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

MINISTRY OF MINES

**Action Taken by the Government on the Observations/
Recommendations contained in the Twenty-Eighth Report of the
Standing Committee on Coal and Steel (Sixteenth Lok Sabha)
on "Demands for Grants (2017-18)"**



THIRTY-FOURTH REPORT

**LOK SABHA SECRETARIAT
NEW DELHI
AUGUST, 2017/SRAVANA, 1939 (Saka)**

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COAL AND STEEL (2016-2017)**

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Recommendations contained in the Twenty-Eighth Report of the
Standing Committee on Coal and Steel (Sixteenth Lok Sabha)
on "Demands for Grants(2017-18)"**

Presented to Lok Sabha on 10.08.2017

Laid in Rajya Sabha on 10.08.2017



**LOK SABHA SECRETARIAT
NEW DELHI
AUGUST, 2017/SRAVANA 1939 (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. Smt. Madhu Tandon - Sr. Executive Assistant

(iii)

INTRODUCTION

I, the Chairperson, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Thirty-Fourth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Twenty-Eighth Report of the Standing Committee on Coal and Steel (Sixteenth Lok Sabha) on “Demands for Grants(2017-18)” pertaining to the Ministry of Mines.

2. The Twenty-Eighth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 17.03.2017. Replies of the Government to all the observations/recommendations contained in the Report were received on 28.06.2017.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 03.08.2017.

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

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

**NEW DELHI;
03 August, 2017
12 Shravana, 1939(Saka)**

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

(iv)

REPORT

CHAPTER I

This Report of the Standing Committee deals with Action Taken by the Government on the observations/recommendations contained in the Twenty-Eighth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel(2016-17) on the Subject, "Demands for Grants (2017-18)" of the Ministry of Mines which was presented to Lok Sabha and laid in Rajya Sabha on 17.03.2017.

2. The Action Taken Notes have been received from the Ministry of Mines on 28.06.2017 in respect of all the 13 observations/recommendations contained in the Report. These have been categorised as follows:

(i) Observations/Recommendations which have been accepted by the Government: Serial Nos. 1, 2, 3, 4, 5, 7, 8, 10, 11, 12 and 13

Total: 11
Chapter-II

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government :
Sl. No. Nil

Total: 00
Chapter III

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:
Sl. No. 6 and 9

Total: 02
Chapter IV

(iv) Observations/Recommendations in respect of which final replies of the Government are still awaited
Sl.No. Nil

Total: 00
Chapter V

3. **The Committee do hope and trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In case, where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that Final Action Taken Replies on**

the Observations/Recommendations contained in Chapter-I of this Report be furnished to them within three months.

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

Recommendation No. 2

Budgetary Support to GSI

5. The Committee noted that since its foundation in 1851, GSI had 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 noted that GSI had proposed a plan outlay of Rs. 4596.00 crore for its entire XIIth Plan activities. However, GSI had been granted an approved outlay of Rs. 2004.42 crore for XIIth Plan. However, the Committee were 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 noted that BE grant of Rs. 483.63 crore was drastically reduced to Rs. 371.00 crore at RE stage. For 2017-18, GSI had proposed an allocation of Rs. 1329.59 crore but a reduced outlay of Rs. 1027.87 crore had 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 expressed their concern over the allocation of lesser than proposed budgetary support by the Ministry of Finance. The Committee were apprehensive that the reduction of allocation of funds at RE stage might impact various activities of GSI. According to the Ministry, with reduced outlay, some of the targets should 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, recommended that GSI may be provided funds as per their demand so that various activities undertaken by them were not hampered

for want of funds. The Committee also urged the Ministry of Mines to pursue the Ministry of Finance for allocation of adequate funds at RE stage. The Committee also desired 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.

6. The Ministry in its Action Taken Reply has submitted as under:-

"Geological Survey of India (GSI)

GSI was granted an amount of Rs.2004.42 crore for the XII Plan period which included Rs.1876.42 crore for operational and revenue costs and Rs.128 crore as construction budget of GSI. GSI was finally allotted Rs.1741.12 crore for the entire XII Plan and GSI has been able to spend Rs.1736.04 crore which is 99.71% utilization of the budget allotted during the XII Plan.

The break up as per the actual expenditure during 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.	Actual Exp.	
1 Survey & Mapping	545.29	49.50	71.66	129.39	115.07	105.71	471.33
2 Mineral Exploration	181.90	25.16	25.02	31.54	38.71	63.01	183.44
3 Spl. Investigation & Antarctica Expd.	39.26	7.69	6.00	5.54	11.10	9.26	39.59
4 Research & Development	56.35	8.36	8.25	12.57	11.72	10.44	51.34
5 Information Dissemination	210.51	15.27	15.67	23.84	95.07	77.73	227.58
6 Human Resource Development	48.34	5.62	7.75	11.32	10.49	19.62	54.80
7 Modernisation & Replacement	745.25	152.48	351.49	39.61	66.41	50.51	660.50

8	Tribal Area sub Plan (TSP)	49.52	7.51	8.55	10.69	8.20	12.51	47.46
	Total	1876.42	271.59	494.39	264.50	356.77	348.79	1736.04
	Construction Budget of GSI	128.00						

Considering the expenditure of GSI over the last five financial years 2012-13, 2013-14, 2014-15 and 2015-16 and the Financial Year 2016-17, the total expenditure of GSI during the XII plan period would come to Rs.1736.04 crore.

During the Financial Year 2016-17 GSI had been allocated a BE grant of Rs.480 crore. The major allocations of Rs.118.68 crore were for Survey & Mapping Scheme which includes the payments towards the maintenance of the GSI vessels and aircrafts, Rs.79.91 crores for the Information Dissemination scheme for implementation of OCBIS, Rs.54.88 crore for Mineral Exploration scheme for outsource drilling etc., and Rs.171.64 crores in the Modernization & Replacement scheme. An amount of Rs. 108.00 crore was provisioned under Modernization & Replacement scheme for the procurement of GTV. In the RE stage, the allocation has been reduced to Rs.371.00 crore. This reduction in the budget allocation has resulted in bills remaining pending for the next Financial Year and some of the committed expenditure of GSI regarding the OCBIS payment under Mission-III, payments under Mission-I and under the Modernization & Replacement head have to be carried forward for payment in 2017-18.

