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STANDING COMMITTEE ON COAL AND STEEL (2012-2013)
FIFTEENTH LOK SABHA

MINISTRY OF STEEL

DEMANDS FOR GRANTS (2012-13)

[Action Taken by the Government on the Observations/ Recommendations contained in the Twenty-Sixth Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha)]

TWENTY-NINTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI
DECEMBER, 2012 /AGRAHAYANA, 1934(SAKA)

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STANDING COMMITTEE ON
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Presented to Lok Sabha on 17.12.2012

Laid in Rajya Sabha on 17.12.2012

LOK SABHA SECRETARIAT
NEW DELHI
December, 2012/Agrahayana, 1934(Saka)

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Shri Kalyan Banerjee - Chairman

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Lok Sabha

2. Hansraj Gangaram Ahir
3. Shri Sanjay Bhoi
4. Smt. Jyoti Dhurve
5. Shri Ganeshrao Nagorao Dudhgaonkar
6. Shri Sabbam Hari
7. Shri Vishwa Mohan Kumar
8. Shri Yashbant N.S. Laguri
9. Shri Pakauri Lal
10. Shri Babu Lal Marandi
11. Shri Govind Prasad Mishra
12. Shri Rajaram Pal
13. Kumari Saroj Pandey
14. Shri Gajendra Singh Rajukhedi
15. Shri K.R.G. Reddy
16. Shri K. Shivkumar *alias* *J*.K. Ritheesh
17. Shri Pashupati Nath Singh
18. Smt. Rajesh Nandini Singh
19. Shri Uday Pratap Singh
20. Shri O
21.

Sabha

22. Shri
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SECRETARIAT

1.	Shri R.S. Kambo	-	Joint Secretary
2.	Shri Shiv Singh	-	Director
3.	Shri Arvind Sharma	-	Deputy Secretary
4.	Smt. Vandana Pathania Guleria	-	Sr. Exe. Asstt.

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 Twenty-Ninth Report (Fifteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Twenty-Sixth Report of the Standing Committee on Coal and Steel(Fifteenth Lok Sabha) on "Demands for Grants (2012-13)" of the Ministry of Steel.

2. The Twenty-Sixth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 08.05.2012. Replies of the Government to all the observations/recommendations contained in the Report were received on 26th September, 2012.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 12.12.2012.

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

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

NEW DELHI;
14 December, 2012
23 Agrahayana, 1934(Saka)

KALYAN BANERJEE
Chairman
Standing Committee on Coal and Steel

REPORT

CHAPTER - I

This Report of the Standing Committee on Coal and Steel deals with Action Taken by the Government on the Observations/Recommendations contained in the Twenty Sixth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel on Demands for Grants (2012-13) of the Ministry of Steel which was presented to Lok Sabha/laid in Rajya Sabha on 08.05.2012.

2. The Report contained 22 Observations/Recommendations. Action taken replies have been received from the Ministry of Steel in respect of all the Observations/Recommendations contained in the Report. These have been categorised as follows:

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

Sl. Nos.1, 2, 3, 4, 5, 7, 8, 10, 11, 12, 14, 15, 18, 21 and 22.

Total – 15
(Chapter II)

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

Sl. No. 13

Total – 01
(Chapter III)

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

Sl. Nos. 16 and 17

Total – 02
(Chapter IV)

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

Sl. Nos. 6, 9, 19 and 20

Total – 04
(Chapter V)

3. The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In case, where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that further Action Taken notes on the Observations/Recommendations contained in Chapter-I and final Action Taken replies to the recommendations contained in Chapter-V of this Report be furnished to them at an early date.

4. The Committee will now deal with the action taken by the Ministry on some of their Observations/Recommendations made in the Twenty Sixth Report.

