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STANDING COMMITTEE ON COAL AND STEEL (2005-2006)

FOURTEENTH LOK SABHA

MINISTRY OF STEEL

DEMANDS FOR GRANTS
(2005-2006)

[Action Taken by the Government on the Recommendations contained in the Tenth Report of the Standing Committee on Coal and Steel (Fourteenth Lok Sabha)]

THIRTEENTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI
December, 2005 / Agrahayana, 1927 (Saka)

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Presented to Lok Sabha on 22.12.2005
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INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Thirteenth Report (Fourteenth Lok Sabha) on Action Taken by the Government on the recommendations contained in the Tenth Report of the Standing Committee on Coal and Steel (Fourteenth Lok Sabha) on "Demands for Grants (2005-2006) of the Ministry of Steel".

2. The Tenth Report (Fourteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 26th April, 2005. Replies of the Government to all the recommendations contained in the Report were received on 28th August, 2005.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 21st December, 2005.

4. An analysis on the Action Taken by the Government on the recommendations contained in the Tenth Report (Fourteenth 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 the body of the Report.

New Delhi;
21 December, 2005
30 Agrahayana, 1927 (Saka)

ANANTH KUMAR,
Chairman,
Standing Committee on Coal and Steel.

CHAPTER -I

REPORT

This Report of the Committee deals with Action Taken by the Government on the recommendations contained in the Tenth Report (Fourteenth Lok Sabha) of the Standing Committee on Coal and Steel on “Demands for Grants (2005-2006) of the Ministry of Steel” which was presented to Lok Sabha on 26.4.2005.

1.2 Action Taken Notes have been received from the Government in respect of all the recommendations contained in the Report. These have been categorised as follows:

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

Sl. Nos.1, 2, 3, 5, 7, 8, 10, 11, 12, 14, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 28, 29, 30 and 31.

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government’s replies:

Sl. Nos.6, 13 and 19.

(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:

Sl. No. 18 and 27.

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

Sl. No.4 and 9

1.3 The Committee desire that final replies in respect of the recommendations which have been categorised as interim replies by the Committee should be furnished to the Committee at the earliest.

1.4 The Committee desire that utmost importance should be given to the implementation of recommendations accepted by the Government. In case, it is not possible for the Government to implement any recommendation(s) in letter and spirit for any reasons, the matter should be reported to the Committee in time with reasons for non-implementation.

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

UTILISATION OF FUNDS

Recommendation (Sl. No.2 Para No. 2.7)

1.6 The Committee had observed that the 10th Five-Year Plan of the Ministry of Steel envisaged an outlay of Rs.11,044 crore which included Rs.10,979 crore as I&EBR and Rs.65 crore as Budgetary Support. The Ministry had set up targets and made projections PSUs-wise for utilisation of the allocations provided in the Plan. The Committee, however, noted that during the first three years of the Plan period, the utilisation had been abysmally low amounting to Rs.2,184.02 crore which came to bare 22.8 per cent. The Ministry has advanced oft-repeated reasons, *viz.* depressed market conditions, delay in obtaining forest/environmental clearances, acquisition of land and preparation of DPR, etc. for its failure to utilize the allocated amount. The Mid-Term Appraisal was more in exercise in Mid-Term reduction of allocations wherein the Ministry had scaled down outlay from Rs.11,044 crore to Rs.8,476.68 crore. The Committee felt that the sign of upswing in the steel industry was very much discernable in the beginning of the 10th Plan Period and had the Ministry acted with foresight and utilized the allocated amount for infrastructure development, viz. capacity expansion, upgradation/cost effective processes, higher production of value-added products etc., it would have given big push to the steel industry and the country would have been reaping the benefits of these investments during the 10th Plan itself. However, the steel industry had been deprived of investments at propitious time and thus pulled back due to stagnant capacity and obsolete technology, the remedial measures were required to be taken up at once. The Committee, therefore, desired that the Ministry should not only ensure full utilization of the allocated funds but generate additional resources to implement dropped/deferred schemes which were still viable to take full advantage of the boom period.

1.7 In its reply, the Ministry of Steel has agreed that the actual plan expenditure during the first three years of the 10th Five-Year Plan relative to the approved 10th Plan outlay has not been satisfactory. Further, it may be noted that there is a distinct trend of increase in the utilization of plan outlay vis-à-vis the approved annual plan outlays. As against actual utilization of 31.40% and 41.50% in 2002-03 and 2003-04 respectively, the utilization in Annual Plan 2004-05 is anticipated to be 75% (Rs.1082.35 crore against approved outlay of Rs.1446.40 crore). This trend is further reflected in the Annual Plan outlay of Rs.2466.12 crore for 2005-06, which marks a 71% increase over the Annual Plan outlay of Rs.1446.40 crore for 2004-05. Some of the PSUs are also expected to upward revise their plan outlays for the 10th Five-Year Plan - for instance, RINL has submitted its revised plan for completion of expansion plan scheme and its request for increasing the approved 10th Plan outlay from Rs.860.00 crore to Rs.4642.00 crore has been taken up with the Planning Commission.

1.8 In this context it would be relevant to mention that the 10th Five-Year Plan outlay of the Ministry was finalized in 2001 while the market for steel sector started showing signs of improvement from the year 2003. The low utilization of plan outlays during the first two years of the 10th Plan and the subsequent trend of improvement in the utilization of outlay, as also the increase in plan outlay for 2005-06, are to a great extent reflection of this fact.

1.9 To ensure full utilization of the plan outlays during the remaining years of the 10th Plan, the progress of fund utilization by the PSUs is being monitored by the Ministry. Also, the Plan targets form part of the Memorandum of Understanding signed between the PSUs and the Ministry and the implementation of projects and programmes by the PSUs are reviewed at regular intervals in the Ministry in the performance review meetings.

1.10 Further, the Ministry has taken a review of schemes that were deferred/dropped during the 9th Five-Year Plan and the first three years of the 10th Five-Year Plan that are still viable and have been/ will be taken up for implementation. The position as reported by the PSUs is summarized in the table below:

Sl. No.	Name of PSU	No. of schemes dropped/ deferred during 9th Plan and first 3 years of 10th Plan	No. of schemes out of Col.1 that are still viable and will be/ have been taken up for implementation	Estimated/ sanctioned cost of the schemes in Col.3 (Rs. in crore)
1	2	3	4	5
1.	Ferro Scrap Nigam Ltd.	2	--	--
2.	National Mineral Development Corp. Ltd.	4	2	396.12
3.	Kudremukh Iron Ore Co. Ltd	5	1	5.00
4.	Manganese Ore India Ltd.	4	--	--
5.	Bird Group of Companies	3	1	4.00
6.	Sponge Iron India Ltd.	1	1	20.00
7.	Rashtriya Ispat Nigam Ltd.	2*	1	181.00
8.	Steel Authority of India Ltd.	34	29**	7345.00
9.	MSTC Ltd.	3	--	--
	TOTAL	**58**	**35**	**7951.12**

* One scheme of Expansion of Plant Capacity to 4 million tones (MT) of liquid steel has been dropped. Instead, a fresh scheme of Expansion to 6.3 MT of liquid steel capacity at an estimated cost of Rs.8259 crore is under consideration of the Govt.

** To be implemented in phases upto 2011-12 as per the Corporate Plan 2012 of SAIL.

Note: 1. Bharat Refractories Ltd. and MECON Ltd. has not deferred/dropped any scheme during the 9th Plan or during the first three years of the 10th Plan.

2. Hindustan Steelworks Construction Ltd. is a construction organization engaged in execution of projects for different clients and as such does not have projects/ schemes of its own.

1.11 From the above table it will be seen that out of 58 schemes dropped/ deferred by the PSUs during the 9th Plan and the first three years of the 10th Plan, 35 schemes worth Rs.7951.12 crore have again been taken up/ will be taken up for implementation to take full advantage of the improved market conditions in the steel sector.

Recommendation (Sl. No.7, Para No. 2.12)

1.12 The Committee had noted that a number of schemes worth Rs. 8,545 crore which were originally envisaged to be taken up during the 9th Plan were deferred/dropped owing to depressed market conditions and adverse financial positions. The Committee had also been informed that only two schemes, viz. Longer rail finishing facilities (39 M Rails) and Bloom Caster with Ladle Furnace worth Rs.415 crore which were deferred during the 9th Plan were taken up in the 10th Plan. The Committee reiterated that the signs of buoyancy in steel sector were quite visible in early stages of the 10th Plan period and therefore, the dropped/deferred schemes of the 9th Plan should be taken up as to give quantum jump to the steel industry. The Committee felt that the gains from the upswing in steel sector could still be reaped and, therefore, recommended the Ministry to review all deferred/dropped schemes and take viable schemes for implementation at once.

1.13 The Ministry has replied that SAIL has been prioritising and executing schemes as per its Corporate Plan. From time to time deferred/dropped schemes are being reviewed to take up the viable schemes for implementation. In recent times, thrust has been on its Corporate Plan 2012. Out of the 34 major schemes costing Rs.8545 crore deferred/dropped during 9th plan, only five schemes viz. Universal Beam Mill at Bhilai Steel Plant, Additional Slab Caster for SMS-II and Galvalume/Electrogalvanising Technology in Cold Rolling Mill (CRM) at Bokaro Steel Plant, New Sinter Plant at Visvesvaraya Iron and Steel Plant (VISL) and Development of Baraduar Dolomite Quarry of Raw Material Division will not be taken up. The reasons for dropping the above 5 schemes are given below. Further, 2 scheme pertaining to Power Plants will be implemented through Joint Venture Companies. All the other schemes will be implemented in phases upto 2011-2012 as per the Corporate Plan 2012.

Schemes Deferred/ Dropped during 9^{th} Plan

Name of the Scheme	Reason
Universal Beam Mill at Bhilai Steel Plant	Instead of this scheme, it has been envisaged that a Wire Rod Mill will be installed.
Additional Slab Caster for SMS-II at Bokaro Steel Plant	In Corporate Plan 2012, it has been envisaged that SMS-I will be totally revamped with a Slab caster. Hence this has been dropped.
Galvalume/Electrogalvanising Technology in CRM at Bokaro Steel Plant	Considering the market projection, the scheme has been dropped.
New Sinter Plant at VISL	The scheme has been dropped as for a small Blast Furnace at VISL this will not give requisite benefit.
Development of Baraduar Dolomite Quarry of Raw Material Division	The scheme has been dropped since the mine is presently inoperative.

1.14 The Committee had observed the lack of prudence on the part of Steel Public Sector Undertakings (PSUs) in strengthening their infrastructure to reap benefits from the turnaround made in steel sector and consequent abysmal utilisation of fund and scaling down in 10th Five Year Plan allocation. The Committee, therefore, recommended to the Ministry to ensure full utilisation of allocated funds and to implement the viable schemes which were dropped/deferred during 9th Five Year Plan. The Ministry has stated in its reply that though there was low utilisation of funds of 31.40 per cent and 41.50 per cent in 2002-2003 and 2003-2004 respectively, 75 per cent utilisation was anticipated in 2004-2005 which would further increase in the year 2005-2006. The Ministry has further stated that out of 58 schemes which were dropped/deferred during 9th Five Year Plan and the first three years of 10th Five Year Plan, 35 schemes worth Rs.7951.12 crore have been/would be taken up for implementation.

The Committee agree that recession in steel sector contributed to lower utilisation of plan outlays during the first two years of 10th Five Year Plan but are extremely concerned to note that the extent of utilisation of fund thereafter has not been encouraging despite buoyancy in steel industry. The Committee are dismayed to note the utter slackness on the part of the Ministry/PSUs to capitalize the boom period in steel sector. The Committee reiterate that had the Steel PSUs adequately utilized the allocated funds and created additional capacities with improved infrastructure, the profits would have been much higher. The Committee, therefore, desire the Ministry to make all out efforts to ensure full utilisation of the plan outlays during the remaining period of 10th Five Year Plan.