During 2017-18, GSI had proposed an amount of Rs.1329.59 crores for carrying out all the activities of GSI. However, GSI has been allotted a grant of Rs.1027.87 crore during the Financial Year 2017-18. Under Survey & Mapping Rs.82.7 crore has been kept for payment of maintenance charges for the research vessels and Twin Otter Airborne Survey System (TOASS) and heliborne Survey System apart from the funds required for carrying out regular field work and outsourcing of vehicles and NGCM samples. Further funds may be required under the head as along with the TOASS, the Heliborne Survey System shall also be going under comprehensive maintenance from the Financial Year 2017-18 which shall require funds. Under Mineral Exploration (Mission-II) funds have been increased to Rs.52.20 crore to take up the UNFC G2 stage exploration. The OCBIS programme taken up in the Financial Year 2015-16 shall be completed during the Financial Year 2016-17 and thereafter maintenance funds have to be provided alongwith procurement of necessary software and hardware for which an amount of Rs.35.95 crore has been earmarked in the Information Technology head. Under the Modernization and

Replacement Scheme, an amount of Rs.154.30 crore has been kept, of which Rs.110 crore is for payment of installment for the GTV.

The Ministry of Mines is pursuing the matter with the Ministry of Finance for allocation of additional funds so that GSI can take up all the planned activities for the Financial Year 2017-18. Efforts are also being made to accelerate the momentum of activities/programme for ensuing timely and optimum utilization of funds."

7. The Committee in their original Report had observed that during 2016-17, the Budgetary support to GSI was reduced from Rs.483.63 crore to Rs 371.00 crore at RE stage. Further against the proposed allocation of Rs. 1329.59 crore by GSI, a reduced outlay of 1027.87 crore was allocated at BE stage. According to the Ministry, some of the targets namely payments like Online Core Business Integrated Business scheme (OCBIS) payment, Annual Maintenance Contract of sophisticated instruments, procurement of some essential equipment to carry out investigation, etc. may be hampered due to the non availability of funds. Taking note of the reduced budgetary support to GSI during 2017-18, the Committee would like to be apprised of the reasons for the proposed budgetary support to GSI has not been approved by the Ministry of Finance. The Committee would also like to be apprised of steps taken by Ministry of Mines for allocation of additional funds to GSI during 2017-18 to accelerate the momentum of activities /programme for ensuring timely completion of ongoing programmes.

Recommendation No. 5

Indian Bureau of Mines (IBM)

8. The Committee noted 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 noted 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 observed 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 noted 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 noted 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 hoped 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 trusted that the Ministry will constantly endeavour to improve the performance of IBM.

9. The Ministry in its Action Taken Reply has submitted as under:-

"Indian Bureau of Mines (IBM)

"The Budget Estimates (BE) of IBM for the year 2016-17 were Rs.47.23 crore, which were reduced to Rs.30.00 crore at RE stage. Rs. 6.38 crore were also re-appropriated from the IT head for making salary payments. The final and actual expenditure stood at Rs.35.45 crore. 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.

However, for the BE-Plan of 2017-18, Rs. 88.00 crore was projected under "salary", out of which Rs.67.50 crore has been allocated to IBM which would be grossly inadequate and this shortfall of Rs.20.50 crore is being taken up with the Ministry of Finance. It has been constant endeavour of the Ministry of Mines to improve the performance of IBM and to provide adequate funds in this regard. The Ministry of Finance is also being requested to provide additional funds."

10. As regards, the Budget Estimates (BE) of IBM for the year 2016-17, the Committee had observed that a plan outlay of Rs 47.23 crore was made available which was reduced to Rs.30.00 crore at RE stage. During 2016-17, Rs. 6.38 crore were also re-appropriated from the IT head for making salary payments. The Committee also note that an enhanced outlay of Rs.111.08 crore has been approved for 2017-18 (BE). Although, the Ministry of Mines has stated that the funds allocated for 2017-18 are expected to be sufficient to fulfill the requirements of IBM, yet against the projected payment of Rs. 88.00 crore under the head 'salary', only Rs. 67.50 crore has been allocated to IBM resulting in shortfall of Rs.20.50 crore. The Committee would like to be apprised of the reasons put forward by the Ministry of Finance to reduce the projected expenditure under 'salary' head during 2017-18. The Committee would also like to be apprised of the action taken by Ministry of Mines in the matter.

Recommendation No. 6

Approval of Mining Plan by IBM

11. The Committee also noted 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.

12. The Ministry in its Action Taken Reply has submitted as under:-

Indian Bureau of Mines (IBM)

"Consequent to the Central Government's declaration of 31 minerals as minor minerals in addition to the existing minor minerals, vide Notification S.O. 423 (E) dated 10.2.2015 in exercise of the powers conferred by clause (e) of Section 3 of the MMDR Act, 1957, there has been reduction in the number of Mining Plans submitted for approval to Indian Bureau of Mines. The mining plan approvals have been streamlined for granting it within 45 days from the date of submission for approval. As on date, there are 3868 mines leases of major minerals (excluding the 31 minor minerals notified).

As such, as compared to 2013-14 and 2014-15, the number of major minerals reduced drastically by 31 numbers in 2015-16 resulting in less number of fresh mining plans for approval.

During the year 2016-17, 67 numbers of Mining Plans were approved for fresh grant. As on 27.03.2017, there are 100 numbers of Mining Plans pending/under process with Indian Bureau of Mines, which are within the stipulated time frame of statutory approval period of 45 days and 5 numbers of Mining Plans exceeding the stipulated period of 45 days for various technical reasons.

Progress of disposal of Mining Plans is being monitored at every level of IBM and also in the Ministry by review meeting on monthly basis for transparent and expeditious disposal of mining plan/modified mining plan/review of mining plan or scheme of mining within stipulated 45 days."