<u>SPECIAL PURPOSE VEHICLE PROJECT AT SINDRI</u>

Recommendation Serial No.6

5. The Committee noted that SAIL proposes to take the Special Purpose Vehicle route to set up a steel plant, Fertilizer Plant and Power Plant after dismantling the defunct Fertilizer Corporation of India (FCI) Plant at Sindri by roping in different strategic partners. The projected investment in the Integrated Steel Plant (ISP) would be approximately Rs. 29000 crore. The Committee noted that these projects were likely to be completed within 48 months from the date of placement of orders after receipt of the final clearance of the Draft Rehabilitation Scheme (DRS) for revival of Sindri Unit of FCIL, by BIFR and other approvals from Empowered Committee of Secretaries (ECOS) and signing of the Concessionaire Agreement between SAIL and Fertilizer Corporation of India Limited. The Committee have been informed that while gas allocation of 2.1 Million Metric Standard Cubic Metre per Day (MMSCMD) had been made for the fertilizer plant as per CCEA decision, for steel & power, SAIL had to arrange its own raw material and fuel linkages. The projected investment would materialize only if required iron ore and coal linkages for steel plant and thermal coal linkage for power plant are made available. While strongly urging the Ministry/SAIL to pursue final clearance of BIFR approving for rehabilitation scheme for revival of Sindri Unit, the Committee also desired SAIL to identify the source of iron ore and coal linkages for the steel plant before starting investments in the proposed steel plant. The Committee expected that necessary clearances

would be obtained and work for the proposed SPV takes place from the current year itself.

6. The Ministry of Steel in their action taken reply have informed the Committee as under:

> "SAIL has already formed a Special Purpose Vehicle (SPV) namely SAIL- Sindri Projects Ltd. (SSPL), a wholly owned subsidiary of SAIL. SSPL has been incorporated as a company in Nov. 2011 to take over the assets of FCIL's Sindri Unit for its revival. Final clearance of the Draft Rehabilitation Scheme (DRS) for revival of Sindri Unit of FCIL, by BIFR and other approvals from Empowered Committee of Secretaries (ECOS) from Department of Fertilizers are yet to be received by SAIL. Also the Concessionaire Agreement between SAIL and FCIL is yet to be received by SAIL.
>
> On receiving the necessary approvals and signing of Concessionaire Agreement, SAIL would be in a position to start site specific activities. SAIL has noted the Committee's desire to identify the source of iron ore and coal linkages for steel plant before starting investments in the proposed steel plant and would taken action in this regard once the necessary clearances are obtained and site specific work starts."

7. The Committee had desired that the Steel Authority of India (SAIL) to identify the source of iron ore and coal linkages for the proposed steel plant to be set up through Special Purpose Vehicle(SPV) route by dismantling the defunct Fertilizers Corporation of India(FCI) Plant at Sindri by roping in different strategic partners. The Committee had also desired that necessary clearances be obtained and the work for the proposed SPV takes place from the current year. The Ministry of Steel have informed that Special Purpose Vehicle namely, SAIL-Sindri Project Limited(SSPL), a wholly owned subsidiary of SAIL has been formed. The Committee, however, are concerned to note that the final clearance of the Draft Rehabilitation Scheme (DRS) for revival of Sindri Unit of FCIL, by BIFR and other approvals from Empowered Committee of Secretaries (ECOS) from Department of Fertilizers are yet to be received by SAIL. The Committee lament over the fact that though SAIL-Sindri Projects Ltd.(SSPL) has been incorporated as a company in November, 2011, no substantial progress has been made to revive the Sindri Unit. The

Committee are further, unhappy to note the delay in Concessionaire Agreement between SAIL & FCIL which is reported to have been not received by SAIL so far. As only after receiving necessary approvals and signing of Concessionaire Agreement, SAIL would be in a position to start site specific activities, the Committee strongly urge the Ministry of Steel/SAIL to pursue the matter at the highest level to ensure start of project within next six months.

RASHTRIYA ISPAT NIGAM LTD.(RINL)

Recommendation Serial No.9

8. The Committee found that the Ministry of Coal had allocated 2 coal blocks at Mahal & Tenughat-Jhirki during 2005 and 2008 to RINL under the Coal Mines (Nationalisation) Act, 1973. The Committee had been informed that RINL was not interested in exploiting the coalfields due to difficult geo-mining. The Committee failed to understand why the difficult geo-mining conditions were not anticipated by the company at the time of allocation of coal blocks. The Committee had further been informed that the Ministry of Coal had refused to allot alternate mines through Government dispensation route in lieu of the de-allocated mines stating that there was no provision for the same. The Committee had been given to understand that the profitability of the company had been eroding due to non-availability of its captive mines for iron ore and coal. The Committee hardly emphasise that the availability of the raw material in required quantity was essential for a steel company. The Committee, therefore, recommended that the Ministry of Steel should vigorously pursue the matter with the Ministry of Coal for allocation of coal blocks including coal block in lieu of the de-allocated ones to RINL on priority basis and inform the Committee about the progress in this regard. The Committee would also like the Ministry to take up the matter with the concerned State Government for approval of various mining leases applied by RINL.

