



CHAPTER 5: CONCLUSION AND RECOMENDATIONS



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The production from the Refinery, Smelter and Captive Power Plant of the Company remained lower than the respective capacities throughout the period 2012-13 to 2016-17. The lower capacity utilisation of the Refinery was due to corresponding lower production of Bauxite from the Mines, coupled with slippage in the quality of the Bauxite so excavated. There was a shortfall of production of 11.04 lakh tonnes of Alumina Hydrate in the Refinery during the above period. Lower production of Bauxite in the Mines was mainly attributed to (a) Inadequate operations of Heavy Earth Moving Machineries, (b) Under-utilisation of Semi Mobile Crusher Plant and Fixed Long Distance Conveyor, (c) Delay in adopting the IBM guidelines regarding revision in cut-off grade of Bauxite and (d) Delay in filing application for renewal of Forest Clearance of Mines. Slippage in quality of Bauxite so excavated was primarily due to (a) Non-compliance with the Blending scheme of Monthly Mine Production Plan, (b) Non implementation of measures to improve Bauxite quality, (c) Inadequate removal of overburden and (d) Discrepancy in Monthly Deviation Report of Mines.

Due to lower production of Bauxite in the Mines, the company could not maintain the required stock level of Bauxite in the Refinery Stockyard during the period 2012-13 to 2016-17. The Company, therefore, was not able to blend the Bauxite with varying Silica content for feeding to the Refinery with even Silica content. This led to excess consumption of 1.46 lakh tonnes of Caustic Soda in the Refinery during the period 2012-13 to 2015-16, for which the Company had to incur additional expenditure of ₹426.27 crore.

The Company was not able to develop the captive coal block allotted to it for supply of required coal to its Captive Power Plant towards generation of power. Due to shortfall in generation of power at Captive Power Plant, the actual number of pots in operation ranged from 648 pots to 842 pots against 935 pots generally operated. As a result, the production of Aluminium in the Smelter Plant was lower by 4.93 lakh tonnes than the target during the period 2012-13 to 2016-17. The Company, therefore, lost the opportunity of earning contribution of ₹1086.63 crore for such lower production of Aluminium during the above period.

There were deviations in complying with the Environmental norms prescribed by MoEF & CC and OSPCB in the following areas, such as (a) discharge of excess red mud and red mud pond effluent in the Refinery than permitted, (b) consumption of excess fluoride per unit of Aluminium produced and excess emission of forage Fluoride in the Smelter Plant, and (c) lower utilisation of fly ash generated in the Captive Power Plant.

Recommendations

1. The Management may constantly monitor the position and deployment of skilled Heavy Earth Moving Machine operators so that, in future, production from Mines is not affected.
2. Balance pre-production drilling activity may be completed expeditiously so that quality and quantity of Bauxite are properly assessed before preparing annual and monthly mine production plan.
3. Removal of the top soil and the laterite overburden may be carried out as per the IBM approved mining plan. Clearance of the backlog would help to get more options for quality control and blending of Bauxite.
4. The Management may maintain adequate level of Bauxite in stockpile to reduce the variation in Bauxite quality before feeding to the Refinery.
5. The allotted Coal Blocks may be developed at the earliest to ensure supply of coal to the Captive Power Plant.

Response of the Ministry of Mines on the audit recommendations:

The Ministry of Mines was in agreement with all the Recommendations.



(VENKATESH MOHAN)

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Dated: 24 June 2019

Countersigned



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New Delhi

Dated: 24 June 2019