13. Taking note of lower targets fixed for approval of Mining Plan by IBM during the year 2015-16 and 2016-17 as compared to 2013-14 and 2014-15, the Committee had desired to be apprised of the present number of pending Mining Plans and reasons for lower number of plans approved by it during 2015-16 and 2016-17. The Committee had also desired to be apprised of the steps taken by Ministry/IBM to clear all pending mining plans within stipulated period of 45 days. The Committee are, however, concerned to note from the action taken reply of the Ministry that as on 27.03.2017, 100 number of mining plans are pending/under process with IBM which are within the stipulated period of 45 days and 5 numbers of mining plans exceeding the stipulated period of 45 days for technical reasons. In view of the fact that the Ministry of Mines had submitted their Action Taken Replies only on 28.06.2017, the Committee feel that an updated information on pending/under process mining plan with IBM should have been furnished to the Committee. The Committee, therefore,

would like to be apprised of the present status of all these mining plans which as per stipulated period of 45 days should have been approved. The Committee also desire that the Ministry of Mines should impress upon the IBM to ensure timely clearance of all pending mining plans for expeditious implementation of projects.

Recommendation No. 9

14. The Committee were happy to note that MECL is a Mini Ratna profit making PSU and it has made a payment of Rs. 23.07 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 noted 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 desired 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 desired 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.

15. The Ministry in its Action Taken Reply has stated as under:

"Mineral Exploration Corporation Limited (MECL)

MECL is currently operating 2 potash exploration projects in Rajasthan through Mineral Exploration Fund (MEF). The total expenditure in these projects has been Rs.4.67 crore. In addition, Rs.8.67 crore was approved by MEF for anticipated promotional work to be done in 2016-17 beyond the allocated Rs.4.15 crore so that the promotional exploration is not affected.

As on 31.03.2017, fund available with MEF is Rs.28.83 crore. After making the payment of Rs.7.14 for promotional work and Rs.2.71 crore for MEF work in 2016-17, an amount of Rs.18.98 crore will be left in MEF which will be utilized for completion of the ongoing approved work during 2017-18.

Through NMET, MECL has got approved 49 exploration blocks (including 30 Greenfield blocks) for an amount of Rs.116.91 crore. During 2016-17, MECL has done work worth Rs.16 crore for NMET but no payments could be made due to non-availability of approved procedures for payments through NMET. Work in all the 49 blocks is in progress.

Further, work in all the 30 Greenfield exploration blocks through NMET funding is in progress and all the blocks will be completed by December, 2017.

Besides, exploration work of MOM, MEF, NMET and coal companies, MECL has already been taking up and carrying out contractual work for clients like Government of Karnataka, SAIL, RINL, KIOCL, HCL, NALCO etc. to generate more internal resources.

MECL is taking up the modernization plan on top priority as per the approved Strategic Plan – Vision 2020 of the company with an estimated investment of Rs.207 crore. Ministry of Mines has accordingly approved the proposal of Rs.96 crore for the Strategic Plan of MECL and the balance amount Rs.111 crore will be spent by MECL through its internal resources. The Ministry had disbursed Rs.13.51 crore in 2015-16.

MECL will try to further improve its performance during the year 2017-18."

16. While commenting on the performance of the MECL, the Committee in their original report had *inter-alia* recommended that the Government should put the modernization plan of MECL on top 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. In this connection, the Ministry of Mines in their action taken reply has informed the Committee that MECL is taking up the modernization plan on top priority as per the approved Strategic Plan – Vision 2020 of the company with an estimated investment of Rs.207 crore. The Ministry of Mines has accordingly approved the proposal of Rs.96 crore for the Strategic Plan of MECL and the balance amount of Rs.111 crore will be spent by MECL through its internal resources. The Ministry had reportedly disbursed Rs.13.51 crore in 2015-16. The Committee note

that the Ministry's reply is silent on disbursement of funds by them to MECL for modernization and upgradation during 2016-17 and 2017-18. The Committee would, therefore, like to be apprised about the Investment Plan of Rs.111 crore by MECL and the Disbursement Plan of Ministry of Mines of Rs.96 crore for modernization and upgradation of MECL by 2020.

CHAPTER –II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation No. 1

Budgetary Provision and Utilization

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.

Action Taken

Geological Survey of India (GSI)

During the Financial Year 2016-17, GSI had initially received a Budget Estimate (BE) Grant of Rs.480.00 crore. However, at the Revised Estimate (RE) stage, the budget was reduced to Rs.371.00 crore. The total

expenditure for the year 2016-17 was Rs.348.79 crore. This amounts to 94.01% of the RE grant for the year 2016-17.

Regarding the budget for 2017-18, GSI has been granted a total budget of Rs.1027.87 crore. This budget may not be sufficient for running of all the activities of GSI. The major deficiency would be under the salaries head where it is envisaged that there will be major shortfall due to increase in salaries after introduction of the 7th CPC. Further, under Mission-I and Mission-III some of the committed payments of 2016-17 which could not be made due to reduction of funds at the RE stage have to be released from the budget of 2017-18. Also, the preparatory funds for the IGC 2020 have to be borne by Ministry of Mines and Ministry of Earth Sciences on 50:50 basis. Accordingly, GSI has to pay 50% of the total expenditure during the Financial Year 2017-18 but with the available funds under the Training head from which the IGC 2020 expenditure is carried out, it will be difficult to spare any funds for IGC 2020.

The matter is being taken up with the Ministry of Finance and they are being requested to provide additional funds. The utilization of funds is being monitored in the Senior Officers Meeting under the Chairmanship of Secretary (Mines).

Indian Bureau of Mines (IBM)

The Budget Estimates (BE) of IBM for the year 2016-17 were Rs.47.23 crores, which were reduced to Rs.30.00 crores at RE stage. Rs. 6.38 crores were also re-appropriated from the IT head for making salary payments. The final and actual expenditure stood at Rs.35.45 crores. An enhanced outlay of Rs.111.08 crores has been approved for 2017-18 (BE) which is expected to be sufficient to fulfill the requirements of IBM.

However, for the BE-Plan of 2017-18, Rs. 88.00 crores was projected under "salary", out of which Rs.67.50 crores has been allocated to IBM which would be grossly inadequate and this shortfall of Rs.20.50 crores is being taken up with the Ministry of Finance.

Mineral Exploration Corporation Limited (MECL)

MECL is currently operating 2 potash exploration projects in Rajasthan through Mineral Exploration Fund (MEF). The total expenditure in these projects has been Rs.4.67 crore. In addition, Rs.8.67 crore was approved by MEF for anticipated promotional work to be done in 2016-17 beyond the allocated Rs.4.15 crore so that the promotional exploration is not affected. As on 31.03.2017, fund available with MEF is Rs.28.83 crore. After making the payment of Rs.7.14 crore for promotional work and Rs.2.71 crore for MEF work in 2016-17, an amount of Rs.18.98 crore will be left in MEF which will be utilized for completion of the ongoing approved work during 2017-18.