The Committee further note that out of 58 schemes dropped/deferred during 9th Five Year Plan and the first three years of 10th Five Year Plan, 35 schemes that are still viable would be/have been taken up for implementation in phases as per the Corporate Plan 2012 of SAIL. While the Committee perceive it as a positive move by the Ministry/PSUs, they are not at all happy to note the staggering period set for their implementation as some of these projects which were conceived during early phase of 9th Five Year Plan would be completed in phases upto 2011-2012. The Committee, therefore, desire the Ministry to ensure the completion of these schemes before the end of 10th Five Year Plan or in the early part of 11th Five Year Plan instead of dragging them till the end of the Plan in order to not only avoid time and cost overrun but push the Indian steel sector at the higher pedestal in the international market.

RENEWAL OF CHIRIA MINES LEASE TO SAIL

Recommendation (Sl.No.15, Para No. 3.53)

1.15 The Committee considered the investment plan at Chiria, a farsighted move of SAIL and therefore, desired that the matter should be vigorously pursued with the State Government, etc. for renewal of lease of Chiria mines.

1.16 In its Action Taken Reply, the Ministry has stated that IISCO, a subsidiary of SAIL, is holding 6 leases in Chiria Deposit. All the leases were under deemed extension except Budhaburu (Mclellan).

1.17 Even after regular follow-up and personal meeting with officials of State Government of Jharkhand, the applications submitted by IISCO for renewal of mining leases for Budhaburu (Ajita) and Sukri mines in Chiria and Jhillingburu mines in Gua have been rejected.

1.18 IISCO has, in the meantime, also filed three revision applications on 2.2.2005 before the Mining Tribunal under the Ministry of Mines, Govt. of India, New Delhi and stay petition with the Hon'ble High Court, Ranchi against the rejection order passed by the State of Jharkhand. Central Tribunal in the Ministry of Mines has issued interim orders on 27.4.2005 stating that since the creation of third party interest is mainly related to the Gazette notifications pertaining to re-grant, which is sub-judice in the High court of Ranchi, the tribunal is of the view that no orders can be passed at this stage. Hon'ble High Court, Ranchi has passed an interim order maintaining status-quo with regard to actual physical possession as exists on 22.2.2005. Therefore the matter is sub-judice.

1.19 However, in view of the criticality, to reach an amicable settlement in the matter, it has been taken up by the Minister for Steel with the Chief Minister of Jharkhand and follow up action is being pursued by Secretary (Steel) with the Chief Secretary (Govt. of Jharkhand).

ROWGHAT IRON ORE PROJECT

Recommendation (Sl.No.16, Para No.3.54)

1.20 The Committee noted that Rowghat iron ore project at an estimated cost of Rs.744 crore was included for implementation in the 9th Plan but was subsequently dropped for unjustifiable reasons. The Committee further noted that with the depleting iron ore reserves for Bhilai Steel Plant, the sustainability of the Plant will be jeopardized unless the alternative sources of the raw material are identified. The Committee, therefore, desired that Rowghat Project should be taken up at once and necessary clearances for the same expedited.

1.21 The Ministry has replied that the Chhattisgarh Government has forwarded the proposal for forestry clearance of Rowghat Iron Ore Project proposing diversion of total forest area of 2409.80 ha. Clearance has been sought in one phase for mining in 661 ha. Construction of pond & tailing dam on 387.45 ha. of forest land for extracting ore by wet processing technology, construction of foot hill complex which will include Store, Workshop, Garage, Sub-station, Administrative Block, Canteen Training Centre, Laboratory and Security Barrack on 70 ha. of forest land. Ministry of Environment and Forests (MoEF) has given Administrative Clearance to Botanical Survey of India (BSI) & Zoological Survey of India (ZSI) to conduct flora and fauna studies for Rowghat area. National Environmental Engineering & Research Institute (NEERI) has been assigned to carry out Environmental Impact Assessment Studies & Preparation of Environmental Management Plan for Rowghat. The Ministry has also taken up the matter with MoEF for expeditious consideration and grant of forest clearance for Rowghat Iron Ore Project.

1.22 The Committee had recommended that securing renewal of lease of Chiria mines and clearance of Rowghat iron ore project being extremely vital for SAIL, the Ministry should make all out efforts in this direction. The Ministry in its reply has stated that the renewal of mining leases for Chiria and Jhillingburu mines was rejected by the State Government of Jharkhand. However, the Hon'ble High Court, Ranchi on a revision application of IISCO has passed an interim order maintaining status quo as on 22.2.2005. The Ministry has also been pursuing this matter with the State Government of Jharkhand for amicable settlement. As regards Rowghat Iron Ore Project, the Ministry has taken up the matter with the Ministry of Environment and Forests for early clearance.

The Committee are extremely concerned that further delay in clearance of Chiria mines and Rowghat Iron Ore Project will adversely affect the sustainable operations of SAIL and IISCO. The Committee feel that it is high time for the Ministry to enter into serious dialogue with the State Government of Jharkhand for the renewal of Chiria mines particularly in view of the fact that many private steel players who are actively eyeing for Chiria iron ore mines. The Committee stress that the steel PSUs, considering their social responsibility, should be given precedence over private players in the allotment of iron ore mines. The Committee further reiterate that Rowghat Iron Ore Project, a lifeline for Bhilai Steel Plant, should be taken up on priority basis lest the most profit making plant of SAIL face the threat of closure.

MINING LEASE TO KIOCL

Recommendation (Sl.No.17, Para No.3.56)

1.23 The Committee had noted that the Budget Estimates of Kudremukh Iron Ore Company Limited (KIOCL) for the year 2004-2005 increased from Rs.54 crore to Rs.225 crore to enable the company to procure ore from other sources for continued operation of its Pellet Plant and for identification and development of alternative mines in the wake of Hon'ble Supreme Court's order. The Committee further noted with satisfaction the various measures being taken by the Company to continue its operation beyond 31st December, 2005, the deadline set by Hon'ble Supreme Court. The Committee desired the Ministry to take recourse to all legal and other appropriate remedies to enable KIOCL tide over the present crisis. The Committee also desired that the Ministry should hold immediate discussion with the Government of Karnataka for early grant of mining lease in the Bellary-Hospet area to KIOCL for sustaining its operation in future.

1.24 The Ministry has replied that the Government is providing all possible help to prevent winding up of Kudremukh Iron Ore Company Limited (KIOCL). Discussions are being held with various authorities including Government of Karnataka. Assistance is being provided to KIOCL to get new mining leases in Karnataka and other places in India as well as in procuring iron ore from other sources.

Matter relating to grant of Mining Lease in the Bellary-Hospet Area (Ramandurg Mines) by the State Government is sub-judice.

1.25 The Committee had noted that Kudremukh Iron Ore Company Ltd. (KIOCL) was heading towards crisis in the wake of the Hon'ble Supreme Court's order that permitted mining at Kudremukh upto 31st December, 2005 only. The Committee had, therefore, recommended to the Ministry to take all necessary measures to enable KIOCL to continue its operations. The Ministry has replied that the Government has been taking all possible steps to get new mining leases in Karnataka and other places in India as well as procuring iron ore from other sources.

The Committee are satisfied with the efforts of the Ministry in pursuing this issue sincerely but would like to emphasize that the issue needs to be taken up at the highest level with the State Government of Karnataka for immediate grant of mining leases. The Committee also desire a time-bound programme to be chalked out for securing iron ore from other sources in India.

PERFORMANCE OF SAIL

Recommendation (Sl.No.18,Para Nos. 4.8, 4.9, 4.10, 4.11 and 4.12)

1.26 The Committee noted that SAIL after attaining an all-time high net profit of Rs.1319 crore during 1995-1996 showed a declining trend and registered a net loss of Rs.1720 crore in 1999-2000. The Government then approved a proposal on 15 February, 2000 for financial-cum-business restructuring of SAIL with an objective of turning around of SAIL. As a result of restructuring package coupled with improved market conditions, a trend of positive growth started in 2002-2003 and in 2003-2004, SAIL registered net a profit of Rs.2,512 crore. During 2004-2005 SAIL was expected to post net profit of Rs.5,739 crore.

1.27 The Committee further noted that during 2000-2001 to 2004-2005, the physical performance of the SAIL with reference to production of hot-metal, crude steel and saleable steel increased only marginally. The productivity of SAIL registered growth rate of (-)2.4%, 2.92% and 4.64% in the years 2001-2002, 2002-2003, 2003-2004, respectively. The Committee were informed that turn-around of SAIL was mainly due to firming up the domestic/international market, higher production/sales, better price realization, reduction in interest cost, cost control measures, etc.

1.28 The Committee, therefore, observed that though the production/productivity of SAIL showed marginal improvement, the profits registered impressive growth and that the higher prices and not the higher production primarily changed the fortunes of SAIL.

1.29 The Committee were, therefore, not surprised to note that the profits were going to fall by nearly 50 per cent from the higher of Rs.5,739 crore in 2004-05 to Rs.2,082 crore in 2005-06 due to increase in cost of critical inputs. The Committee felt that the increasing cost of inputs coupled with cyclic nature of steel industry would put tremendous pressure on SAIL to improve its physical performance. The Committee, were, therefore, constrained to observe that the financial-cum-business restructuring package of SAIL and Corporate Plan, 2012, replete with rhetoric and devoid of concrete programme of action, were too myopic and short term to yield positive results.

1.30 The Committee, therefore, recommended that SAIL's Corporate Plan, 2012 should be thoroughly revamped to suit the requirements of long-term scenario to enable SAIL to effectively meet the challenges of the future.

1.31 The Ministry in its reply has stated that since last quarter of 2003, SAIL has been on the path of recovery, which helped SAIL to come out of red. While market buoyancy has been a major factor, increase in profitability is also due to the various management initiatives that have been taken over the period. Some of these steps are:

Reduction in consumption of Raw material

Efforts have been made by the company to reduce the specific consumption of raw materials such as coking coal, fluxes, alloy additions etc. Improvement in metallic yield in Steel Melting Shop, material substitution (substituting expensive material with cheaper material without effecting the overall quality of the final product), such as increase of soft coking coal in the blend instead of hard coking coal, using LD Slag generated from SMS as a source of Limestone in Sintering Plants, which has reduced Limestone consumption in steel plants, using Mill scale and Flue dust as a source of Iron in sintering Plant, etc.

Salary & Wages

SAIL introduced Voluntary Retirement Scheme (VRS) in 1998 and 1999 on deferred payment basis, which resulted in separation of about 19,600 employees. VR based on the Department of Public Enterprises (DPEs) model which envisages lump sum payment, was operated in 2001 and 2002, resulting in separation of about 12,300 employees. Further reduction in manpower of 3440 has taken place during 2003-2004 & 2004-2005 by VRS. This has helped SAIL in improving the labour productivity, which is 144 T/M/Year as compared to 137 T/M/Year in the year 2003-04.

Production & other operating cost

Concerted efforts have been made by the company for improvement in production & productivity. Inspite of lower saleable steel production during earlier part of the year 2004-05 due to coal shortage, the annual production for the year is marginally higher because of corrective measures taken by the management. Over the years there has been improvement in parameters such as Energy Consumption, production through Continuous cost route, BF productivity, reduction in refractory consumption, etc. which can be seen from the table below:

	2004-05	2003-04	2002-03	2001-02
Energy Consumption (G.Cal/tonne of crude steel)	7.29	7.46	7.50	7.69
Continuous Casting Steel Making Percentage	64%	61%	59%	57%
Coke rate (Kg/thm)	536	542	538	557
BF Productivity (Tonnes /Cubic meter/day)	1.50	1.53	1.51	1.47
Refractory consumption (Kg/TCS)	16.5	18.3	18.5	18.8

Production/sales of Value added Products

In 2004-05,

- 1.17 million tonnes of special steel has been produced by 4 Integrated Steel Plants represents a growth of 43%.

- Sales of finished steel as a percentage of total saleable steel has improved from 81.9% in previous year to 85.2% in the current year.

- Value added products, which have registered growth, are:

PM Plates	10%
Heavy Structural	47%
TMT	25%
Rails	11%
HR Plates	32%
Wheel & Axles	33%

Hence, there was an improvement through better product mix in sales.