9. The Ministry of Steel in their action taken reply have informed the Committee as under:

> "1. Coal:
>
> Two Coking Coal blocks were allocated to RINL but due to various surfacial and underground constraints and after ascertaining that economical mining would not be possible, these blocks were proposed to be surrendered back to the Ministry of Coal provided suitable open cast coking coal block are allotted to RINL. Ministry of Coal de-

allocated both the coal blocks but no new block has been allotted to RINL. RINL has requested Ministry of Steel to take up with Ministry of Coal for allocation of suitable open cast blocks to RINL.

As suggested by Ministry of Coal, as and when Coal blocks are put up for allocation and if any block/ blocks were suitable to RINL with respect to quality, quantity and economic exploitation then RINL would apply for the same and RINL would take up with Ministry of Coal through Ministry of Steel for allocation.

Ministry of Coal vide their letter No. 13016/47/2008-CA-1(pt.) dated 30-05-2012 has intimated to Ministry of Steel the coal blocks identified for allocation for various sectors (copy enclosed at Annexure). In this list, 4 blocks have been identified for allocation to Integrated Steel companies (Govt.) and indicated that "Applications for the blocks reserved for Government Integrated Steel Companies shall be separately circulated after finalization of terms & conditions."

Iron Ore:

RINL has filed 29 applications for grant of prospecting license / mining lease in the states of Andhra Pradesh (7), Odisha (5), Jharkhand (7), Rajasthan (6), Chattisgarh (2), Uttar Pradesh (1) and Karnataka (1). Till date no allocations have been made to RINL.

In connection with the above, RINL and Ministry of Steel have taken up with the Hon'ble Chief Ministers, Chief Secretaries and Principal Secretaries of various States and at various instances requesting for allocation of the applied areas to RINL, VSP and also indicating willingness to enter into a Joint Venture with State Mining Development Corporation or any other State Government agency for exploitation of the Iron Ore and setting up of Value Addition Plants."

10. The Committee had earlier recommended that since Rashtriya Ispat Nigam Limited (RINL) do not have captive mines for coal, the Ministry of Steel should vigorously pursue the matter with the Ministry of Coal for allocation of coal blocks including coal block in lieu of de-allocated ones which could not be exploited due to difficult geo-mining to the company on priority basis. The Committee have been given to understand that 54 coal blocks have been identified by the Ministry of Coal for allocation and 4 blocks identified for allocation to Integrated Steel Companies (Government companies), the reply of the Ministry is silent on allocation of captive coal mining

to RINL including coal mines in place of de-allocation of coal blocks. The Committee reiterate their earlier recommendation and strongly urge the Ministry of Steel to pursue the matter more vigorously with the Ministry of Coal for allotment of coal mines to RINL through Government dispensation route.

11. Regarding allocation of iron ore mines, the Committee are pained to note that 29 applications of RINL for grant of prospecting license / mining are pending with various State Governments and till date no progress is discernible. The Committee hardly need to emphasis that the expansion plan of RINL is likely to be adversely affected due to non-availability of raw material in required quantity. The Committee, therefore, would like the Ministry of Steel to facilitate RINL in the allotment of captive mines for iron ore and coal by taking the matter at the highest level and if needed a meeting of Inter-Ministerial Group (IMG) may be convened to sort out this important issue. The Committee would like to be apprised in this regard.