MECL is taking up the modernization plan on top priority as per the approved Strategic Plan – Vision 2020 of the company with an estimated investment of Rs.207 crore. Ministry of Mines has accordingly approved the proposal of Rs.96 crore for the Strategic Plan of MECL and the balance amount Rs.111 crore will be spent by MECL through its internal resources. MECL is also trying to complete the projects without time and cost overrun. It will try to further improve its performance during the year 2017-18.

The utilization of funds is being monitored in the Senior Officers Meeting under the Chairmanship of Secretary (Mines). The Ministry of Finance is also being requested to provide additional funds for MECL.

[O.M. No.5/5/2017-I.F. Dated 28.06.2017 of Ministry of Mines]

Recommendation No. 2

Budgetary Support to GSI

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.

Action Taken

Geological Survey of India (GSI)

GSI was granted an amount of Rs.2004.42 crore for the XII Plan period which included Rs.1876.42 crore for operational and revenue costs and Rs.128 crore as construction budget of GSI. GSI was finally allotted Rs.1741.12 crore for the entire XII Plan and GSI has been able to spend Rs.1736.04 crore which is 99.71% utilization of the budget allotted during the XII Plan.

The break up as per the actual expenditure during 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.	Actual Exp.	
1 Survey & Mapping	545.29	49.50	71.66	129.39	115.07	105.71	471.33
2 Mineral Exploration	181.90	25.16	25.02	31.54	38.71	63.01	183.44
3 Spl. Investigation & Antarctica Expd.	39.26	7.69	6.00	5.54	11.10	9.26	39.59
4 Research & Development	56.35	8.36	8.25	12.57	11.72	10.44	51.34
5 Information Dissemination	210.51	15.27	15.67	23.84	95.07	77.73	227.58
6 Human Resource Development	48.34	5.62	7.75	11.32	10.49	19.62	54.80
7 Modernisation & Replacement	745.25	152.48	351.49	39.61	66.41	50.51	660.50
8 Tribal Area sub Plan (TSP)	49.52	7.51	8.55	10.69	8.20	12.51	47.46
Total	1876.42	271.59	494.39	264.50	356.77	348.79	1736.04
Construction Budget of GSI	128.00						

Considering the expenditure of GSI over the last five financial years 2012-13, 2013-14, 2014-15 and 2015-16 and the Financial Year 2016-17, the total expenditure of GSI during the XII plan period would come to Rs.1736.04 crore.

During the Financial Year 2016-17 GSI had been allocated a BE grant of Rs.480 crore. The major allocations of Rs.118.68 crore were for Survey &

Mapping Scheme which includes the payments towards the maintenance of the GSI vessels and aircrafts, Rs.79.91 crores for the Information Dissemination scheme for implementation of OCBIS, Rs.54.88 crore for Mineral Exploration scheme for outsource drilling etc., and Rs.171.64 crores in the Modernization & Replacement scheme. An amount of Rs. 108.00 crore was provisioned under Modernization & Replacement scheme for the procurement of GTV. In the RE stage, the allocation has been reduced to Rs.371.00 crore. This reduction in the budget allocation has resulted in bills remaining pending for the next Financial Year and some of the committed expenditure of GSI regarding the OCBIS payment under Mission-III, payments under Mission-I and under the Modernization & Replacement head have to be carried forward for payment in 2017-18.

During 2017-18, GSI had proposed an amount of Rs.1329.59 crores for carrying out all the activities of GSI. However, GSI has been allotted a grant of Rs.1027.87 crore during the Financial Year 2017-18. Under Survey & Mapping Rs.82.7 crore has been kept for payment of maintenance charges for the research vessels and Twin Otter Airborne Survey System (TOASS) and heliborne Survey System apart from the funds required for carrying out regular field work and outsourcing of vehicles and NGCM samples. Further funds may be required under the head as along with the TOASS, the Heliborne Survey System shall also be going under comprehensive maintenance from the Financial Year 2017-18 which shall require funds. Under Mineral Exploration (Mission-II) funds have been increased to Rs.52.20 crore to take up the UNFC G2 stage exploration. The OCBIS programme taken up in the Financial Year 2015-16 shall be completed during the Financial Year 2016-17 and thereafter maintenance funds have to be provided alongwith procurement of necessary software and hardware for which an amount of Rs.35.95 crore has been earmarked in the Information Technology head. Under the Modernization and Replacement Scheme, an amount of Rs.154.30 crore has been kept, of which Rs.110 crore is for payment of installment for the GTV.

The Ministry of Mines is pursuing the matter with the Ministry of Finance for allocation of additional funds so that GSI can take up all the planned activities for the Financial Year 2017-18. Efforts are also being made to accelerate the momentum of activities/programme for ensuing timely and optimum utilization of funds.

[O.M. No.5/5/2017-I.F. Dated 28.06.2017 of Ministry of Mines]

Comments of the Committee

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

Recommendation No. 3

International Geological Congress, 2020

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.

Action Taken

Geological Survey of India (GSI)

In order to conduct 36th International Geological Congress (IGC) 2020 a society has been made with representations from Ministry of Mines (MoM), Ministry of Earth Sciences (MoES) and Indian National Science Academy (INSA). The 36th IGC Society has been registered under the Registration Act XXI of 1860 on 27.04.2016. After the constitution, 36th IGC Society has given financial support to nearly 100 Indian delegates (60 from GSI and rest from other organizations) for participation in the 35th IGC at Cape Town South Africa. The hands on participation of the delegates in the 35th IGC shall strengthen the preparations for the 36th IGC at New Delhi.

Various sub-committees like Legacy Committee, Scientific Committee and Field Trip Committee were formulated and office memoranda have been issued. The Regional IGC Cells (R-IGC) have submitted field transects covering different regions of India in standard format as per instructions of 36th IGC Society.