Reduction in borrowing level

Thrust has been given to debt reduction and fund management. In 2004-2005 overall debt of the company has reduced by about Rs.2920 crore to only Rs.5770 crore (as on 31.3.2005). There is reduction in interest cost by Rs.296 crore during 2004-2005 over 2003-2004. This coupled with short-term surplus fund deployment made SAIL virtually a zero debt company. Debt equity ratio has further improved to 0.58:1 (as on 31.3.2005) from 1.87:1 (as on 31.3.2004).

Further, wheeling of surplus power from Durgapur Steel Plant to other SAIL plants has also resulted into savings for SAIL. In addition, the performance of special steel plants, have improved substantially as compared to earlier years.

1.32 The Financial and Business Restructuring Plan of SAIL was approved by Government of India in February 2000. The plan focused on immediate intervention to bail out from the precarious financial position and to rectify the structural imbalance. To facilitate implementation of the Plan, an MoU was signed with the Government of India in Mach 2000. The MoU envisaged 17 time-bound tasks. Most of the tasks envisaged as part of the plan have been completed and the financial, physical and techno-economic targets for the terminal year of the plan i.e. 2004-2005 have been achieved.

1.33 With the implementation of the Financial and Business Restructuring Plan and the upturn in the market, SAIL has turned around and has started making profits since 2003-2004. It has made record profit of Rs.6817 crore in 2004-2005. To carry forward from here, SAIL has drawn its Corporate Plan with a perspective upto 2012. The terminal years considered in the plan i.e. 2006-2007 and 2011-2012 coincide with the 10th and the 11th Five Year Plans. The cornerstone of the plan is to achieve growth with cost and quality competitiveness. The plan envisages growth in production from current level of about 12 MT to about 20 MT by 2011-2012. The plan envisages an investment of about Rs.25,000 crore. As part of the plan detailed, year-wise production growth plan has been drawn and the Annual Business Plans are consistent with the proposed growth. Further, of the total investments the priority projects to be completed by 2006-2007 have also been identified. The individual projects considered are directional, however consistent with the overall goal of achieving growth with cost & quality competitiveness. The multiple interventions envisaged in the plan shall ensure competitiveness of SAIL to withstand the cyclic nature of steel industry. To ensure time bound implementation of the various projects/ interventions a suitable implementation mechanism has also been drawn and implementation of the plan is in progress.

1.34 The Committee had observed that SAIL registered profits in the year 2003-2004 and 2004-2005 mainly because of higher steel prices and not higher production and, therefore, recommended that SAIL's Corporate Plan 2012 should be thoroughly revamped to make it flexible with futuristic vision to effectively meet the emerging challenges. The Ministry in its reply has stated that SAIL reaped profits not only from market buoyancy but also due to management initiatives and marginal increase in the annual production.

The Committee are of the view that to maintain its market leadership, the SAIL needs to compete with private steel sector not only in terms of capacity additions but also the value addition. The Committee, therefore, expect the SAIL to achieve annual growth at more than 10 per cent considering the fact that China has turned a net exporter and a large number of green field and brown field projects are proposed to set up in India by both domestic and international private sector players. The Committee, therefore, desire that vigorous efforts should be made to improve the physical and financial performance of SAIL in the current scenario. The Committee reiterate that SAIL's Corporate Plan 2012 should be revamped to make it futuristic to meet the requirements of the country beyond 2012.

MERGER OF HSCL AND MEL WITH SAIL

Recommendation (Sl.No.21, Para No.4.17)

1.35 The Committee observed that SAIL and IISCO Boards had approved the merger of IISCO with the SAIL and it was in the process of examination by the

Government. With the merger, SAIL would be able to produce 11.105 mt. of saleable steel during 2005-2006 as against the target of 10.90 mt. for the year 2004-2005. The Committee expected the early decision of the Government regarding merger of IISCO with SAIL. The Committee also desired the Ministry to examine the issue of the merger of Maharashtra Elektrosmelt Ltd.(MEL) and Hindustan Steelworks Construction Ltd. (HSCL) with SAIL.

1.36 The Ministry of Steel in its reply has stated that as far as IISCO is concerned, the Govt. has decided to merge it with SAIL. SAIL & IISCO have been directed to obtain the approval of Board for Industrial & Financial Reconstruction (BIFR) and also take other necessary steps to complete the process of merger of the two companies.

The merger of Maharashtra Electrosmelt Ltd.(MEL) with SAIL is under examination. The issue of merger of HSCL with SAIL is not being considered.

1.37 The Committee desired the Ministry to examine the possibility of the merger of Maharashtra Electrosmelt Limited (MEL) and Hindustan Steelworks Construction Limited(HSCL) with SAIL. The Ministry in its reply has stated that merger of MEL with SAIL is under examination but that of HSCL is not being considered. The Committee appreciate the decision of the Government to merge MEL with SAIL. The Committee feel that the merger of HSCL with SAIL will provide an impetus to HSCL, an ailing Public Sector Undertaking, to come out of red due to financial and managerial support of SAIL. The Committee, therefore, reiterate that the Ministry may consider merger of HSCL with SAIL.

RATIONALISATION OF MANPOWER IN SAIL

Recommendation (Sl. No. 22, Para No.4.23)

1.38 The Committee noted that MoU signed between SAIL and the Ministry of Steel in March 2000 *inter-alia* included manpower target of one lakh to be achieved by March, 2005. As against the target, SAIL has brought down manpower to a level 1,27,140 only as on 28 February, 2005. The Committee had been informed that SAIL had re-assessed the goal of downsizing the manpower and proposed to improve the productivity of surplus manpower by multi-skill training. The SAIL had also planned to improve the labour productivity to a level of 170 tonne of crude steel/man/year by 2006-07 from the current level of 142 tcs/man/year. The Committee were surprised that without revising the MoU, SAIL had not only reviewed the goal of downsizing manpower but proposed to retain the identified surplus manpower. The Committee were convinced that no amount of multi-skill training, the huge surplus manpower which came to nearly 30 per cent of the total manpower could improve the productivity of the SAIL. The Committee, therefore, recommended that a study group might be constituted to go into the issue of rationalization of manpower in the SAIL and utilization of identified surplus manpower.

1.39 In its Action Taken Reply, the Ministry of Steel has stated that under the Financial & Business Restructuring Plan of SAIL approved by Government of India in March 2000, an MoU was signed which *inter-alia* included manpower target of 1,00,000 to be achieved through Voluntary Retirements and Divestment of some of the units in addition to the separation of manpower on account of natural superannuation. It was more of a direction towards turn-around which SAIL was aiming for.

1.40 SAIL had recognised the need for rationalisation of manpower in 1998 itself and had accordingly embarked upon manpower rationalisation through the route of Voluntary Retirement Schemes (VRS) in 1998 and 1999 even before signing of MoU that indicated a direction for manpower rationalisation. The Manpower of SAIL which was 1,76,147 as on 31st March 1998 has come down to a level of 1,26,305 as on 31st May, 2005 thereby achieving a reduction of more than 49,000 since March 1998. Till date, SAIL has operated the eight editions of VR schemes through which 35356 employees have been separated.

1.41 Coupled with rationalisation of manpower, various supplementary initiatives have also been carried out such as introduction of cluster system of working, multi-skilling, redeployment and retraining, automation and computerization, rationalisation/merger of departments and introduction of improved work practices. All the above mentioned actions have led to efficient utilization of manpower and increase in labour productivity to 144 Tonnes of Crude Steel/man/year.

1.42 It may be mentioned here that in the year 2000-2001, no VR Scheme could be operated due to non-availability of funds for VR and the impending wage revision. It is being observed that the response to the VR Schemes has gradually become lukewarm because of:

- Improvement in the financial performance of SAIL ;
- Decreasing rate of interest on savings ; and
- Inadequate availability of alternate employment opportunities.

1.43 A sizeable rationalisation was to be achieved through the envisaged divestment of some of the Units in the MoU viz. Power Plants, Rourkela Fertiliser Plant, Salem Steel Plant (SSP), Alloy Steels Plant (ASP) and Visvesvaraya Iron and Steel Plant (VISL) which did not materialize as expected. The combined manpower of ASP, SSP, VISL and Rourkela Fertiliser Plant as on 31.3.2000 was 11077 which was envisaged to be rationalized. Even in the Power Plants divested earlier, out of 2321 employees only around 568 could be rationalized. The envisaged divestments in the MoU did not fructify and therefore the associated manpower which was to be rationalized alongwith divestment of units did not take place.

1.44 Voluntary Retirement Scheme is the only available tool for rationalisation and attempts are made to generate better response to VR schemes amongst employees and achieve faster rationalization. SAIL is aware of the need to further rationalize the manpower and therefore plans to implement one more VR scheme similar to earlier schemes in the second quarter of 2005-2006.

1.45 Studies have been carried out from time to time for assessment of manpower by Plants depending on the skill requirement. Such studies have *inter-alia* addressed identification of critical skills and availability of skilled manpower for smooth operations. A study by Management Training Institute has been carried out on skill gap analysis till 2007 and based on the same competency mapping at Plants and multi-skill training have been started to meet the skill gaps. The requirement of additional skilled manpower for the envisaged new modernized facilities/equipments will be met primarily through retraining and redeployment of existing manpower.

1.46 Keeping in view the enhanced levels of production envisaged under Corporate Plan-2012, an intermediate target of 1,20,000 has been fixed by SAIL which will be achieved by natural separations and VRS. While efforts will be directed towards reducing the manpower further, increased emphasis is being placed upon achieving higher labour productivity.

1.47 The Committee had recommended the Ministry to constitute a Study Group to examine the rationalization of manpower in SAIL as the company had failed to bring down the manpower as per the Memorandum of Understanding (MoU) signed by it with the Ministry. The Ministry in its reply has stated that SAIL is aware of the need for further rationalization of manpower and, therefore, planned to implement one more Voluntary Retirement Scheme (VRS) in 2005-06 and coupled with rationalisation of manpower, various supplementary initiatives have also been carried out such as introduction of cluster system of working, multi-skilling, redeployment and retraining, automation and computerization, rationalisation/merger of departments and introduction of improved work practices. The Ministry has further stated that studies have been carried out from time to time for assessment of manpower depending on the skill requirement.

The Committee are not satisfied with the reply of the Ministry and feel that a Study Group should have been constituted to make an objective assessment of the requirement of additional skilled manpower for new modernized facilities/ equipments to achieve higher labour productivity. The Committee, therefore, reiterate that the Ministry should constitute a Study Group to examine the question of rationalization of manpower keeping in view the implementation of Corporate Plan - 2012.

EXPORT OF IRON ORE

Recommendation (Sl. No. 27, Para No. 5.10)

1.48 The Committee were surprised to learn that the Ministry was still contemplating the export of iron ore in the long-term scenario in lieu of coking coal or for other investments in the country. The Committee were convinced that to meet the shortage of a raw material, export of another important raw material was unjustifiable and against the economics of the steel industry. The Committee, therefore, recommended that the export of iron ore should be gradually stopped altogether and the necessary capacity for utilizing the same was set up in the country.

1.49 In its Action Taken Reply, the Ministry of Steel has stated that, currently, fines and concentrates, which have little use in India except as a negative environmental externality, make up about 90 percent of Indian iron ore exports. With investments in beneficiation, sintering and pelletization in the country, would will use these fines, the growth in exports of iron ore is likely to automatically decline. However, in order to achieve the long term goal for the domestic steel sector, as spelt out in the draft National Steel Policy, supply side constraints including the availability of iron ore and coking coal would need to be addressed. Therefore, in terms of future policy, exports of iron ore, especially high-grade lumps, would be leveraged for imports of coking coal or for investment in India and long-term export supply of iron ore would be confined to a maximum of five-year contracts. This duration would be reviewed from time to time. Therefore, a judicious balance would continue to be maintained between exports and domestic supply of iron ore. In terms of our foreign trade policy leveraging supply of high-grade iron ore for import of coking coal or investment in India would be a positive measure for the domestic industry.