REVIVAL/RESTRUCTURING OF HINDUSTAN STEELWORKS CONSTRUCTION LIMITED (HSCL)

Recommendation Serial No.16

12. The Committee had been informed that HSCL had been unable to achieve the results envisaged under the revival / restructuring packages approved by the Government in 1999 due to the mounting liability on Government of India loans and VRS expenditure charged on the account. Steep competition faced by the company resulting in declining margin had also affected its financial performance. The company had reportedly undertaken major construction works connected with setting up of steel plants such as at Bokaro, Vizag and Salem and modernization of steel plants at Bhilai, Durgapur and Burnpur(IISCO). Besides, the company diversified in infrastructure sectors like roads/highways, bridges, dams, underground communication and transport system and industrial and township complexes involving high degree of planning, coordination and modern sophisticated techniques. The Committee were, however, constrained to note that despite a number of construction activities the company had undertaken in the recent past its performance still reflects very poorly and has been incurring

financial losses. A restructuring proposal of the company was stated to be under consideration of the Government. The Committee had been informed that a cabinet note for restructuring of HSCL has been moved and the Ministry of Finance had also agreed to it but the final decision was still pending as Planning Commission opined that the company should be closed or merged with SAIL. The Committee would like the Government to approve the restructuring proposal of the company without any loss of time and implement it in the right perspective to derive maximum benefits unlike the last restructuring of the company. The Committee would also like the Ministry to consider the merge of the company with SAIL.

13. The Ministry of Steel in their action taken reply have informed the Committee as under:

"HINDUSTAN STEELWORKS CONSTRUCTION LIMITED (HSCL)

The performance of HSCL has improved over the years. The growth rates of the performance parameters had been much more than the overall growth rate of the country during the last several years. The market share of HSCL also had grown at a considerable rate. The MOU targets set during the 11th Plan period have also been exceeded. HSCL could not generate Net Profit due to interest on Government of India loan and VRS expenditure charged to accounts. The following statements will substantiate the increasing operational efficiency of the Company.

The growth rates from 2005-06 to 2011-12:
Turnover : CAGR 22.80%
Order Booking : CAGR 28.08%
Operational Profit : CAGR 15.50%
Income per employee : CAGR 51.00%

Performance during the 11th Plan compared to MOU targets:

Physical Performance **(Rs. in crore)**

Sl. No.	Physical Parameters	2007-08		2008-09		2009-10	
		Targets	Actual	Targets	Actual	Targets	Actual
1	Order Booking	600.00	940.00	600.00	871.00	650.00	1036.00

Sl. No.	Physical Para-meters	2010-11		2011-12		Target 11th Five Year Plan	Actual 11th Five Year Plan	% Achieve-ment (2007-08 to 2011-12)
1	Order Booking	Targets	Actual	Targets	Actual			
		960.00	1826.00	1800.00	1899.00	4610.00	6572.00	142.56%

Financial Performance

(Rs. in crore)

Sl. No.	Physical Parameters	2007-08		2008-09		2009-10	
		Targets	**Actual**	**Targets**	**Actual**	**Targets**	**Actual**
1	Income	475.00	526.18	554.00	721.26	650.00	800.00
2.	Gross Margin	42.00	40.21	43.00	64.63	45.00	69.09
3.	Profit/Loss before tax	(-)69.96	(-)26.72	(-)80.63	(-)6.88	(-)54.83	(-)54.59
4.	Profit/Loss after tax	(-)69.96	(-)26.72	(-)80.63	(-)6.88	(-)54.83	(-)54.59

Sl. No.	Physical Parameters	2010-11		2011-12		Target	Actual	% Achievement
		Targets	Actual	Targets	Actual			
1	Income	840.00	996.30	1200.00	1200.10	3719.00	4244.10	114.12%
2.	Gross Margin	54.00	71.21	80.00	73.53	264.00	318.67	120.71%
3.	Profit/Loss before tax	(-)49.30	(-)38.09	(-)26.00	(-)31.16	(-)280.72	(-)157.44	Loss reduced by 43.91%
4.	Profit/Loss after tax	(-)49.30	(-)38.09	(-)26.00	(-)31.16	(-)281.48	(-)163.57	Loss reduced by 43.91%

A restructuring proposal of the company is under active consideration of the Government. On the advice of Prime Minister's Office the matter regarding restructuring of HSCL was taken to the Committee of Secretaries (COS), which held a meeting under the Chairmanship of Cabinet Secretary on 19.10.2011. After recommendation by the Committee of Secretaries, a revised note for Cabinet Committee on Economic Affairs (CCEA) for restructuring/revival of HSCL was circulated. During the inter-ministerial consultation, the Planning Commission raised certain objections. The revised proposal in this regard was once again sent to Cabinet Secretariat for placing the same before Committee of Secretaries (COS) to take a final view in the matter. The meeting of CoS is scheduled to be held on 1.8.2012.