GSI has a publication fund of Rs.1.03 crore which has been enhanced to showcase the publications of GSI before IGC 2020. Further, GSI has been providing funds for preparatory work related to the IGC 2020. Thus during the year 2015-16, an estimate of Rs.10.34 crore was made for all expenses related to IGC 2020. On the basis of the agreement for sharing of the funds GSI has already paid its share of Rs.5.17 crore in the Financial Year 2016-17. In the Financial Year 2017-18, a sum of Rs.4.20 crore has been made available to GSI under the Training (HRD) head. The Ministry of Finance is being requested to provide additional funds.

[O.M. No.5/5/2017-I.F. Dated 28.06.2017 of Ministry of Mines]

Recommendation No. 4

Modernization and Replacement Scheme of GSI

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.

Action Taken

Geological Survey of India (GSI)

Modernization Programme is a continuous process and GSI has been carrying out evaluation of the instruments available and replacing old and unserviceable instruments. GSI is also procuring latest state-of-the-art instruments so that GSI becomes one of the world's top institutes in the field of geosciences. Towards the pursuit of excellence in the field of earth sciences GSI has taken up several programmes:

Regular scientific cruises are being undertaken on board Ocean Going Research Vessel 'Samudra Ratnakar' with state-of-the-art equipment. A national level programme titled "High Resolution Sea-bed Mapping and Natural Resource Evaluation in EEZ of India and beyond" has been launched during the Financial Year 2014-15 after deployment of the new research vessel R.V. Samudra Ratnakar. 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 carrying out preliminary mineral investigation in potential offshore areas for identification of mineral deposits.

The Twin Otter Airborne Survey System (TOASS) has carried out operations to carry out the Field Season Programme of 2016-17 and shall take up operations in 2017-18 also. TOASS has been brought under Comprehensive Maintenance Contract (CMC) and is committed to provide aerogeophysical data on 60,000 line km annually. The Heliborne Survey System (HGSS) aboard the Garuda Vasudha has also taken up flights as per the Field Season Programme (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) has been selected as the foreign consultant for the procurement and SCI shall be the Indian consultant. The expenditure sanction of Rs.258.34 crore has been approved. 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 construction of the vessel is expected to be completed by 2019-20.

The Plasma Mass Spectrometry (ICPMS), WD-XRF, DGPS, state-of-the-art list of major equipment procured in 2016-17 include microscopes, Inductively Coupled drilling machines and accessories, gravimeters, semiautomatic thin section preparation units digital seismograph, advanced nanometrics for DRPC Lab, proton precision magnetometers etc. HR SIMS, a very advanced equipment for carrying out different kinds of analysis of rocks is under the process of procurement.

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 whereby two transects -550km and 620km long respectively - will be examined by integrated approach in 3 years. Joint traverses along with scientists from Geoscience Australia have been taken in both the transects. After completion of the joint fieldwork, workshops have also been conducted in GSI Training Institute (GSITI), Hyderabad.

For implementation of Online Core Business Integrated System (OCBIS), a 3-tier Project Governance Structure including a PMU, Steering Committee at GSI and Empowered Committee at the Ministry of Mines has been planned. IT Consultancy firm M/S PwC Ltd, the PMU, will be tackling the technical issues; the high level steering committee of GSI will monitor the progress of the project and take appropriate decisions as and when required; and the overall monitoring of the implementation of OCBIS will be done regularly by the Empowered Committee at the Ministry of Mines. Implementation of Phase -III of the portal through the OCBIS in GSI is underway. The OCBIS programme is a one year implementation plus six years maintenance contract. The OCBIS project had gone Beta Live in September 2016 and has started functioning from April 2017.

GSI has launched the National Aerogeophysical Mapping Programme (NAGMP) 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 holding mineralization. The NAGMP shall be carried out by outsourcing through the NMET fund. The Ministry of Finance is also being requested to provide additional funds for GSI.

[O.M. No.5/5/2017-I.F. Dated 28.06.2017 of Ministry of Mines]

Recommendation No. 5

Indian Bureau of Mines (IBM)

The Committee note that IBM is a premier organization for scientific and systematic development of mineral resources, conservation of minerals and protection of environment in mines. IBM also ensures effective regulation of Indian Mineral Sector and 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.

Action Taken

Indian Bureau of Mines (IBM)

The Budget Estimates (BE) of IBM for the year 2016-17 were Rs.47.23 crore, which were reduced to Rs.30.00 crore at RE stage. Rs. 6.38 crore were also re-appropriated from the IT head for making salary payments. The final and actual expenditure stood at Rs.35.45 crore. 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.

However, for the BE-Plan of 2017-18, Rs. 88.00 crore was projected under "salary", out of which Rs.67.50 crore has been allocated to IBM which would be grossly inadequate and this shortfall of Rs.20.50 crore is being taken up with the Ministry of Finance. It has been constant endeavour of the

Ministry of Mines to improve the performance of IBM and to provide adequate funds in this regard. The Ministry of Finance is also being requested to provide additional funds.

[O.M. No.5/5/2017-I.F. Dated 28.06.2017 of Ministry of Mines]

Comments of the Committee

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

Recommendation No. 7

Underutilization of Plan Outlays of PSUs

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.

Action Taken

Mineral Exploration Corporation Limited (MECL)

MECL is taking up the modernization plan on top priority as per the approved Strategic Plan – Vision 2020 of the company with an estimated investment of Rs.207 crore. Ministry of Mines has accordingly approved the proposal of Rs.96 crores for the Strategic Plan of MECL and the balance amount Rs.111 crore will be spent by MECL through its internal resources. The Ministry had disbursed Rs.13.51 crore in 2015-16.

MECL is taking up all efforts to meet the challenge of competition from other companies. Further, it is also trying to complete the projects without time and cost overrun. However, at times, the projects get delayed due to forest clearances, local law and order problems, local resistances and harvesting seasons etc.

MECL will try to further improve its performance during the year 2017-18. The utilization of funds uniformly and regularly by the agencies concerned is also being monitored in the Senior Officers Meeting under the Chairmanship of Secretary (Mines).

