Ministry to seriously take up the matter with the concerned authorities for addressing the constraints being faced by the project. Also taking note of underutilization of plan outlays by NALCO during the last 4 years for the project, the Committee strongly urge the Ministry to review the methodology adopted by NALCO for development of the Utkal D&E project besides the need for setting up annual financial targets on realistic basis. In this regard, the Committee in their earlier report (19th Report of 16th Lok Sabha) had also recommended the Ministry of Mines and NALCO to continuously monitor their ongoing schemes/projects so that the allocated funds could be utilized as targetted during the year.

Addition, Modification and Replacement (AMR) Scheme of NALCO

12. The Committee find that NALCO has undertaken several major addition, replacement and upgradation projects to maintain its existing installed capacity. The Committee further note that under AMR Scheme of NALCO, against the allocated funds of Rs. 440.00 crore and Rs. 305.00 crore during 2014-15 and 2015-16 respectively, the actual utilization were Rs. 261.43 crore and Rs. 204.82 crore only. During 2016-17, against plan outlays of Rs.

404.00 crore for AMR scheme, only Rs. 160.17 crore could be spent upto 31-12-16. Taking note of the reasons cited by Ministry of Mines for lower utilization of funds under the Scheme such as 220 KV transmission line from Laxmipur to Refinery Complex, Indirect CCL heating System at Refinery Complex, Augmentation of de-fluoridisation plant at smelter plant, delay in procurement, mobile earth equipment in Mines Unit, delay in revamping of costing station-Rod Shop-I, delay in procurement of Heavy Mobile Earth Moving equipment, drill other machineries for development of South Block Mines Unit, automation system of CRM in smelter, lean slurry disposal system, etc., the Committee would like the Ministry/NALCO to continuously monitor its ongoing schemes to ensure utilization of entire allocated funds. The Committee expect that corrective measures be taken by Ministry of Mines/NALCO to fully utilize the funds of Rs. 502.00 crore for AMR Scheme during the year 2017-18.

Hindustan Copper Limited (HCL)

13. The Committee note that the major activities of HCL are mining, beneficiation, smelting, refining and casting of finished copper metal into saleable products. The Committee further note that the Plan Outlay is meant only for Mine Expansion, Mine Development, Replacement & Renewals and Greenfield Exploration. The Committee also observe that though HCL has not received budgetary support for the year 2017-18, the plan outlay of HCL for the year 2016-17 which was Rs. 668.00 crore was later reduced to Rs. 400 crore at RE stage. Against this, actual expenditure by HCL upto 31-1-2017 was only Rs. 231.20 crore. The Committee were apprised that the plan expenditure has been reduced on account of delay in getting statutory clearances for Rakha, Kendadih, Surda, Chapri-Sidheswar Mines expansion project by HCL. Now an outlay of Rs. 400.00 crore have been kept by HCL for the year 2017-2018. In regard to the physical and financial performance of the company

during the last three years, the Committee are happy to observe that the ore production during 2015-16 was highest ever at 39.08 lakh tonnes in the last 16 years. However, the Committee note with concern that turnover of the company from 1,127.49 crore during 2014-15 has declined to Rs. 1,068.95 crore during 2015-16. Similarly, profit before tax of the company which was Rs. 80.45 crore during 2014-15 has come down to Rs.45.38 crore during 2015-16. As regards the physical targets of ore production during 2016-17, the Committee also distressed to note that against target of 40 lakh tonnes, the actuals were 31.51 lakh tonne. Similarly, the production of Metal-in-Concentrate was 24787 tonnes against the target of 33000 tonnes. The reasons cited for variation/shortfall in physical performance of HCL during 2016-17 are due to lower grade of ore compared to the targeted grade at Khetri & Malanjkhand Mines; Indian Copper Complex (ICC) smelter being in the last leg of its campaign life with the last shutdown undertaken in April, 2013; repeated failure of the refractory and waste heat boiler of the furnace, etc. Taking note of low achievement of physical and financial targets by HCL during 2016-17, the Committee desire that corrective measures be taken by Ministry of Mines/HCL to improve the performance of the company so that plan outlays of Rs. 400.00 crore including Rs. 232.00 crore for mine expansion are fully utilized during 2017-18. The Committee may be apprised of the Action Plan of HCL in the matter.