Ministry has consulted SAIL regarding merger of the company with it. SAIL has refused to take over HSCL due to the following reasons:

i) There is no synergy between HSCL and SAIL
ii) SAIL is a listed company and taking over HSCL will have an adverse effect on its market capitalization and forthcoming FPO."

14. The Committee though are happy note that HSCL has managed to reduce its losses during last few years, the company could not generate net profit due to interest on Government of India loans and VRS expenditure charged to accounts. The Committee are, however, dismayed to note that the reply of the Government is silent on the revised restructuring proposal that was sent to Cabinet Secretariat for placing the same before Committee of Secretaries (COS) to take a final view in the matter at a meeting scheduled to be held on 01.08.2012. The Committee cannot but deplore this casual approach of the Ministry in furnishing action taken replies to a Parliamentary Committee as these replies were furnished to them by the Ministry of Steel O.M. no. dated 26.09.2012 and the meeting of the CoS was held on 01.08.2012. While lamenting such lapse on the part of the Ministry, the Committee would like to be immediately apprised of the outcome of that meeting and further efforts taken by the Ministry for revival and restructuring of HSCL to its logical conclusion.

<u>Issues relating to Steel Sector</u>

Recommendation Serial No.17

15. The Committee had been given to understand that the steel production in the country during 2011-12 by steel PSUs as well as private sector majors had been much below the target fixed. The Committee are, however, concerned to note that steel producers could not add the targeted capacity announced during the last decade due to non-acquisition of land by them in States of Jharkhand, Orissa and Chhattisgarh. The projects with an additional capacity of about 59.5 million tonnes had been delayed nearly by six years and were now as per revised targets are likely to be commissioned by 2016-17. As one of the major functions of the Ministry of Steel was planning, development and facilitation for setting up of iron and steel production facilities, the Committee recommended the Ministry to act as facilitator in resolving the land acquisition issue with the concerned State Government so that these major Greenfield steel projects being set up by PSUs and the private sectors are completed at the earliest.

16. The Ministry of Steel in their action taken reply have informed the Committee as under:

> "An Inter Ministerial Group (IMG) under the Chairmanship of Secretary (Steel) has been constituted on 19/7/2007 in the Ministry of Steel for monitoring and coordinating on the issues concerning major steel investments. The IMG consists of Members from Ministries of Mines, Coal, Environment & Forests, Railways, Road & Highways, Shipping and DIPP etc. and concerned State Governments. All major private steel companies are also invited for IMG meeting. The IMG meets at regular intervals and allows a platform for major private stake holders to place their issues relating to mining including land acquisition, etc. The Ministry is, therefore, acting as a facilitator to resolve various issues relating to setting up of iron and steel production with the concerned State Governments so that all major Greenfield steel projects being set up by PSUs and other private sectors are completed on time."

17. Expressing their concern over the fact that steel production in the country during 2011-12 by the steel PSUs and private sector majors has been below the target, the Committee had found that major reason for the same was non acquisition of land by the stakeholders in many States and therefore recommended that the Ministry to act as facilitator to resolve various issues concerning steel sector. The Committee have been informed by the Ministry that though an Inter Ministerial Group (IMG) under Chairmanship of Secretary (Steel) was constituted on 19.07.2007 for monitoring and coordinating on issues concerning major steel investments with Members from Ministries of Mines, Coal, Environment and Forests, Railways, Road & Highways, Shipping, Department of Industrial Policy and Promotion (DIPP) and concerned State Governments and despite the fact that IMG meetings are held at regular intervals, there seems to be no visible progress with regard to acquisition of land required for setting up various Green Field Steel Projects in different States as is evident from the reply of the Ministry. The Committee thus observe that although IMG provide a platform to all major players of the steel sector and other concerned departments to place and address their issues and get them resolved under one roof,

the constitution of IMG has become a mere formality as it has utterly failed in the timely development of iron and steel plants. The Committee would like to know the frequency of the meetings of IMG and also desire the Government to immediately address the core issues identified that hamper the timely setting up of steel plants and ensure implementation of capacity addition of steel in the country both by public and private sector companies.