National Aluminium Company Limited (NALCO)

Strong project monitoring methods at the highest level (i.e. Dashboard, Departmental Action Plan and follow up with all stake holders) have been developed by NALCO. The CMD, NALCO is also regularly taking project review meetings from time to time and the Company is expected to achieve the CAPEX figures well within the stipulated time. The following monitoring and control activities are also being implemented:-

1. Monthly Pre commencement report on Utkal D & E coal block project is being sent to the Nominated authority, MoC , GoI, which indicates the progress of the project, constraints and help required.
2. Monthly progress report on the development of Utkal D & E coal block is also submitted to Coal Controller, MoC, GoI.
3. Review meetings are held regularly to discuss the status and constraints being faced during implementation of the project activities.
4. Meeting is being held with Govt. and statutory authorities from time to time to sort out the hindrances in the project progress.
5. Regarding transfer of land, infrastructures and statutory clearances of Utkal D coal block in favour of NALCO, continuous follow up with concerned central and State agencies is being done and required intervention from the Govt. is being pursued.

Hindustan Copper Limited (HCL)

HCL has initiated action to improve its performance and to achieve the plan outlays of Rs.400.00 crore including Rs.232.00 crore allocated for mine expansion are fully utilized during 2017-18. The major steps taken up in this regard are given below:

- i. Action has been taken to start the work at site of Kendadih mine re-opening project.
- ii. Regular progress of the Malajkhand Underground project is reviewed by the concerned Director and CMD at site. The progress is appraised to the Ministry and the Board. The underground mine construction will be completed as per schedule time of March 2020.
- iii. Bids for new contract for Surda Mine expansion and operation have been invited.

- iv. Project for extraction of minerals from copper ore tails project at Malanjkhand will be completed in the 2017-18.
- v. Increased thrust is on excavation at Malanjkhand mine to widen upper benches to sustain copper ore production upto the year 2020.
- vi. Construction of Banwas mine at Khetri Copper Complex (KCC) has been completed and production ramp up from the mine will commence in 2017-18.
- vii. Major overhauling of Indian Copper Complex (ICC), Ghatsila smelter plant has been planned in the years 2017-18. A Planned shutdown of smelter and refinery plant for 60 days will be undertaken.

Cathode production from newly acquired Gujarat Copper Project (GCP) will improve further. The Kaldo furnace of the Unit will be made operational from August, 2017.

[O.M. No.5/5/2017-I.F. Dated 28.06.2017 of Ministry of Mines]

Recommendation No. 8

Mineral Exploration Corporation Ltd. (MECL)

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.

Action Taken

Mineral Exploration Corporation Limited (MECL)

In 2016-17, Rs.29.15 crore was allocated to MECL which included Rs.4.15 crore for promotional exploration and Rs.25 crore for creation of capital assets but in the RE only Rs.4.15 crore was allocated.

Upto March, 2017, MECL has carried out promotional exploration for Rs.11.29 crore against allocated Rs.4.15 crore. As no funds were available, Rs.8.67 crore was made available from the Mineral Exploration Fund (MEF).

Besides this, MECL has also carried out exploration work approved under MEF worth Rs.4.67 crore and for NMET worth Rs.16 crore. Thus, the total mineral exploration work done by MECL through the approval of Ministry of Mines during 2016-17 is for Rs.31.96 crore.

Further, for creation of capital assets Rs.23.26 crore was made available from internal resources of MECL.

After the end of 2016-17, MECL has 6 ongoing in hand approved exploration projects which will require Rs. 21 crore for completion in 2017-18. In BE for 2017-18, only Rs.6 crore have been allocated to MECL for exploration work as a result there will be a short fall of Rs.15 crore. Therefore, an additional amount of Rs.15 crore will be required by MECL.

The new projects will be taken up after completion of the ongoing approved exploration projects and funds are made available during 2017-18.

MECL has also been entrusted with the responsibility of providing mineral blocks for auctioning by the State Governments. Accordingly, MECL has to increase its capacities for taking up exploration in more number of blocks and to complete them in scheduled timeline.

MECL spent Rs.9.20 crore from its internal resources for modernization and capacity building. The total CAPEX expenditure for 2015-16 was Rs.22.71 crore.

Allocation of funds and utilization of IEBR for creation of capital assets of MECL will together help in early creation of capacities for taking up more exploration of non-energy minerals and completing them timely for auctioning by the State Governments.

In addition to Rs.6 crore in BE of 2017-18, MECL has requested for providing Rs.15 crore for exploration and Rs.25.60 crore for creation of capital assets in the RE. MECL will be spending Rs.21.40 crore as IEBR. Thus, a total of Rs.21 crore for exploration and Rs.47 crore for creation of capital assets will be required by MECL in 2017-18. Additional budget grant will be sought by the Ministry from the Ministry of Finance. Further the available funds with MEF will be utilized and support from NMET will also be sought.

MECL has raised bills for Rs.11.29 crore for the work done during 2016-17 against the allocated Rs.4.15 crore. With no further funding from the government, MECL sought additional funds from MEF for the payment of balance Rs.7.14 crore for which approval of MEF was accorded.

[O.M. No.5/5/2017-I.F. Dated 28.06.2017 of Ministry of Mines]

Recommendation No. 10

National Aluminium Company Ltd.(NALCO)

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.

Action Taken

National Aluminium Company Limited (NALCO)

The company as a whole has earmarked a budget of Rs.1158.00 crores for 2017-18 under UTKAL-E, Coal Mines, Green Field Project, Pottangi Mine & 5th Stream Refinery, and Addition, Modification & Replacement heads.

Further, the budget provision of Rs.61.76 crores in the Financial Year 2017-18 with respect to the 100 MW Wind Power Plant, the same needs to be excluded as the CAPEX has already been achieved in FINANCIAL YEAR 2016-17 on completion of the project.

In order to have the full utilization of the above referred amount the strong project monitoring methods at the highest level (i.e. Dashboard, Departmental Action Plan and follow up with all stake holders) have been developed. The CMD is also regularly taking project review meetings from time to time.

With such high level monitoring mechanism, it is expected to achieve the CAPEX figures well within the stipulated time.

[O.M. No.5/5/2017-I.F. Dated 28.06.2017 of Ministry of Mines]

Recommendation No. 11

Allocation of Utkal-D&E Coal Blocks to NALCO

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.