NEW DELHI;
16 March, 2017
25 Phalgun, 1938 (Saka)

RAKESH SINGH
Chairperson
Standing Committee on Coal and Steel

Annexure-I

Financial Performance during the first four years of the XII Plan 2012-13, 2013-14, 2014-15 & 2015-16 and during 2016-17 (upto Dec. 2016)

Year wise Scheme-wise Financial Performance of GSI against the approved Plan outlay during the XII Plan (upto Dec. 2016)

(Rs in crores)

| | 2012-13 | | | 2013-14 | | | 2014-15 | | | 2015-16 | | | 2016-17 | | | TOTAL | |
|---|----------|--------|---------------|----------|---------|---------------|----------|--------|---------------|----------|----------|---------------|----------|----------|------------------------------|---|---|
| Schemes | BE Grant | FE | Actual Expnd. | BE Grant | RE | Actual Expnd. | BE Grant | RE | Actual Expnd. | BE Grant | RE Grant | Actual Expnd. | BE Grant | RE Grant | Actual Expnd. (upto Dec '16) | Total Grant of XII Plan received from MoM | Total Actual XII Plan Expnd. (upto Dec '16) |
| Survey and Mapping | 48.04 | 49.76 | 49.50 | 71.83 | 71.83 | 71.66 | 165.84 | 129.90 | 129.39 | 156.22 | 115.81 | 115.07 | 118.68 | 106.07 | 96.34 | 473.37 | 461.96 |
| Mineral Exploration | 22.90 | 25.29 | 25.16 | 25.25 | 25.25 | 25.02 | 42.04 | 31.74 | 31.54 | 53.51 | 38.49 | 38.71 | 54.88 | 62.84 | 46.13 | 183.61 | 166.56 |
| Spl. Investigation | 8.00 | 8.00 | 7.69 | 6.12 | 6.12 | 6.00 | 8.17 | 5.62 | 5.54 | 11.00 | 11.16 | 11.10 | 10.03 | 9.42 | 7.51 | 40.32 | 37.84 |
| Research & Development | 8.08 | 8.36 | 8.36 | 8.33 | 8.33 | 8.25 | 25.89 | 12.91 | 12.56 | 12.63 | 11.80 | 11.72 | 14.32 | 10.50 | 8.52 | 51.90 | 49.41 |
| Information Dissemination | 18.17 | 15.75 | 15.27 | 16.22 | 16.22 | 15.67 | 101.57 | 24.09 | 23.84 | 144.46 | 95.18 | 95.07 | 79.91 | 78.11 | 63.37 | 229.35 | 213.22 |
| HRD | 6.14 | 5.62 | 5.62 | 7.78 | 7.78 | 7.75 | 15.21 | 11.56 | 11.33 | 11.82 | 10.52 | 10.49 | 21.47 | 19.48^ | 16.61 | 54.96 | 51.80 |
| Mod. & Replacement* | 74.91 | 151.23 | 152.48@ | 249.31 | 352.45# | 351.49@ | 105.63 | 39.93 | 39.61 | 62.94 | 65.07 | 66.41 | 171.64 | 71.88^ | 55.27 | 680.56 | 665.26 |
| TSP | 7.76 | 7.76 | 7.51 | 7.16 | 8.56\$ | 8.55 | 19.35 | 10.75 | 10.69 | 10.00 | 8.20 | 8.20 | 12.70 | 12.70^ | 6.54 | 47.97 | 41.49 |
| Total | 194.00 | 271.77 | 271.59 | 392.00 | 496.54 | 494.39 | 483.70 | 266.50 | 264.50 | 462.58 | 356.23 | 356.77 | 483.63 | 371.00 | 300.29 | 1762.04 | 1687.54 |
| % of Utilisation of Fund against allotment (RE) | | | 99.93 | | | 99.57 | | | 99.25 | | | 100.15 | | | 80.94 (against RE Grant) | | 95.77 |
| Construction Budget of GSI | 10.00 | | | 10.00 | | | | | | | | | | | | 128.00 | |
| GRAND TOTAL | | | | | | | | | | | | | | | | 2004.42 | |

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* Includes Ship Payment (i) 5th Installment – Rs. 128.06 crores paid in 12th April 2013 &
(ii) 1st Phase of 6th /Final Installment– Rs. 83.66 crore paid on 2nd August 2013
(iii) 2nd Phase of 6th /Final Installment– Rs. 98.48 crore paid on 13th September 2013

Rs 5.00 crore received in the RE stage for FY 2013-14 for payment to the Indian and foreign consultant of the OGRV.

\$ Additional grant of Rs 1.40 crore received under Tribal Sub Plan Head from Ministry during F.Y. 2013-14.

@ Payments of OGRV have been made from the Modernization & Replacement Scheme during 2012-13 and 2013-14 and provision for GTV has also been put in this budget.

^Additional grant of Rs 1.70 crore received under Tribal Sub Plan, Rs 1.5 crore received under NER Modernization fund and Rs 43 lakhs for training.

Annexure-II

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 22 FEBRUARY, 2017 IN COMMITTEE ROOM 'C', GROUND FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI.

The Committee sat from 1430 hrs. to 1600 hrs.