INTERNATIONAL COAL VENTURES LTD. (ICVL)

Recommendation Serial No.20

18. The Committee noted that a joint venture of SAIL, CIL, RINL, NMDC and NTPC was incorporated on 20.5.2009 to acquire raw material assets of Rs. 1500 crore in countries such as Australia, Canada, Indonesia, Mozambique and USA. The Committee noted that though the ICVL had been operational since 2009, it had not got concrete proposals in any country except for Indonesia and that too on Government to Government allocation basis. This venture had not been successful in commercial bids so far. The Committee had been informed that no deal could be finalised till now due to the volatility in the prices of coal in the international market. The Committee further noted that the coal produced through the assets acquired abroad would first feed the requirement of local steel plant/industry and the surplus coal if any, would only be brought and distributed amongst promoters companies. Regarding return on investment accrued on the joint venture, the Committee did not get satisfactory reply from the Government. The Committee were, however, informed that in the next three or four months at least one transaction would take place through ICVL. The Committee hoped that in view of the stabilization of international coal prices, joint venture would gain some ground in the international territory. In the meantime, the Committee desired that the promoter companies should also target other coal producing countries so that the venture could gain some success in commercial bids.

19. The Ministry of Steel in their action taken reply have informed the Committee as under:

> "ICVL has participated in a number of bidding as well as non-bidding processes for acquisition of coal mines in target overseas countries. However a firm acquisition is yet to materialize. ICVL is currently examining a few proposals in Australia, Mozambique & USA for their suitability."

20. During examination of Demands for Grants(2012-13) while replying on details of investments made and targets achieved by the

International Coal Ventures Ltd. (ICVL), a joint venture of SAIL, CIL, RINL, NMDC and NTPC that has been actively scouting for coal properties in target countries such as Australia, Canada, Indonesia, Mozambique and USA, the Ministry of Steel had then informed the Committee that a Memorandum of Understanding between ICVL and Government of Central Kalimantan of the Republic of Indonesia was signed on 25th January, 2011. The Committee were further informed that this MoU envisages taking up a joint feasibility study for setting up of mineral processing facility/steel plant of suitable capacity and direct allocation of mineral resources for domestic consumption in the proposed mineral processing facility, for exports to India for use in steel plant system of its promoter companies. The Committee were also informed that in the next three to four months at least one transaction would happen through ICVL. The Committee are, however, surprised to note that in their action taken reply, the Ministry of Steel have stated that though ICVL has participated in a number of bidding and non-bidding processes for acquisition of coal mines in target overseas countries, a firm acquisition is yet to materialize. It has been further stated that ICVL is currently examining a few proposals in Australia, Mozambique and USA. Since the reply of the Ministry is silent about the progress of the MOU signed between ICVL and Government of Central Kalimantan of Republic of Indonesia, the Committee would like to be apprised of the present status in the matter as a substantial progress should have been made in the matter as nearly 20 months have passed since the signing of this MOU. At the same time, the Committee desire ICVL to continue scouting for properties in target countries so that to justify its presence in the international arena.