1.50 The Committee had observed that export of iron ore in lieu of coking coal or for domestic investment was unjustifiable and against the interests of domestic steel industry, and therefore, recommended that export of iron ore should be stopped altogether and the capacity to profitably utilize the same built in the country itself. The Ministry in its reply has stated that export of iron ore, especially high-grade lumps, to a maximum of five-year contract, would be leveraged for imports of coal or investment in India. The Ministry has further stated that currently, fines and concentrates, which have little use in India except as a negative environmental externality, made up about 90 per cent of Indian iron ore exports. With investments in beneficiation, sintering and pelletization in the country, which would use these fines, the growth in exports of iron ore is likely to automatically decline.

The Committee feel that the demand for iron ore would go on increasing manifolds in the next few decades particularly in view of the number of private sector new steel plants being set up and capacity additions in the existing steel plants in the country. The Committee do not agree with the contention of the Ministry and feel that proactive measures are required to promote industries using fines and concentrates to gainfully utilize the raw material instead of its export. The Committee would like to reiterate that leveraging supply of high grade iron ore for import of coking coal or investment in India is not a healthy proposition and should be discontinued and efforts should be made to secure coking coal mines in abroad either on lease or as part of joint venture agreement.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 1, Para No. 1.9)

The Committee observe that the steel industry, being a core sector, is the major driving force that propels the overall economic growth in any developing country in the long term. However, the performance and growth of steel sector is dependent upon and directly proportional to the economic development of a country particularly the requirements of user sectors, viz. infrastructure, automobile, consumer durables, etc. The Committee hope that Indian Steel Industry would perform well in 2005-06 also mainly due to huge investment in infrastructure and steep growth in the steel demand. The Committee, therefore, desire that the Government should continue to strive to create conducive environment to help the Indian Steel Industry to focus on major thrust areas such as higher production of value-added products, capacity expansion, upgradation/cost effective production process, etc. The Government should also play a pivotal role in providing the overall policy framework, coordination for smooth implementation of development plans and take pro-active steps in ensuring harmonious and integrated growth of steel sector.

Action Taken

The observations made by the Committee have been noted for compliance. The Government is playing a pivotal role through formulation of a draft National Steel Policy, which is likely to be placed before the Cabinet Committee on Economic Affairs (CCEA) for final approval, shortly. The basic objective of the National Steel Policy (NSP) is to prepare a roadmap for the Indian Steel Industry in its journey towards reform, restructuring and globalisation. The long-term goal of the NSP is that India should become self-reliant and globally competitive in the steel sector which should attain world standards. The NSP seeks to remove the supply-side constraints to the growth of this industry in an open, globally integrated and competitive environment. The NSP envisages preparation of detailed action plans in each area of policy and detailed monitoring through an Empowered Group of Ministers headed by the Steel Minister.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl. No. 2, Para No. 2.7)

The Committee observe that the 10th Five Year Plan of the Ministry of Steel envisaged an outlay of Rs.11,044 crore which included Rs.10,979 crore as

I&EBR and Rs.65 crore as Budgetary Support. The Ministry had set up targets and made projections PSUs-wise for utilisation of the allocations provided in the Plan. The Committee, however, note that during the first three years of the Plan period, the utilisation has been abysmally low amounting to Rs.2,184.02 crore which comes to bare 22.8 per cent. The Ministry has advanced oft-repeated reasons, viz. depressed market conditions, delay in obtaining forest/environmental clearances, acquisition of land and preparation of DPR, etc. for its failure to utilize the allocated amount. The Mid-Term Appraisal was more in exercise in Mid-Term reduction of allocations wherein the Ministry has scaled down outlay from Rs.11,044 crore to Rs.8,476.68 crore. The Committee feel that the sign of upswing in the steel industry was very much discernable in the beginning of the 10^{th} Plan Period and had the Ministry acted with foresight and utilized the allocated amount for infrastructure development, viz. capacity expansion, upgradation/cost effective processes, higher production of value-added products etc., it would have given big push to the steel industry and the country would have been reaping the benefits of these investments during the 10^{th} Plan itself. However, the steel industry having been deprived of investments at propitious time and thus pulled back due to stagnant capacity and obsolete technology, the remedial measures are required to be taken up at once. The Committee, therefore, desire that the Ministry should not only ensure full utilization of the allocated funds but generate additional resources to implement dropped/deferred schemes which are still viable to take full advantage of the boom period.

Action Taken

While it is true that the actual plan expenditure during the first three years of the 10^{th} Five Year Plan relative to the approved 10^{th} Plan outlay has not been satisfactory, it may be noted that there is a distinct trend of increase in the utilization of plan outlay vis-à-vis the approved annual plan outlays. As against actual utilization of 31.40% and 41.50% in 2002-2003 and 2003-2004 respectively, the utilization in Annual Plan 2004-2005 is anticipated to be 75% (Rs.1082.35 crore against approved outlay of Rs.1446.40 crore). This trend is further reflected in the Annual Plan outlay of Rs.2466.12 crore for 2005-2006, which marks a 71% increase over the Annual Plan outlay of Rs.1446.40 crore for 2004-2005. Some of the PSUs are also expected to upward revise their plan outlays for the 10^{th} Five Year Plan – for instance, RINL has submitted its revised plan for completion of expansion plan scheme and its request for increasing the approved 10^{th} Plan outlay from Rs.860.00 crore to Rs.4642.00 crore has been taken up with the Planning Commission.

In this context it would be relevant to mention that the 10^{th} Five Year Plan outlay of the Ministry was finalized in 2001 while the market for steel sector started showing signs of improvement from the year 2003. The low utilization of plan outlays during the first two years of the 10^{th} Plan and the subsequent trend of improvement in the utilization of outlay, as also the increase in plan outlay for 2005-2006, are to a great extent reflection of this fact.

To ensure full utilization of the plan outlays during the remaining years of the 10th Plan, the progress of fund utilization by the PSUs is being monitored by the Ministry. Also, the Plan targets form part of the Memorandum of Understanding signed between the PSUs and the Ministry and the implementation of projects and programmes by the PSUs are reviewed at regular intervals in the Ministry in the performance review meetings.

Further, the Ministry has taken a review of schemes that were deferred/dropped during the 9th Five Year Plan and the first three years of the 10th Five Year Plan that are still viable and have been/ will be taken up for implementation. The position as reported by the PSUs is summarized in the table below:

Sl.No.	Name of PSU	No. of schemes dropped/ deferred during 9th Plan and first 3 years of 10th Plan	No. of schemes out of Col.1 that are still viable and will be/ have been taken up for implementation	Estimated/ sanctioned cost of the schemes in Col.3 (Rs. in crore)
1	2	3	4	5
1.	Ferro Scrap Nigam Ltd.	2	--	--
2.	National Mineral Development Corp. Ltd.	4	2	396.12
3.	Kudremukh Iron Ore Co. Ltd	5	1	5.00
4.	Manganese Ore India Ltd.	4	--	--
5.	Bird Group of Companies	3	1	4.00
6.	Sponge Iron India Ltd.	1	1	20.00
7.	Rashtriya Ispat Nigam Ltd.	2*	1	181.00
8.	Steel Authority of India Ltd.	34	29**	7345.00
9.	MSTC Ltd.	3	--	--
	TOTAL	**58**	**35**	**7951.12**

* One scheme of Expansion of Plant Capacity to 4 million tones (MT) of liquid steel has been dropped. Instead, a fresh scheme of Expansion to 6.3 MT of liquid steel capacity at an estimated cost of Rs.8259 crore is under consideration of the Govt.

** To be implemented in phases upto 2011-12 as per the Corporate Plan 2012 of SAIL.

Note: 1. Bharat Refractories Ltd. and MECON Ltd. has not deferred/ dropped any scheme during the 9th Plan or during the first three years of the 10th Plan.

2. Hindustan Steelworks Construction Ltd. is a construction organization engaged in execution of projects for different clients and as such does not have projects/ schemes of its own.

From the above table it will be seen that out of 58 schemes dropped/ deferred by the

PSUs during the 9th Plan and the first three years of the 10th Plan, 35 schemes worth Rs.7951.12 crore have again been taken up/ will be taken up for implementation to take full advantage of the improved market conditions in the steel sector.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Comments of the Committee

(Please see Para No. 1.14 Chapter - I of the Report)

Recommendation (Sl. No. 3, Para No. 2.8)

The Committee also feel that the Ministry had remained inactive and appeared perplexed in so far as overcoming the procedural delays in implementation of various schemes are concerned. The Committee, therefore, recommend that a High Powered Committee consisting of the representatives from the Ministries concerned of Central/ State Governments may be constituted to expedite the various clearances for the schemes/projects.

Action Taken

In October, 2004 Ministry of Steel had re-constituted the Project Coordination Group (PCG) under the Chairmanship of Minister for Steel with the following members:

i)	Secretary, Ministry of Finance	…	Member
ii)	Secretary, Ministry of Power	…	Member
iii)	Secretary, Department of Commerce	…	Member
iv)	Secretary, Department of Coal	…	Member
v)	Secretary, Department of Mines	…	Member
vi)	Secretary, Ministry of Environment & Forests	…	Member
vii)	Secretary, Ministry of Surface Transport	…	Member
viii)	Chairman, Railway Board	…	Member
ix)	Secretary, Planning Commission	…	Member
x)	CMD, IDBI	…	Member
xi)	CMD, ICICI	…	Member
xii)	CMD, IFCI	…	Member
xiii)	CMD, SBI	…	Member
xiv)	President, INSDAG	…	Member
xv)	Chief Secretary of State Govt. of Jharkhand	…	Member
xvi)	Chief Secretary of State Govt. of Orissa	…	Member
xvii)	Chief Secretary of State Govt. of Chhattisgarh	…	Member
xviii)	Chief Secretary of State Govt. of Karnataka	…	Member

The Terms of Reference of the reconstituted PCG, *inter alia*, includes finding, ways and means and suggest measures for early completion of the ongoing iron and steel projects and facilitating creation of new capacities both through Greenfield and Brownfield projects.

The Group is providing necessary assistance in expediting various clearances for the schemes/projects.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No. 5, Para No. 2.10)

The Committee are of the view that there are certain issues which continue to pose difficult challenges for steel sector as well as for Union/State Governments and feel that a composite and continued dialogue with the industry, exports and other concerned agencies would be beneficial. The Committee, therefore, like that periodical Conferences may be convened to discuss the various issues, problems and challenges being faced by the Indian Steel Industry, to arrive at the possible solutions and consensus thereon.

Action Taken

The suggestions of the Committee have been noted. It is however informed that Ministry of Steel holds regular open House discussions/interaction with the representatives of steel plants, industries, associations of steel producers and consumers etc. to discuss the problems faced by the steel industry for arriving at possible solutions.

Besides this, the meetings of the National Steel Consumers' Council (NSCC), which serve as a forum for interaction amongst the various producers, associations and user. The meetings of the NSCC also serve as a source of instant feedback on the proposed policy changes being contemplated by the Government. In order to propagate knowledge, promote awareness and bridge the gap between the producers and end-users of steel, the Joint Plant Committee sponsors various seminars/workshops interactive sections on topical issues facing the industry viz. technology, infrastructure, environment, market trends, budget and policy making to name a few.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl. No. 7, Para No. 2.12)

The Committee note that a number of schemes worth Rs. 8,545 crore which were originally envisaged to be taken up during the 9th Plan were deferred/dropped owing to depressed market conditions and adverse financial positions. The Committee had also been informed that only two schemes, viz. Longer rail finishing facilities (39 M Rails) and Bloom Caster with Ladle Furnace worth Rs.415 crore which were deferred during the 9th Plan were taken up in the 10th Plan. The Committee reiterate that the signs of buoyancy in steel sector were quite visible in early stages of the 10th Plan period and therefore, the dropped/deferred schemes of the 9th Plan should had been taken up as to give quantum jump to the steel industry. The Committee feel that the gains from the upswing in steel sector could still be reaped and, therefore, recommend the Ministry to review all deferred/dropped schemes and take viable schemes for implementation at once.