PRESENT

Shri Rakesh Singh- Chairperson

Lok Sabha

2. Shri A Arunmozhithevan
3. Shri Kalyan Banerjee
4. Shrimati Jyoti Dhurve
5. Shri Shailesh Kumar
6. Shri Ajay Nishad
7. Dr. Ravindra Kumar Ray
8. Shri Tamradhwaj Sahu
9. Shri Janardan Singh "Sigriwal"
10. Shri Pashupati Nath Singh
11. Shri Krupal Balaji Tumane

Rajya Sabha

12. Shri Ali Anwar Ansari
13. Dr. Pradeep Kumar Balmuchu
14. Shri Ranjib Biswal
15. Shri Md. Nadimul Haque
16. Shri B.K Hariprasad
17. 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

MINISTRY OF MINES

1. Shri Balvinder Kumar, Secretary
2. Shri R. Sridharan, Special Secretary
3. Smt. Reena Sinha Puri, JS&FA
4. Shri Subhash Chandra, Joint Secretary
5. Shri Niranjana Kumar Singh, Joint Secretary
6. Shri Bhupal Nanda, CCA
7. Shri Shersha, Director
8. Dr Joyesh Bagchi, Director (Tech)
9. Smt. Promodita Sathish, Director

MINE PSUS

10. Shri M. Raju, DG, GSI
11. Shri Ranjan Sahai, CG in charge, IBM
12. Dr. Tapan Kumar Chand, CMD, NALCO
13. Shri K.C. Samal, Director (Fin.) NALCO
14. Shri K.D. Dewan, CMD, HCL
15. Dr. Gopal Dhawan, CMD, MECL
16. Shri S.M. Maruvada, Dir (Finance), MECL

2. At the outset, the Chairperson, welcomed the Secretary and other representatives of the Ministry of Mines and Mine PSUs to the sitting of the Committee convened in connection with the examination of "Demands for Grants (2017-18)" of the Ministry and drew their attention to Direction 55 of the Directions by the Speaker, Lok Sabha regarding confidentiality of evidence tendered by witness.

3. Thereafter, the Committee broadly discussed the issues relating to Budgetary allocation, utilization of Plan and Non-Plan outlays of the Ministry of Mines; Lower Budget allocation to the Ministry of Mines for the year (2017-18); Budgetary allocation for the different schemes of Mines for the year 2015-16, 2016-17 and 2017-18; implementation of MMDR (Amendment) Act, 2015; Auctioning in the mining sector and Royalty to the State Governments; Establishment of District Mineral Foundation; Implementation of star rating system, Mining Tenement System (MTS) of IBM; Preparation of National Mineral Policy by IBM; Computerization of GSI; Detailed survey march of National Aero-Geophysical Survey by GSI; Online Core Business Integrated (OCBIS) and Mining Surveillance System through Satellite for prevention of illegal mining by GSI; Procurement of geotechnical Vessel with shallow drilling capacity for offshore mineral exploration; Ranking of three PSUs: Plan outlays and Capital Expenditure of three PSUs viz. NALCO, HCL and MECL; Establishment of National Mineral Exploration Trust (NMET), etc.

4. The Members raised their concerns on the above issues and sought clarifications from the representatives of the Ministry of Mines. The Chairperson directed the representatives of the Ministry of Mines to furnish written replies to

the queries raised by the Members which could not be responded to during the sitting of the Committee within five days. The Secretary, Ministry of Mines assured the Committee that the same would be furnished within the stipulated time.

. A copy of verbatim proceedings of the sitting of the Committee has been kept on record.

The Committee then adjourned.

Annexure-III

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 16 MARCH, 2017 IN HON'BLE CHAIRPERSON'S CHAMBER, ROOM NO. '210', B-BLOCK, PHA EXTENSION BUILDING, NEW DELHI.

The Committee sat from 1500 hrs. to 1530 hrs.

PRESENT

Shri Rakesh Singh - Chairperson

Lok Sabha

2. Dr. Banshilal Mahato
3. Shri Kamalbhan Singh Marabi
4. Shri Ajay Nishad
5. Shrimati Riti Pathak
6. Dr. Ravindra Kumar Ray
7. Shri Chandu Lal Sahu
8. Shri Tamradhwaj Sahu
9. Shri Janardan Singh "Sigriwal"
10. Shri Rama Kishore Singh
11. Shri Sunil Kumar Singh
12. Shri Sushil Kumar Singh

Rajya Sabha

13. Shri Ali Anwar Ansari
14. Shri Md. Nadimul Haque
15. Shri B.K Hariprasad
16. Shri Ranvijay Singh Judev
17. 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) Report on "Demands for Grants (2017-18)" relating to the Ministry of Mines; and
- (ii) ** ** ** **

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

The Committee then adjourned.

** Do not pertain to this Report.