CHAPTER –II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation Serial No.1

Utilization of approved outlay for XIth Plan

The Committee note that the Planning Commission had approved a total outlay of Rs. 45607.08 crore (Internal & Extra Budgetary Resources (IEBR)-Rs. 45390.08 crore and Gross Budgetary Support Rs. 217.00 crore) for the XIth Five Year Plan. Subsequently the IEBR component for each of the year had been projected by the PSUs and approved by the Planning Commission. The total outlay for the Plan Period (2007-12) thus amounted to Rs. 67805.89 crore. On scrutiny, the Committee find that out of the total approved outlay of Rs. 67805.89 crore, only Rs. 50258.38 has been utilized upto Dec. 2011, which comes out to only 74% of the approved outlays. The utilization of funds by PSUs like Metal Scrap Trading Corporation (MSTC) (45%), National Mineral Development Corporation (NMDC) (45%), Kudremukh Iron Ore Company Ltd. (KIOCL) (27%), Manganese Ore (India) Ltd. (MOIL) (45%) were much below 50%. Further, the R&D expenditure during the Plan Period was also dismally low at 34%. Moreover, several schemes/projects which were to be completed during the XIth Plan have spilled over to the XIIth Plan. All these show that the record of utilisation of funds during the XIth Five Year Plan had been totally dismal which is a matter of serious concern to the Committee. The Committee, therefore, desire that the Ministry of Steel should introspect and improve their systems so as to ensure utilization of Rs. 91526.64 crore projected for the entire XIIth Plan Period with an effective monitoring mechanism to check the progress of projects and expenditure incurred thereon. The Committee also desire that the Ministry should make serious efforts for utilization of the funds from the beginning of the next financial year itself and judiciously utilize the amount approved to avoid underutilization of funds at the end of the year.

Action Taken

In order to review the progress more effectively and to keep a watch on utilization of I&EBR outlay by PSUs, quarterly review meetings are held on regular basis. In the last meeting held on 4th September, 2012, the PSUs were asked to draw up realistic projections for various schemes, and the same should be finalized keeping in view the capacity to utilize the funds during the year. The PSUs were also asked to step up expenditure and to achieve targets set for development plan.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

Research & Development

Recommendation Serial No.2

The Committee find that the Research and Development in the iron and steel sector in the country is carried out mainly by the iron and steel plants, National Research Laboratories and Academic Institutions. The Committee, however, note with dismay that although the Working Group on Steel Industry for XIth Plan recommended a new scheme with an outlay of Rs. 118 crore for 'Promotion of R&D in Iron and Steel Sector', the actual utilization was Rs. 40.70 crore only (till Dec. 2011). Also the R&D expenditure for 2011-12 has been abysmally low at Rs. 9.63 crore as against an allocation of Rs. 39 crore (BE) and RE of Rs. 29 crore. The reasons attributed by the Ministry for low utilization of funds on R&D activities during 2011-12 such as delay by Steel Authority of India Ltd. (SAIL) in making their contribution of 50% amount in the Capital head, non-acceptance of Intellectual Property Rights (IPR) condition by TATA Steel Ltd., procedural delays in the Institute of Mineral and Materials Technology (IMMT), Bhubaneswar in procurement of equipment under the scheme are hardly convincing and the poor performance is nothing but a sad commentary on the part of the Ministry for neglecting R&D activities. Since the objective of the scheme is to promote and accelerate R&D activities in the development of innovative/path breaking technologies utilizing Indian iron, ore fines and non-coking coal, improvement of quality of steel produced through induction of furnace route and beneficiation of raw material like iron, ore, coal etc. and agglomeration, the Committee feel that there is an urgent need to pay the required attention for R&D activities for this important infrastructure sector. From the reasons stated by the Ministry for underutilization of funds it is evident that the Ministry/SAIL have not made sincere efforts to accelerate the pace of R&D activities. The Committee, therefore, strongly recommend that the Government should take necessary steps so that the pace of R&D activities get momentum. The Committee expect that the allocated funds of Rs. 44 crore for the scheme during 2012-13 will be fully utilized.

Action Taken

Ministry of Steel (MoS) has been taking necessary steps to step up R&D activities and investment thereof in iron & steel sector. Towards this objective, MoS has also published ‘A Roadmap for Research & Development and Technology’ for Indian Iron & Steel Industry with an aim to sensitize the Indian steel industry to improve its technological face through R&D and technology intervention. Further, the report of the Working Group on Steel Industry for the 12th Five Year Plan (2012-2017) has called for aggressive R&D initiatives in steel sector.