Action Taken

SAIL has been prioritising and executing schemes as per its Corporate Plan. From time to time deferred/dropped schemes are being reviewed to take up the viable schemes for implementation. In recent times, thrust has been on its Corporate Plan 2012. Out of the 34 major schemes costing Rs.8545 crore deferred/dropped during 9th plan, only five schemes viz. Universal Beam Mill at Bhilai Steel Plant, Additional Slab Caster for SMS-II and Galvalume/Electrogalvanising Technology in Cold Rolling Mill (CRM) at Bokaro Steel Plant, New Sinter Plant at Visvesvaraya Iron and Steel Plant (VISL) and Development of Baraduar Dolomite Quarry of Raw Material Division will not be taken up. The reasons for dropping the above 5 schemes are given below. Further, 2 schemes pertaining to Power Plants will be implemented through Joint Venture Companies. All the other schemes will be implemented in phases upto 2011-2012 as per the Corporate Plan 2012.

Schemes Deferred/ Dropped during 9th Plan

Name of the Scheme	Reason
Universal Beam Mill at Bhilai Steel Plant	Instead of this scheme, it has been envisaged that a Wire Rod Mill will be installed.
Additional Slab Caster for SMS-II at Bokaro Steel Plant	In Corporate Plan 2012, it has been envisaged that SMS-I will be totally revamped with a Slab caster. Hence this has been dropped.
Galvalume/Electrogalvanising Technology in CRM at Bokaro Steel Plant	Considering the market projection, the scheme has been dropped.
New Sinter Plant at VISL	The scheme has been dropped as for a small Blast Furnace at VISL this will not give requisite benefit.
Development of Baraduar Dolomite Quarry of Raw Material Division	The scheme has been dropped since the mine is presently inoperative.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Comments of the Committee

(Please see Para No.1.14 Chapter - I of the Report)

Recommendation (Sl.No.8, Para Nos. 3.6 and 3.7)

The Committee note that as against the annual Plan outlay of Rs.2,508.62 crore including Budgetary Support of Rs.157.50 crore for 2005-2006 proposed by the Ministry, the Planning Commission has approved an outlay of Rs.2,451.12 crore with a Budgetary Support of merely Rs.15 crore. The Committee find that several Plan and Non-Plan schemes which may contribute significantly in improving the performance of MECON, Hindustan Steelworks Construction Limited (HSCL) and Bird Group of Companies are going to be affected due to allocation of lower Plan I&EBR and reduced Budgetary Support. In regard to Budgetary Support for MECON, the Planning Commission has approved Rs.4.00 crore only as against the proposal of Rs.142.50 crore. In the case of Bird Group of Companies, no Budgetary Support has been envisaged against the actual requirement of Rs.3.00 crore. The total Non-Plan outlay proposed for Rs.159.02 crore has been reduced to Rs.74.53 crore by the Ministry of Finance.

The Committee further note that while the Ministry has been emphasizing that its budgetary proposals are directed to strengthen weak and loss making companies, it has failed to convince the Planning Commission to approve the required allocations. The Committee deprecate the logic advanced by the Ministry that additional funds would be sought at RE stage for the affected schemes. The Committee are unhappy to note the lack of conviction and commitment on the part of Ministry of Steel in approaching the Planning Commission without sufficient justification for sanction of funds at BE stage. The Committee, therefore, recommend that in the coming years sincere efforts should be made for getting allocation at BE stage instead of resorting to allocations at RE stage. Further, the Committee also recommend that the shortfall of funds for 2005-2006 should be met at the Supplementary/ Revised Estimates stage by taking up the matter vigorously with Planning Commission and Ministry of Finance to meet fund requirements of the affected PSUs.

Action Taken

Ministry of Steel has been making, and will continue to make, sincere efforts for getting the required budgetary allocations for the financially weak and loss making PSUs under its administrative control at the BE stage itself. For instance, it may be noted that in the Annual Plan 2005-2006 (BE), against the Plan budgetary support of Rs.12.00 crore sought by the Ministry for Bharat Refractories Limited and HSCL, an amount of Rs.11.00 crore was approved by Planning Commission/ Ministry of Finance. The Plan budgetary support for MECON in 2005-2006 has been increased to Rs.4.00 crore vis-à-vis Rs.1.00 crore in 2004-2005. In respect of Bird Group of Companies only there has been a significant shortfall in the allocation of Plan budgetary support in BE 2005-2006 (NIL as against Rs.3.00 crore proposed by the Ministry) and the Ministry will vigorously pursue with Planning Commission/ Ministry of Finance for additional allocation of funds at the RE 2004-2005 stage, as per requirements of the company.

The remaining eight PSUs under the Ministry of Steel have not sought any budgetary support, Plan or Non-Plan, in 2005-2006.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No.10, Para No. 3.17)

The Committee appreciate that the financial loan assistance is being given by the Ministry to Hindustan Steelworks Construction Limited (HSCL) for procuring the construction equipments, to Bharat Refractories Limited (BRL) for implementation of AMR schemes and to MECON for Research and Development and Computer Scheme. The Committee desire that the Ministry should ensure that if there is any gap in financial requirement and loan assistance being given, it should be taken up with the Ministry of Finance at RE stage to ensure speedy implementation of the schemes.

Action Taken

Ministry of Steel will provide all possible help to ensure implementation of schemes by HSCL, BRL and MECON Ltd. In case any further financial assistance is required by these companies, the matter shall be taken up with Ministry of Finance at RE stage.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No.11, Para No. 3.21)

The Committee are happy to note that through the assistance provided by the Ministry, the Bird Group of Companies (BGC) have been able to resolve many of their problems and also reduce to a considerable extent the liabilities on account of statutory dues, viz. provident fund, royalty, etc. The Committee observe that since the implementation of VRS in 1992-1993, BGC have rationalized the manpower to a great extent and separated a large number of employees. However, during 2004-2005, no progress has been achieved in separation of 235 and 40 surplus employees of Bisra Stone Lime Co. Ltd. (BSLC) and Scott & Saxby Ltd. (SSL) respectively and Rs.1 crore earmarked for the purpose has remained unutilized. The Committee, are concerned at the failure of the Ministry to monitor the progress of rationalization of manpower and therefore, desire that top priority should be given for separation of surplus manpower to achieve the targets set for the purpose.

Action Taken

Due to poor financial health of BSLC and SSL, the separation of manpower is being done with Govt. assistance through Non-Plan Loan. It is difficult for these companies to raise internal resources for separation of manpower. During 2004-2005, Non-Plan loan of Rs.2.00 crore was disbursed to BSLC on 27th January, 2005 out of which Rs.0.30 crore was for disbursed on 31st March, 2005 specifically meant for separation of manpower in BSLC. Since these loans were released towards the end of 2004-05, VRS could not be given during 2004-05. However, VRS has been extended to 16 employees of BSLC in the month of May 2005 with utilization of Rs.0.25 crore. With the balance fund available for implementing VRS, efforts are being made to extend VRS to other employees of BSLC. So far as SSL is concerned, there was no budgetary provision for implementing VRS in SSL during 2004-2005. The suggestion of the Committee have been noted and in case savings are anticipated in the amount provided to BSLC for VRS, the same would be utilized for VRS in SSL.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No.12, Para No.3.37)

The Committee note that the Ministry has made provision for subsidy of Rs.56.81 crore and Rs.1.75 crore for HSCL and MECON Ltd., respectively to implement VRS proposals. In respect of SAIL, no such provision has been made. The Committee note that the HSCL have brought down the surplus employees from the level of 11,290 to 1,929 as on 1st April 2005. They have a target of bringing down the number of employees to 929 in 2005-2006. The Committee find that MECON Ltd. has already completed rationalization of manpower and provision of subsidy would help them in the overall financial performance of the company. The Committee, therefore, recommend that the Ministry should continue to facilitate weaker steel sector PSUs in achieving rationalization of manpower by extending the required assistance in the form of subsidy. The Committee, however, stress that in rationalization of manpower particularly in HSCL, the interest and welfare of the separated persons should be taken care of.

Action Taken

The Ministry of Steel shall continue to provide all possible help to loss making PSUs for their turnaround. Govt. has already provided necessary funds to HSCL for effecting VRS.

The financial position of Steel Authority of India Ltd.(SAIL) has improved considerably and the Company has turned around. In view of this, it has been decided to discontinue the facility of interest subsidy to SAIL.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No.14, Para Nos.3.50, 3.51 and 3.52)

The Committee note that the steel sector PSUs raised I&EBR to implement their various capital schemes. The I&EBR in the year 2005-2006 in respect of SAIL, RINL and NMDC is Rs.1,030 crore, Rs.896 crore and Rs.225 crore, respectively. The Committee, however, note the discouraging trend that none of the steel sector PSUs could spend their I&EBR fully inevitable adverse impact on various schemes. The extent of under-utilization in SAIL, RINL and NMDC was Rs.430.28 crore against BE of Rs.650 crore, Rs.54.58 core against BE of Rs.300 crore and Rs.77.79 crore against of BE Rs.321.90 crore respectively.

The Committee feel extremely concerned that the under-utilisation has been the bane of Steel PSUs and highly detrimental to the growth of production and improvement in productivity of the Steel sector. The Committee feel that the Ministry has to address these issues with a sense of seriousness and sincerity.

The Committee, therefore, recommend that a Monitoring Committee headed by an Additional Secretary in the Ministry should be set up to review the progress of fund utilization on monthly basis. The Committee desire that the Ministry should ensure that there is no downward revision in the targets and all the schemes are completed in time with the help of I&EBR allocated for specific purposes.

Action Taken

The Budgeted Capital expenditure for 2004-2005 in respect of SAIL was Rs.650 crore (RE). As against that SAIL has spent Rs.518 crore on cash basis (provisional) to implement its various capital schemes during the year. For 2005-2006, Budgeted Expenditure (BE) has been kept at Rs.1030 crore which may be revised at the time of preparation of Annual Plan 2006-2007 in the month of September 2005 based on fresh approvals and progress of ongoing scheme.

In so far as RINL is concerned the existing procedure for AMR schemes has been reviewed and a modified procedure has been introduced for cutting delays and for faster decision making. Further the Company has also informed that out of an initial allocation of Rs.300 crore for the year 2004-2005, which was later revised to Rs.174.73 crore, RINL has spent Rs.70.90 crore. The schemes which were approved during 2004-05 but could not be implemented, due to various reasons, are being carried forward to the current year i.e. 2005-2006 and all efforts are being made to ensure optimum utilization of the allocated funds. The Ministry is also monitoring on a monthly basis with regard to the expenditure incurred on various schemes.

In case of NMDC the under utilization of I&EBR as pointed out by the Committee is due to various constraints being faced by the Company which are as follows:

1. Delay in issue of environmental/forest clearances for setting up iron ore projects in Bailadila and Donimalai regions by concerned State Governments.
2. Technology provider of Romelt Shop in respect of NISP has not come up with a reasonable cost which resulted in NMDC looking for alternate technology.
3. The political instability in Madgaskar let to suspension of the investigation works for Gold deposits.
4. The investigation works at Namibia/Tanzania suspended pending detailed analysis of the initial results which are not very encouraging.

The Plan targets form part of the Memorandum of Understanding signed between the PSUs and the Ministry and the implementation of schemes by the PSUs are reviewed at regular intervals in the Ministry in the quarterly performance review meetings.

A Monitoring Committee headed by AS&FA (Steel) has already been set up to review *inter- alia* the progress of fund utilization by the PSUs on bimonthly basis.

The Committee is monitoring the scheme-wise expenditure incurred from I&EBR/Budgetary support by the PSUs under the administrative control of this Ministry. Action taken on the following aspects is being closely monitored:

1) Expenditure of Plan projects from IE&BR/Budgetary support.
2) Achievement of Targets included in the Memorandum of Understanding (MoU).
3) Performance in R&D activities.
4) Any other related subject concerning PSUs.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No.15, Para No.3.53)

The Committee consider the investment plan at Chiria, a farsighted move of SAIL and therefore, desire that the matter should be vigorously pursued with the State Government, etc. for renewal of lease of Chiria mines.

Action Taken

IISCO, a subsidiary of SAIL, is holding 6 leases in Chiria Deposit. All the leases were under deemed extension except Budhaburu (Mclellan).

Even after regular follow-up and personal meeting with officials of State Government of Jharkhand, the applications submitted by IISCO for renewal of mining leases for Budhaburu (Ajita) and Sukri mines in Chiria and Jhillingburu mines in Gua have been rejected.