Action Taken

National Aluminium Company Limited(NALCO)

In order to achieve targeted utilization of the allotted funds for Utkal D & E Coal Mines, action has been taken by NALCO on the recommendation of the Committee. The following monitoring and control activities are also being implemented:

1. Monthly Pre commencement report on Utkal D & E coal block project is being sent to the Nominated authority, MoC , GoI, which indicates the progress of the project, constraints and help required.
2. Monthly progress report on the development of Utkal D & E coal block is also submitted to Coal Controller, MoC, GoI.
3. Review meetings are held regularly to discuss the status and constraints being faced during implementation of the project activities.
4. Meeting is being held with Govt. and statutory authorities from time to time to sort out the hindrances in the project progress.
5. Regarding transfer of land, infrastructures and statutory clearances of Utkal D coal block in favour of NALCO, continuous follow up with concerned central and State agencies is being done and required intervention from the Govt. is being pursued.

[O.M. No.5/5/2017-I.F. Dated 28.06.2017 of Ministry of Mines]

Recommendation No. 12

Addition, Modification and Replacement (AMR) Scheme of NALCO

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.

Action Taken

National Aluminium Company Limited(NALCO)

The company has projected a budget of Rs.501.84 crore under head Addition, Modification & Replacement out of Rs.1158.00 crore CAPEX for financial year 2017-18.

Measures taken by the company

In order to utilize the above budgeted amount, strong project monitoring methods at the highest level (i.e. Dashboard, Departmental Action Plan and follow up with all stake holders) have been developed by NALCO. All out efforts are being made to achieve the targeted CAPEX under AMR head. The projects are being monitored continuously through weekly & monthly review meeting and also being monitored at highest level by using Dash Board & online CAPEX monitoring system.

[O.M. No.5/5/2017-I.F. Dated 28.06.2017 of Ministry of Mines]

Recommendation No. 13

Hindustan Copper Limited (HCL)

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.

Action Taken

Hindustan Copper Limited (HCL)

Actual Plan Expenditure of HCL during the year 2016-17 was Rs.400.66 crore (audited) as compared to target of Rs.400.00 crore at RE stage. The scheme wise breakup of the expenditure is given below:

Scheme	2016-17 Expenditure (Rs.crore)	
	RE	Actual
Renewal & Replacement	38.0	38.66
Mine Development	220.00	205.62
Mine Expansion	132.00	154.17
Green Field Exploration	10.00	2.21
Total	400.00	400.66

Physical and Financial Performance (audited) of the Company during 2016-17 is given below:

No.	Item	Unit	2016-17 Actual	2016-17 Target	2015-16 Actual
Physical					
I	Ore production	Lakh tonne	38.45	40.0	39.08
Ii	Metal in Concentrate	MT	30,587	33,000	31,578
Iii	Copper Cathode	MT	18,602	30,695	23,024
Iv	Copper sales	MT	28,888	28,702	24,112
Financial					
V	Gross Sales	Rs.crore	1216.94	1312.11	1068.95
Vi	Profit before tax	Rs.crore	94.55	(45.73)	39.96
	Profit after tax	Rs.crore	62.17	(45.73)	37.93

Note: Target of profit is in negative after considering the drop in copper London Metal Exchange (LME) prices which is 5154 USD/T as compared to targeted LME prices of 5800 USD/T. This as per the MoU guidelines.

Major Achievements: During the year 2016-17, the profit after tax of HCL has increased by 136% as compared to last year. Also, the plan expenditure target of RE stage has been met by the Company. The copper sales volume was best in last three years and 20% higher than the previous year. The other major achievements of the Company during the year are as under:

- i. Commissioning of Gujarat Copper Project - Gujarat Copper project, fifth Unit of HCL located at Bharuch, Gujarat has started commercial production of refined copper and the Unit was dedicated to the Nation on 6.10.2016. The plant has the capacity to produce 50,000 MT of LME "A" Grade copper cathodes.
- ii. Extraction of minerals from copper ore tails - The Company has awarded contract to install and commission commercial scale plant of capacity 3.3 million tonne per annum at Malanjkhand.
- iii. Formation of Joint Venture with Chhattisgarh Mineral Development Corporation (CMDC) - Pursuant to the approval of the Board, the Company has signed Joint Venture Agreement with Chhattisgarh Mineral Development Corporation on 31.8.2016.
- iv. Extraction of Nickel as by product - A plant to produce primary nickel has been commissioned at Ghatsila plant in Aug 2016.
- v. Forest Clearance - Stage-II forest clearance of Rakha and Kendadidh mining projects has been obtained from Ministry of Environment, Forest & Climate Change, New Delhi which was pending for the last four years. This will facilitate the reopening of the mines located at Ghatsila, Jharkhand, closed since 1999-2000.

Reasons for shortfall in production are give below:

Copper Ore:

- i. Planned shutdown of primary crusher of Malanjkhand mine was taken up for 14 days during the month of May 2016.
- ii. Surda Mine (Jharkhand) operation was affected due to poor performance of the contractor.

Metal-in-Concentrate (MIC): Less availability of high grade ore was due to widening of open pit mine benches to extend the depth of the mine by 36 meters from the original planned level of 376 MRL.

Copper cathode: ICC smelter furnace is in the last leg of its campaign life. Last shutdown was undertaken in May'2013 the furnace has completed its life. Repeated failure of the refractory and waste heat boiler of the furnace has affected the production of cathode.

Action taken: HCL has initiated action to improve its performance and to ensure that the plan outlays of Rs. 400.00 crore including Rs. 232.00 crore

allocated for mine expansion are fully utilized during 2017-18. The major steps taken up in this regard are given below:

- i. Action has been taken to start the work at site of Kendadih mine re-opening project.
- ii. Regular progress of the Malajkhanda Underground project is reviewed by the concerned Director and CMD at site. The progress is appraised to the Ministry and the Board. The underground mine construction will be completed as per schedule time of March 2020.
- iii. Bids for new contract for Surda Mine expansion and operation have been invited.
- iv. Project for extraction of minerals from copper ore tails project at Malajkhanda will be completed in the 2017-18.
- v. Increased thrust is on excavation at Malajkhanda mine to widen upper benches to sustain copper ore production upto the year 2020.
- vi. Construction of Banwas mine at Khetri Copper Complex has been completed and production ramp up from the mine will commence in 2017-18.
- vii. Major overhauling of ICC, Ghatsila smelter plant has been planned during 2017-18. A Planned shutdown of smelter and refinery plant for 60 days will be undertaken.