IISCO has, in the meantime, also filed three revision applications on 2.2.2005 before the Mining Tribunal under the Ministry of Mines, Govt. of India, New Delhi and stay petition with the Hon'ble High Court, Ranchi against the rejection order passed by the State of Jharkhand. Central Tribunal in the Ministry of Mines has issued interim orders on 27.4.2005 stating that since the creation of third party interest is mainly related to the Gazette notifications pertaining to re-grant, which is sub-judice in the High Court of Ranchi, the tribunal is of the view that no orders can be passed at this stage. Hon'ble High Court, Ranchi has passed an interim order maintaining status-quo with regard to actual physical possession as exists on 22.2.2005. Therefore the matter is sub-judice.

However, in view of the criticality, to reach an amicable settlement in the matter, it has been taken up by the Minister for Steel with the Chief Minister of Jharkhand and follow up action is being pursued by Secretary (Steel) with the Chief Secretary (Govt. of Jharkhand).

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Comments of the Committee

(Please see Para No.1.22 Chapter - I of the Report)

Recommendation (Sl. No.16, Para No.3.54)

The Committee note that Rowghat iron ore project at an estimated cost of Rs.744 crore was included for implementation in the 9th Plan but was subsequently dropped for unjustifiable reasons. The Committee further note that with the depleting iron ore reserves for Bhilai Steel Plant, the sustainability of the Plant will be jeopardized unless the alternative sources of the raw material are identified. The Committee, therefore, desire that Rowghat Project should be taken up at once and necessary clearances for the same expedited.

Action Taken

Chhattisgarh Government has forwarded the proposal for forestry clearance of Rowghat Iron Ore Project proposing diversion of total forest area of 2409.80 ha. Clearance has been sought in one phase for mining in 661 ha.

Construction of pond & tailing dam on 387.45 ha. of forest land for extracting ore by wet processing technology, construction of foot hill complex which will include store, workshop, garage, sub-station, Administrative Block, Canteen Training Centre, Laboratory and Security Barrack on 70 ha. of forest land. Ministry of Environment and Forests (MoEF) has given Administrative Clearance to Botanical Survey of India (BSI) & Zoological Survey of India (ZSI) to conduct flora and fauna studies for Rowghat area. National Environmental Engineering & Research Institute (NEERI) has been assigned to carry out Environmental Impact Assessment studies & preparation of Environmental Management Plan for Rowghat. This Ministry has also taken up the matter with MoEF for expeditious consideration and grant of forestry clearance for Rowghat Iron Ore Project.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Comments of the Committee

(Please see Para No.1.22 Chapter - I of the Report)

Recommendation (Sl.No.17, Para No.3.56)

The Committee note that the Budget Estimates of Kudremukh Iron Ore Company Limited (KIOCL) for the year 2004-2005 have been increased from Rs.54 crore to Rs.225 crore to enable the company to procure ore from other sources for continued operation of its Pellet Plant and for identification and development of alternative mines in the wake of Hon'ble Supreme Court's order. The Committee further note with satisfaction the various measures being taken by the Company to continue its operation beyond 31st December, 2005, the deadline set by Hon'ble Supreme Court. The Committee desire the Ministry to take recourse to all legal and other appropriate remedies to enable KIOCL tide over the present crisis. The Committee also desire that the Ministry should hold immediate discussion with the Government of Karnataka for early grant of mining lease in the Bellary-Hospet area to KIOCL for sustaining its operation in future.

Action Taken

The Government is providing all possible help to prevent winding up of Kudremukh Iron Ore Company Limited (KIOCL). Discussions are being held with various authorities including Government of Karnataka. Assistance is being provided to KIOCL to get new mining leases in Karnataka and other places in India as well as in procuring iron ore from other sources.

Matter relating to grant of Mining Lease in the Bellary-Hospet Area (Ramandurg Mines) by the State Government is sub-judice.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Comments of the Committee

(Please see Para No.1.25 Chapter - I of the Report)

Recommendation (Sl.No.20, Para No.4.16)

The Committee are surprised to note that on the one hand when the Government has closed divestment of Alloy Steel Plant (ASP), Salem Steel Plant (SSP) and Fertiliser Plant of Rourkela Steel Plant and likely to pursue improvement plan for ASP and Visvesvaraya Iron and Steel Plant (VISL), on the other the Government is still contemplating to introduce divestment process of ASP and VISL at an appropriate time when partner for strategic sale has been identified. The Committee, therefore, recommend that the Government should take immediate steps to implement improvement plans of ASP/VISL instead of considering the divestment.

Action Taken

In view of changed market scenario, SAIL has decided to close the divestment process for Salem Steel Plant (SSP), Alloy Steel Plant (ASP), Visvesvaraya Iron & Steel Plant (VISL) and Fertiliser Plant of RSP. The focus has been on implementation of interventions to reduce losses of SSP, ASP & VISL. Some of the major interventions to reduce losses of these units are as given below:

Alloy Steel Plant (in line with the recommendation of M/s Dastur & Co.)

- Installation of Argon Oxygen Decarborisation and related facilities
- Revamp of EAF # 4
- Higher capacity utilization and increase in production

Visvesvaraya Iron and Steel Plant (in line with the recommendation of M/s MECON)

- Addition of Ladle Furnace
- Capital repair of Blast Furnace
- Revamp of facilities
- Increase in productivity and production

Salem Steel Plant

- Annealing Pickling Line modification
- Installation Roll Flat detector
- Shearing line modification
- Load cell modification
- High capacity utilization (including through Hire Rolling of facilities)

Since 2003-2004, SSP has started making marginal profits.

In addition to the above there had been efforts to reduce fixed cost including rationalization of manpower. The above measures coupled with the upturn in market has resulted in significant reduction in losses of these units.

To improve long term viability and profitability of the units, Corporate Plan upto 2012 has been drawn for the units and has been approved by the SAIL board. The Plan envisages growth in production with investments for technological upgradation, de-bottlenecking and revamping of facilities. The Plan envisages total investment of about Rs.2000 crore by 2011-2012 in the three special steel plants.

As regards Rourkela Fertiliser Plant (RFP), M/s. Deepak Fertilizer & Petro-Chemicals Limited's bid was accepted and was identified as Strategic Alliance Partner in May 2002. However, in spite of continuous follow up, permission for sub-lease of the Fertilizer Plant land by the Government of Orissa was not forthcoming. In September 2004, the SAIL Board considering the delay in the process, validity of the bid having expired, the changed steel business scenario (as the reserve price was substantially based on the scrap price, and which had increased due to upturn in steel market) decided to close the process of divestment of RFP.

As far as IISCO is concerned, the Govt. has decided to merge it with SAIL.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No.21, Para No.4.17)

The Committee observe that SAIL and IISCO Boards had approved the merger of IISCO with SAIL and it is in the process of examination by the Government. With the merger, SAIL will be able to produce 11.105 mt. of saleable steel during 2005-2006 as against the target of 10.90 mt. for the year 2004-2005. The Committee expect the early decision of the Government regarding merger of IISCO with SAIL. The Committee also desire the Ministry to examine the issue of the merger of Maharashtra Elektrosmelt Ltd. (MEL) and Hindustan Steelworks Construction Ltd. (HSCL) with SAIL.

Action Taken

As far as IISCO is concerned, the Govt. has decided to merge it with SAIL. SAIL & IISCO have been directed to obtain the approval of Board for Industrial & Financial Reconstruction (BIFR) and also take other necessary steps to complete the process of merger of the two companies.

The merger of Maharashtra Electrosmelt Ltd.(MEL) with SAIL is under examination. The issue of merger of HSCL with SAIL is not being considered.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Comments of the Committee

(Please see Para No.1.37 Chapter - I of the Report)

Recommendation (Sl. No.22 , Para No. 4.23)

The Committee note that MoU signed between SAIL and the Ministry of Steel in March 2000 inter-alia included manpower target of one lakh to be achieved by March, 2005. As against the target, SAIL has brought down manpower to a level 1,27,140 only as on 28 February, 2005. The Committee has now been informed that SAIL has re-assessed the goal of downsizing the manpower and proposed to improve the productivity of surplus manpower by multi-skill training. The SAIL has also planned to improve the labour productivity to a level of 170 tonne of crude steel/man/year by 2006-2007 from the current level of 142 tcs/man/year. The Committee are surprised that without revising the MoU, SAIL has not only reviewed the goal of downsizing manpower but proposes to retain the identified surplus manpower. The Committee are convinced that no amount of multi-skill training, the huge surplus manpower which comes to nearly 30 per cent of the total manpower can improve the productivity of the SAIL. The Committee, therefore, recommend that a study group may be constituted to go into the issue of rationalization of manpower in the SAIL and utilization of identified surplus manpower.

Action Taken

Under the Financial & Business Restructuring Plan of SAIL approved by Government of India in March 2000, an MoU was signed which inter-alia included manpower target of 1,00,000 to be achieved through Voluntary Retirements and Divestment of some of the units in addition to the separation of manpower on account of natural superannuation. It was more of a direction towards turn-around which SAIL was aiming for.

SAIL had recognised the need for rationalisation of manpower in 1998 itself and had accordingly embarked upon manpower rationalisation through the route of Voluntary Retirement Schemes (VRS) in 1998 and 1999 even before signing of MoU that indicated a direction for manpower rationalisation. The Manpower of SAIL which was 1,76,147 as on 31st March, 1998 has come down to a level of 1,26,305 as on 31st May, 2005 thereby achieving a reduction of more than 49,000 since March, 1998. Till date, SAIL has operated the eight editions of VR Schemes through which 35,356 employees have been separated.

Coupled with rationalisation of manpower, various supplementary initiatives have also been carried out such as introduction of cluster system of working, multi-skilling, redeployment and retraining, automation and computerization, rationalisation/merger of departments and introduction of improved work practices. All the above mentioned actions have led to efficient utilization of manpower and increase in labour productivity to 144 Tonnes of Crude Steel/man/year.

It may be mentioned here that in the year 2000-2001, no VR Scheme could be operated due to non-availability of funds for VR and the impending wage revision. It is being observed that the response to the VR Schemes has gradually become lukewarm because of:

- Improvement in the financial performance of SAIL;
- Decreasing rate of interest on savings; and
- Inadequate availability of alternate employment opportunities.

A sizeable rationalisation was to be achieved through the envisaged divestment of some of the Units in the MoU viz. Power Plants, Rourkela Fertiliser Plant, Salem Steel Plant (SSP), Alloy Steels Plant (ASP) and Visvesvaraya Iron and Steel Plant (VISL) which did not materialize as expected. The combined manpower of ASP, SSP, VISL and Rourkela Fertiliser Plant as on 31.3.2000 was 11,077 which was envisaged to be rationalized. Even in the Power Plants divested earlier, out of 2321 employees only around 568 could be rationalized. The envisaged divestments in the MoU did not fructify and therefore the associated manpower which was to be rationalized along with divestment of units did not take place.

Voluntary Retirement Scheme is the only available tool for rationalisation and attempts are made to generate better response to VR Schemes amongst employees and achieve faster rationalization. SAIL is aware of the need to further rationalize the manpower and therefor plans to implement one more VR Scheme similar to earlier schemes in the second quarter of 2005-2006.

Studies have been carried out from time to time for assessment of manpower by Plants depending on the skill requirement. Such studies have inter-alia addressed identification of critical skills and availability of skilled manpower for smooth operations. A study by Management Training Institute has been carried out on skill gap analysis till 2007 and based on the same competency mapping at Plants and multi-skill training have been started to meet the skill gaps. The requirement of additional skilled manpower for the envisaged new modernized facilities/equipments will be met primarily through retraining and redeployment of existing manpower.

Keeping in view the enhanced levels of production envisaged under Corporate Plan-2012, an intermediate target of 1,20,000 has been fixed by SAIL which will be achieved by natural separations and VRS. While efforts will be directed towards reducing the manpower further, increased emphasis is being placed upon achieving higher labour productivity.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Comments of the Committee

(Please see Para No. 1.47 Chapter - I of the Report)

Recommendation(Sl.No.23, Para No.4.24)

The Committee have been informed about certain instances of mismanagement in recruitments and transfer in the steel sector PSUs. The Committee desire the Ministry to look into these cases and come up with a policy to ensure transparency in the recruitment and transfers with due regard to local needs.