Cathode production from newly acquired Gujarat Copper Project (GCP) will improve further. The Kaldo furnace of the Unit will be made operational from Aug' 2017.

[O.M. No.5/5/2017-I.F. Dated 28.06.2017 of Ministry of Mines]

CHAPTER – III

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

-NIL-

CHAPTER – IV

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

Recommendation No. 6

Approval of Mining Plan by IBM

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.

Action Taken

Indian Bureau of Mines (IBM)

Consequent to the Central Government's declaration of 31 minerals as minor minerals in addition to the existing minor minerals, vide Notification S.O. 423 (E) dated 10.2.2015 in exercise of the powers conferred by clause (e) of Section 3 of the MMDR Act, 1957, there has been reduction in the number of Mining Plans submitted for approval to Indian Bureau of Mines. The mining plan approvals have been streamlined for granting it within 45 days from the date of submission for approval. As on date, there are 3868 mines leases of major minerals (excluding the 31 minor minerals notified).

As such, as compared to 2013-14 and 2014-15, the number of major minerals reduced drastically by 31 numbers in 2015-16 resulting in less number of fresh mining plans for approval.

During the year 2016-17, 67 numbers of Mining Plans were approved for fresh grant. As on 27.03.2017, there are 100 numbers of Mining Plans pending/under process with Indian Bureau of Mines, which are within the stipulated time frame of statutory approval period of 45 days and 5 numbers of Mining Plans exceeding the stipulated period of 45 days for various technical reasons.

Progress of disposal of Mining Plans is being monitored at every level of IBM and also in the Ministry by review meeting on monthly basis for transparent and expeditious disposal of mining plan/modified mining plan/review of mining plan or scheme of mining within stipulated 45 days.

Comments of the Committee

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

Recommendation No. 9

The Committee are happy to note that MECL is a Mini Ratna profit making PSU and it has made a payment of Rs. 23.07 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.

Action Taken

Mineral Exploration Corporation Limited (MECL)

MECL is currently operating 2 potash exploration projects in Rajasthan through Mineral Exploration Fund (MEF). The total expenditure in these projects has been Rs.4.67 crore. In addition, Rs.8.67 crore was approved by MEF for anticipated promotional work to be done in 2016-17 beyond the allocated Rs.4.15 crore so that the promotional exploration is not affected.

As on 31.03.2017, fund available with MEF is Rs.28.83 crore. After making the payment of Rs.7.14 for promotional work and Rs.2.71 crore for MEF work in 2016-17, an amount of Rs.18.98 crore will be left in MEF which will be utilized for completion of the ongoing approved work during 2017-18.

Through NMET, MECL has got approved 49 exploration blocks (including 30 greenfield blocks) for an amount of Rs.116.91 crore. During 2016-17, MECL has done work worth Rs.16 crore for NMET but no payments could be made due to non-availability of approved procedures for payments through NMET. Work in all the 49 blocks is in progress.

Further, work in all the 30 Greenfield exploration blocks through NMET funding is in progress and all the blocks will be completed by December, 2017.

Besides, exploration work of MOM, MEF, NMET and coal companies, MECL has already been taking up and carrying out contractual work for clients like Government of Karnataka, SAIL, RINL, KIOCL, HCL, NALCO etc. to generate more internal resources.

MECL is taking up the modernization plan on top priority as per the approved Strategic Plan – Vision 2020 of the company with an estimated investment of Rs.207 crore. Ministry of Mines has accordingly approved the proposal of Rs.96 crores for the Strategic Plan of MECL and the balance amount Rs.111 crore will be spent by MECL through its internal resources. The Ministry had disbursed Rs.13.51 crore in 2015-16.

MECL is taking up all efforts to meet the challenge of competition from other companies. Further, it also trying to complete the projects without time and cost overrun. However, at times, the projects get delayed due to forest clearances, local law and order problems, local resistances and harvesting seasons etc.

MECL will try to further improve its performance during the year 2017-18.

[O.M. No.5/5/2017-I.F. Dated 28.06.2017 of Ministry of Mines]

Comments of the Committee

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

CHAPTER – V

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

-NIL-

**NEW DELHI;
03 August, 2017
12 Sravana, 1939 (Saka)**

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

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 3 AUGUST, 2017 IN HON'BLE CHAIRPERSON'S CHAMBER, ROOM NO. '210', B-BLOCK, PHA EXTENSION BUILDING, NEW DELHI.

The Committee sat from 1530 hrs. to 1600 hrs.

PRESENT

Shri Rakesh Singh - Chairperson

Lok Sabha

32. Shri Godam Nagesh
33. Dr. Banshilal Mahato
34. Shri Kamalbhan Singh Marabi
35. Shrimati Riti Pathak
36. Dr. Ravindra Kumar Ray
37. Shri Chandu Lal Sahu
38. Shri Janardan Singh "Sigriwal"
39. Shri Pashupati Nath Singh
40. Shri Rama Kishore Singh
41. Shri Sunil Kumar Singh
42. Shri Sushil Kumar Singh
43. Shri Krupal Balaji Tumane

Rajya Sabha

44. Shri Ranvijay Singh Judev
45. 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

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 on:-

- | | | | | |
|-------|--|----|----|----|
| (i) | ** | ** | ** | ** |
| (ii) | ** | ** | ** | ** |
| (iii) | Action Taken by the Government on the observations/recommendations contained in the 28th Report (16th Lok Sabha) of the Committee on "Demands for Grants (2017-18)" relating to the Ministry of Mines. | | | |

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

The Committee then adjourned.

** Do not pertain to this Report.

ANNEXURE- II

(Vide Para IV of Introduction)

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

I.	Total No. of Recommendations made	13
II.	Recommendations that have been accepted by the Government (<i>vide</i> recommendation at Sl. Nos. 1, 2, 3, 4, 5, 7, 8, 10, 11, 12 and 13)	11
	Percentage of total	84.61%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies (<i>vide</i> Recommendation at Sl. No. Nil)	00
	Percentage of total	0%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee (<i>vide</i> recommendation at Sl. Nos. 6 and 9)	02
	Percentage of total	15.39%
V.	Recommendations in respect of which final replies of the Government are still awaited (<i>vide</i> recommendation at Sl. No. Nil)	00
	Percentage of total	0%