Action Taken

Over a period of time each PSU has evolved and refined its system of recruitment. This is primarily based on the geographical locations, the qualifications and skills required for the job and the target group most suitable for recruitment. Whenever required, outside experts are also associated with the process of recruitment.

Similarly over a period of time PSUs have also evolved a time tested transfer policy which is based on various factors like sensitivity of the post, need to maintain continuity as also to achieve the desired targets set for the Public Sector Undertakings and in tune with the organizational requirements.

Ministry of Steel is of the considered opinion that the existing time tested system of recruitments and transfers has adequate checks and counter balances and also the desired levels of transparency. In case, any specific instances of mis-management in recruitment and transfers are brought to the notice of Ministry, the matter will be looked into in detail and necessary corrective measures will be taken.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No.24, Para No.4.31)

The Committee appreciate the physical and financial performance of Rashtriya Ispat Nigam Ltd. (RINL) since 2001. The company achieved net profit of Rs.1,547.19 crore during the year 2003-2004 and became debt free by paying all long-term debts. The Committee note that the proposal for expansion of RINL is under consideration of the Ministry. The Committee also expects the Ministry to facilitate the RINL to obtain mining lease from Orissa and Chhattisgarh and adequate supply of iron ore from NMDC. The Committee desire that the expansion plan of RINL should be cleared at the earliest but feel that it needs to be revised as the private sector has contemplated much higher capacity expansion during the same period. The Committee, therefore, recommend that RINL should set up higher targets and achieve the same within a short period by compressing three phases into two phases of the Corporate Plan.

Action Taken

It is very encouraging to note that the Parliament Committee has appreciated the good performance of RINL and desired that Ministry of Steel should facilitate obtaining mining leases for iron ore in the States of Orissa and Chhattisgarh. The Ministry has already taken up the issue of obtaining mining leases of iron ore from the States of Orissa and Chhattisgarh at a senior level. The requisite information/clarifications required by the Ministry of Mines have already been furnished by RINL. This is being pursued at a senior level with the Ministry of Mines regularly. With reference to the status of expansion proposal of RINL, Public Investment Board (PIB) has already recommended the expansion proposal of RINL (VSP) in the meeting held on 24.6.2005. The Cabinet Note for seeking the approval of the CCEA is presently under preparation in the Ministry.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No.25, Para No5.6)

The Committee deprecates the utter lack of concern for Research and Development in the Ministry of Steel, as they have not proposed any allocation for this sector in the year 2005-2006. The Committee are also anguished that Ministry had earlier scaled down the 10^{th} Plan outlay on R&D from 750 crore to Rs.300 crore of which hardly Rs.21 crore has been disbursed till February 2005. The Committee are surprised that though the Ministry required Rs.60 crore for R&D in 2005-2006 but the same allocation would be sought at the time of seeking approval of Revised Estimates. The Committee emphasizes that Research and Development programmes are investments futuristic and meagre allocation in the first instance and still lesser utilization in this regard do not augur well for increasing the productivity and efficiency of the steel industry. The Committee stress that the R&D programmes are *sine qua non* for design and development of new technologies, value added products, reduction in raw material/energy consumption, improvement in productivity and quality. The Committee, therefore, recommend that immediate corrective steps should be taken and Research and Development programmes should be given due pride of place for the needed boost to the steel sector in the long run.

Action Taken

The suggestions have been noted and corrective actions are being taken.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No.26, Para No. 5.9)

The Committee note that the Ministry has set up the target of 110 mt. of steel production by 2019-2020, at 100% capacity utilization. The required quantity of critical inputs such as iron-ore, coking and non-coking coal has been projected as 190 mt., 70 mt. and 26 mt. against the present availability of 50 mt., 21 mt. and 5 mt. respectively. The Committee feel that the Ministry will have to chalk out the detailed time-bound programme and generate considerable resources to ensure the availability of the required raw material. The Ministry would also be required to lay down priorities and frame guidelines for the State Governments for obtaining environmental and forest clearances in a pre-specified time-frame and encourage investments in value addition, scientific mining, etc. The Committee also feel that new sources of coking coal and iron ore either within the country or overseas will have to be tapped and efforts would be required to find alternative feed stock.

Action Taken

In order to achieve the goal of production of over 100 million tonnes of steel production by 2019-2020, the National Steel Policy seeks to remove the supply-side constraints to the growth of this industry in an open, globally integrated and competitive environment. A suitable mechanism will be put in place for preparation of detailed Action Plans for achieving the objective spelt out in the policy and, thereafter, monitor implementation.

[Ministry of Steel O.M.No.110014(3)/2005Parl., dated 28.8.2005]

Recommendation (Sl.No.28, Para No. 5.11)

The Committee also desire the Ministry to prepare a vision document for the next 25 years and set up yearly targets with strict monitoring covering all facets of the steel industry to put the country in the league of developed nations by the year 2020.

Action Taken

The proposed National Steel Policy (NSP), which is likely to be placed before the Cabinet Committee on Economic Affairs (CCEA) shortly for approval, sets out a broad roadmap for the Indian Steel Industry in its journey towards reform, restructuring and globalisation. The long-term goal of the NSP is to ensure that the Indian Steel industry attains world class standards while becoming self reliant and globally competitive. This overall vision which covers all facets of the industry will be followed by preparation of detailed Action Plans for which a suitable mechanism will be put in place. This mechanism will also be used for monitoring implementation of the action plans.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No.29, Para No.5.15)

The Committee note that the prices of steel in the country are determined by domestic and international market forces and the cost of essential raw materials. The Committee note that the Budget 2005-2006 has made alterations in duty structure whereby customs duty on refractory raw material has been reduced to 10% on both the refractory and refractory-making raw material but retained at 15% on some of the important raw materials like Dead Burnt Magnesite (DBM), Sea Water Magnesite (SWM) which are imported in large quantities since they are either not available in the country or not of the required specification or in short supply. The Ministry of Steel is of the opinion that the duty structure introduced in the Budget 2005-2006 is anomalous and it should be rolled back from 10% to 15% on finished refractory and lowered from 10% to 5% on all refractory raw materials as to maintain the competitiveness of the domestic refractory industry.

Action Taken

The Ministry of Steel has already sent a proposal to Department of Revenue in April 2005 for lowering the customs duty from 15% / 10% to 5% on raw materials for refractory making. The proposal is still pending with the Department of Revenue.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No.30, Para No.5.16)

The Committee is in agreement with the Ministry of Steel to the extent that the duty of all refractory raw materials including DBM, SWM etc. be lowered from 10% to 5% but would like to emphasize that the benefits of reduction in the cost of production should be passed on the consumer in order to raise the consumption of steel and infrastructure development. The Committee desire that the Ministry of Steel should take the lead and steel PSUs should not only maintain the price line but also pass on the benefits of lower cost of production to the consumers.

Action Taken

The recommendation of the Committee is noted. The Ministry of Steel has sent a proposal to Department of Revenue in April 2005 for lowering the customs duty from 15% / 10% to 5% on raw materials for refractory making. The proposal is still pending with the Department of Revenue. It is expected that part of the benefit of duty reduction will translate into lower prices to the consumers. Steel PSU's have also been advised to ensure price stability and give preference to domestic demand.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No.31, Para No.5.17)

The Committee recommend that the price of steel should domestically stable, affordable and internationally competitive so that the growth and development of domestic steel manufacturing continues to be viable and sustainable and at the same time the ancillary, SSI and allied industries, using steel as a raw material should not suffer both because of shortage of raw materials and artificial price rise.

Action Taken

The recommendation of the Committee is noted. However it may be noted that in a liberalised environment prices are determined by the interplay of market forces. Nevertheless the government has been taking various steps to ensure both adequate availability and stability in prices of steel in the domestic market. However, steel is a cyclical industry and the prices that had peaked in April 2005 have already started coming down. There has been a downturn in steel prices both in the international as well as domestic markets. Availability of essential steel supplies to the SSI units is assured through the scheme of allocation of steel by the main producers to the SSIC's. A rebate of approx. Rs.500/- per tonne ensures that steel is available at reasonable price to this important sections of the industry.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

CHAPTER III

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

Recommendation (Sl.No.6, Para No.2.11)

The Committee have been informed that Manganese Ore (India) Ltd. (MOIL) could spend only 11.9 percent of the 10th Plan outlay meant for new schemes as the two major proposals, *viz.* 8 MW power plant at Dongri Buzurg and Crushing and Screening Plant at Kandri and Tirodi mines were dropped being unviable. The Committee are dismayed to note that the Government had not analysed the viability of the new schemes and included them in the 10th Plan merely on the basis of preliminary studies without any Techno-Economic Feasibility Report. The Committee are convinced that MOIL will suffer heavily in the absence of a captive power plant and therefore, recommend that alternative projects in place of the dropped schemes may be taken up immediately.

Action Taken

For the 8 MW Captive Power Plant at Dongri Buzurg envisaged in the 10th Five Year Plan, the feasibility studies and Techno Economic Feasibility Report (TEFR) were prepared by MECON which recommended that the project was viable and the power generation cost would be about Rs.4.51 per KWh. Subsequently, with the appointment of the Central Electricity Regulatory Authority and some other developments, it was felt that the power generation cost as envisaged in the project was on the lower side since the actual production cost would be higher when compared to MPSEB rates. Hence the project was not considered viable.

The projects for Crushing and Screening Plant at Kandri and Tirodi Mines were dropped due to depletion of ore reserves and insufficient ROM generation.

The Company has proposed to take up the following two new schemes:

i) Deepening of Vertical Shafts at Beldongri, Chikla and Balaghat Mines.

ii) Water Supply Scheme at Balaghat Mine.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No.13, Para No.3.38)

The Committee note that the capital restructuring proposal for MECON Ltd. is under consideration of the Government and once the proposal is approved the company will be in a position in clearing its outstanding dues and liability of

Rs.20.35 crore towards wages and salaries. The Committee desire the Ministry to clear the restructuring proposal of the company at the earliest.

Action Taken

Capital restructuring proposal for MECON was sent to Board for Reconstruction of Public Sector Enterprises (BRPSE). The BRPSE in its meeting held on 29.4.2005 recorded that the proposal of MECON was justified. Based on this, inter-ministerial consultations have been commenced by this Ministry. On conclusion of this exercise, the restructuring proposal will be sent to CCEA for consideration.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No.19, Para No.4.13)

The Committee also desired that transfer of land on lease by various units under SAIL would be enquired into and a report in respect thereof submitted within three months.

Action Taken

A factual report with regard to transfer of land measuring more than one acre allotted on lease by various units under SAIL to private parties has been submitted to Lok Sabha Secretariat (Committee on Coal & Steel Branch). Ministry of Law and Justice (Department of Legal Affairs) has opined that SAIL has legal authority to lease/sub-lease lands for amenities like shops, banks, places of entertainment, education institution, hospitals etc. which are required for day to day necessities of the population of the township.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

CHAPTER IV

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

Recommendation (SL.No.18, Para Nos.4.8, 4.9, 4.10, 4.11 and 4.12)

The Committee note that SAIL after attaining an all-time high net profit of Rs.1319 crore during 1995-1996 showed a declining trend and registered a net loss of Rs.1720 crore in 1999-2000. The Government then approved a proposal on 15 February, 2000 for financial-cum-business restructuring of SAIL with an objective of turning around of SAIL. As a result of restructuring package coupled with improved market conditions, a trend of positive growth started in 2002-2003 and in 2003-2004, SAIL registered net a profit of Rs.2,512 crore. During 2004-2005 SAIL is expected to post net profit of Rs.5,739 crore.

The Committee further note that during 2000-2001 to 2004-2005, the physical performance of the SAIL with reference to production of hot-metal, crude steel and saleable steel increased only marginally. The productivity of SAIL registered growth rate of (-) 2.4%, 2.92% and 4.64% in the years 2001-2002, 2002-2003 and 2003-2004, respectively. The Committee were informed that turn-around of SAIL was mainly due to firming up the domestic/international market, higher production/sales, better price realization, reduction in interest cost, cost control measures, etc.

The Committee, observe that though the production/productivity of SAIL showed marginal improvement, the profits registered impressive growth and that the higher prices and not the higher production primarily changed the fortunes of SAIL.

The Committee, therefore, recommend that SAIL's Corporate Plan, 2012 should be thoroughly revamped to suit the requirements of long-term scenario to enable SAIL to effectively meet the challenges of the future.

Action Taken

Since last quarter of 2003, SAIL has been on the path of recovery, which helped SAIL to come out of red. While market buoyancy has been a major factor, increase in profitability is also due to the various management initiatives that have been taken over the period. Some of these steps are:-

Reduction in consumption of Raw material

Efforts have been made by the company to reduce the specific consumption of raw materials such as coking coal, fluxes, alloy additions etc. Improvement in metallic yield in Steel Melting Shop, material substitution (substituting expensive material with cheaper material without effecting the overall quality of the final product), such as increase of soft coking coal in the blend instead of hard coking coal, using LD Slag generated from SMS as a source of Limestone in Sintering Plants, which has reduced Limestone consumption in steel plants, using Mill scale and Flue dust as a source of Iron in sintering Plant, etc.

Salary & Wages

SAIL introduced Voluntary Retirement Scheme (VRS) in 1998 and 1999 on deferred payment basis, which resulted in separation of about 19,600 employees. VR based on the Department of Public Enterprises (DPEs) model which envisages lump sum payment, was operated in 2001 and 2002, resulting in separation of about 12,300 employees. Further reduction in manpower of 3440 has taken place during 2003-2004 & 2004-2005 by VRS. This has helped SAIL in improving the labour productivity, which is 144 T/M/Year as compared to 137 T/M/Year in the year 2003-2004.

Production & other operating cost.

Concerted efforts have been made, by the company for improvement in production & productivity. Inspite of lower saleable steel production during earlier part of the year 2004-2005 due to coal shortage, the annual production for the year is marginally higher because of corrective measures taken by the management. Over the years there has been improvement in parameters such as Energy Consumption, production through Continuous cost route, BF productivity, reduction in refractory consumption, etc, which can be seen from the table below:-

	2004-05	2003-04	2002-03	2001-02
	1	2	3	4
Energy Consumption (G.Cal/tonne of crude steel)	7.29	7.46	7.50	7.69
Continuous Casting Steel Making Percentage	64%	61%	59%	57%
Coke rate (Kg/thm)	536	542	538	557
BF Productivity (Tonnes /Cubic meter/day)	1.50	1.53	1.51	1.47
Refractory consumption (Kg/TCS)	16.5	18.3	18.5	18.8

Production/sales of Value added Products

In 2004-05,

- 1.17 million tonnes of special steel has been produced by 4 Integrated Steel Plants represents a growth of 43%.

- Sales of finished steel as a percentage of total saleable steel has improved from 81.9% in previous year to 85.2% in the current year.

- Value added products, which have registered growth, are:

PM Plates	10%
Heavy Structural	47%
TMT	25%
Rails	11%
HR Plates	32%
Wheel & Axles	33%

Hence, there was an improvement through better product Mix in sales.

Reduction in borrowing level

Thrust has been given to debt reduction and fund management. In 2004-2005 overall debt of the company has reduced by about Rs.2920 crore to only Rs.5770 crore (as on 31.3.2005). There is reduction in interest cost by Rs.296 crore during 2004-2005 over 2003-2004. This coupled with short-term surplus fund deployment made SAIL virtually a zero debt company. Debt equity ratio has further improved to 0.58:1 (as on 31.3.2005) from 1.87:1 (as on 31.3.2004).

Further, wheeling of surplus power from Durgapur Steel Plant to other SAIL plants has also resulted into savings for SAIL. In addition, the performance of special steel plants, have improved substantially as compared to earlier years.

The Financial and Business Restructuring Plan of SAIL was approved by Government of India in February 2000. The plan focused on immediate intervention to bail out from the precarious financial position and to rectify the structural imbalance. To facilitate implementation of the Plan an MoU was signed with the Government of India in March 2000. The MoU envisaged 17 time bound tasks. Most of the tasks envisaged as part of the plan have been completed and the financial, physical and techno-economic targets for the terminal year of the plan i.e. 2004-2005 have been achieved.

With the implementation of the Financial and Business Restructuring plan and the upturn in the market, SAIL has turned around and has started making profits since 2003-2004. It has made record profit of Rs.6817 crore in 2004-2005. To carry forward from here, SAIL has drawn its Corporate Plan with a perspective upto 2012. The terminal years considered in the plan i.e. 2006-2007 and 2011-2012 coincide with the 10th and the 11th Five Year Plans. The cornerstone of the plan is to achieve growth with cost and quality competitiveness. The plan envisages growth in production from current level of about 12 MT to about 20 MT by 2011-2012. The plan envisages an investment of about Rs 25,000 crore. As part of the plan detailed, year-wise production growth plan has been drawn and the Annual Business Plans are consistent with the proposed growth. Further, of the total investments the priority projects to be completed by 2006-2007 have also been identified. The individual projects considered are directional, however consistent with the overall goal of achieving growth with cost & quality competitiveness. The multiple interventions envisaged in the plan shall ensure competitiveness of SAIL to withstand the cyclic nature of steel industry. To ensure time bound implementation of the various projects/ interventions a suitable implementation mechanism has also been drawn and implementation of the plan is in progress.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Comments of the Committee

(Please See Para No. 1.34 Chapter – I of the Report)

Recommendation (Sl.No.27, Para No.5.10)

The Committee are surprised to learn that the Ministry is still contemplating the export of iron ore in the long-term scenario in lieu of coking coal or for other investments in the country. The Committee are convinced that to meet the shortage of a raw material, export of another important raw material is unjustifiable and against the economics of the steel industry. The Committee, therefore, recommend that the export of iron ore should be gradually stopped altogether and the necessary capacity for utilizing the same is set up in the country.

Action Taken

Currently, fines and concentrates, which have little use in India except as a negative environmental externality, make up about 90 percent of Indian iron ore exports. With investments in beneficiation, sintering and pelletization in the country, which will use these fines, the growth in exports of iron ore is likely to automatically decline. However, in order to achieve the long term goal for the domestic steel sector, as spelt out in the draft National Steel Policy, supply side constraints including the availability of iron ore and coking coal would need to be addressed. Therefore, in terms of future policy, exports of iron ore, especially high-grade lumps, would be leveraged for imports of coking coal or for investment in India and long-term export supply of iron ore would be confined to a maximum of five-year contracts. This duration would be reviewed from time to time. Therefore, a judicious balance would continue to be maintained between exports and domestic supply of iron ore. In terms of our foreign trade policy leveraging supply of high-grade iron ore for import of coking coal or investment in India would be a positive measure for the domestic industry.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

Comments of the Committee

(Please see Para No. 1.50 Chapter-I of the Report)

CHAPTER V

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

Recommendation (Sl.No.4, Para No.2.9)

The Committee observe that a large number of litigations relating to steel sectors are pending before various courts thereby hampering expeditious execution of the projects. The Committee, therefore, desire that the Ministry in consultation with Ministry of Law consider setting up Special courts for speedy disposal of such cases.

Action Taken

The matter has been taken up with Ministry of Law.

[Ministry of Steel O.M.No.H-110014(3)/2005 Parl., dated 28.8.2005]

Recommendation (Sl.No.9, Para No.3.12)

The Committee in their earlier recommendations had expressed its concern over the delay in re-deployment of 226 employees of Office of Development Commissioner of Iron and Steel, closed *w.e.f.* 23 May 2003 following the recommendations of Expenditure Reforms Commission. The Committee are distressed to note that in 2004-2005 not even a single employee was redeployed and avoidable expenditure of Rs.2.92 crore was incurred on surplus staff who were being paid without any work. The Committee reiterate that the Ministry should take up the issue with Department of Personnel and Training (DoPT) at the higher level for the time-bound re-deployment of the surplus staff and to obviate expenditure on this account.

Action Taken

Redeployment of surplus staff of the office of the Development Commissioner for Iron and Steel (DCI&S) has been taken up with DoPT at the highest administrative level. It had earlier been reported to the Committee that 125 surplus staff are awaiting redeployment. Subsequently upon a representation from 36 surplus UDCs who had been relieved to join the office of Chief Post Master General, West Bengal Circle, Kolkata and were posted outside Kolkata, the DoPT and Ministry of Steel agreed to reconsider the decision for their release. The 36 UDCs were taken back on the rolls of the Surplus Cell on humanitarian grounds since redeployment outside Kolkata was causing undue hardship to these lowly paid employees. Hence the number of surplus staff to be redeployed reached 161 (125+36). Till date, a total of 123 surplus staff have been separated by way of redeployment/Spl. VRS/Retirement/VRS etc. DoPT has further issued redeployment orders in case of 32 surplus staff and they will be relieved after receipt of offer of appointment from the accepting Department/Offices. The remaining 71 surplus staff are also likely to be redeployed in the near future.

In the last three months 86 surplus staff have been redeployed (including the 32 Group ‘B’ and ‘C’ staff who have been nominated and are likely to be redeployed shortly).

The progress of re-deployment of surplus staff is being monitored on a weekly basis.

[Ministry of Steel O.M.No.110014(3)/2005 Parl., dated 28.8.2005]

New Delhi;	ANANTH KUMAR,
21 December, 2005	Chairman,
30 Agrahayana 1927(Saka)	Standing Committee on Coal and Steel.

ANNEXURE I

MINUTES OF THE FOURTH SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2005-2006) HELD ON 21st DECEMBER, 2005 IN COMMITTEE ROOM 'D', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 1700 hrs. to 1730 hrs.

PRESENT

Shri Ananth Kumar-In the Chair

MEMBERS

2. Shri Prasanna Acharya
3. Shri Hansraj G. Ahir
4. Shri Harishchandra Chavan
5. Shri Chandra Sekhar Dubey
6. Shri Vikrambhai Arjanbhai Maadam
7. Shri Bhubneshwar Prasad Mehta
8. Shri Dalpat Singh Paraste
9. Shri E. Ponnuswamy
10. Smt. Karuna Shukla
11. Shri M.Anjan Kumar Yadav
12. Shri Vidya Sagar Nishad
13. Shri B.J. Panda

SECRETARIAT

1. Shri A.K. Singh	-	Joint Secretary
2. Shri A.K.Singh	-	*Director*
3. Shri Shiv Singh	-	*Under Secretary*

2. At the outset, Chairman, welcomed the Members to the sitting of the Committee. Thereafter, the Committee considered and adopted the following Draft Reports:

i) ** ** ** **

ii) ** ** ** **

iii) Action Taken Report on the recommendations contained in the Tenth Report of the Standing Committee on Coal and Steel (2004-05) on Demands for Grants (2005-06) of the Ministry of Steel.

3. The Committee adopted the aforesaid Draft Reports with minor additions/deletions/amendments.

4. The Committee authorised the Chairman to finalise these Reports after making consequential change arising out of factual verification by the concerned Ministries and to present the same to both the Houses of Parliament.

The Committee then adjourned.

** Does 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 TENTH REPORT OF THE STANDING COMMITTEE ON COAL AND STEEL

I.	Total No. of Recommendations made	31
II.	Recommendations/Observations which have been accepted by the Government:	24
	(*vide* recommendation at S1. Nos. 1, 2, 3, 5, 7, 8, 10, 11, 12, 14, 15, 16, 17, 20, 21, 22, 23,24, 25, 26, 28, 29, 30 and 31)	
	Percentage of total	77.41%
III.	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies: (*vide R*ecommendation at S1. Nos. 6, 13 and 19)	3
	Percentage of total	9.67%
IV.	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee: (*vide* Recommendation at S1.Nos. 18 and 27)	2
	Percentage of total	6.45%
V.	Recommendations/Observations in respect of which final replies of the Government are still awaited: (*vide R*ecommendation at S1.Nos. 4 and 9)	2
	Percentage of total	6.45%