The allocated fund for disbursement in the year 2012-13 is Rs. 44 crore of which earmarked fund for April-May 2012 was Rs. 7.33 crore. MoS is taking necessary steps to distribute the allocated fund during the year. During April-

May 2012, Ministry of Steel has released Rs. 7.33 crore thereby achieving 100% target. Further, the MoS is planning to release the balance fund in due course of time.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

Recommendation Serial No.3

The Committee are dismayed to note the low investment in R&D by the Steel PSUs and it varied in the range of 0.15 to 0.25% of the sales turnover as against investment of 1-2% by steel plants in advanced countries. The Committee are concerned to note that though the Department of Public Enterprises (DPE) has issued guidelines for R&D activities by PSUs stipulating that the Maharatna or Navratna Central Public Sector Enterprises (CPSE) should spend 1% of Profit after Tax on R&D expenditure, SAIL, one of the biggest in-house research and development centers in Asia, expended only 0.24% and 0.28% of the total turnover during 2009-10 and 2010-11 respectively. Similarly, R&D expenditure for Rashtriya Ispat Nigam Ltd. (RINL) and National Mineral Development Corporation (NMDC) was as low as 0.115% and 0.11% respectively. Taking note of the recommendations of the Working Group on Steel Industry for the XIIth Five Year Plan that the steel companies must increase their R&D investment and achieve the target of 1% of turnover by the terminal year 2016-17, the Committee recommend that the Ministry should issue necessary directions to the steel PSUs as well as private sector companies to chalk out a strategy for taking up more and more R&D activities by spending at least 1% of their sales turnover.

Action Taken

1. Department of Public Enterprises (DPE) has prescribed guidelines for Central Public Sector Enterprises (CPSE). As per this, minimum 1% of PAT should be spent on R&D by Maharatna & Navaratna category of CPSE and 0.5% of PAT in case of Miniratna – I & II and below.

2. As against the above, R&D expenditure in steel CPSEs as percentage of PAT in last two years is already more than 2% as shown below:

Sl No	Name of the company	2010-11	2011-12
1.	Steel Authority of India (SAIL)	2.69%	2.18%
2.	Rastriya Ispat Nigam Limited (RINL)	3.80%	2.71%

3. However, the said DPE Guidelines also prescribe that CPSEs should make an attempt to benchmark R&D spending with internationally prevalent best practices in the sector. In so far as, steel industry is concerned the best benchmark is around 2% of turnover and majority of renowned companies have R&D spending in the range of 1-2% of sales turnover. Keeping these in the prospective, MoS in its 'Roadmap for Research & Development and

Technology' for Indian Iron & Steel Industry and in the Report of the Working Group on Steel Industry for the 12th Five Year Plan, has recommended that the R&D expenditure in steel sector must be enhanced to a minimum of 1% of their sales turnover by the terminal year of 12th Five Year Plan (2016-17), which may be increased to about 2% by 2020.

4. MoS has also taken a note of the concern and directives of the Parliamentary Standing Committee and is separately issuing directives to all steel companies in the public sector to chalk out strategies for taking up more R&D activities by spending at least 1% of their sales turnover.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

Steel Authority of India Limited (SAIL)

Recommendation Serial No.4

The Committee find that the plan outlay of SAIL for 2011-12 was revised downward from Rs. 14337 crore at BE stage to Rs. 12630 crore at RE stage and the actual utilisation of outlays (upto Dec. 2011) was Rs.7315.00 crore which accounts for only 51.02%. The Committee are doubtful whether the remaining outlay would be utilized during the last quarter of the financial year. The financial requirement of SAIL for the year 2012-13 has been pegged at Rs.14500 crore. Further, the Profit after Tax have also come down from Rs. 6754 crore in 2009-10 to Rs. 1966 crore during 2011-12. The physical performance of the company in the production of hot metal, crude steel, saleable steel and pig iron during 2011-12 has been nearly 70% as against more than 100% during the preceding year. The reasons attributed by the Ministry for decline in profit by the company are lower production and sales volume of saleable steel, adverse impact of input prices consisting of imported coal, indigenous coal, BF coke, dolomite, alloys, boiler coal, purchased power and increase in royalty on iron ore, etc. Taking note of the declining trend of profits earned by SAIL, the Committee desire the Ministry/SAIL to take necessary remedial measures to increase the production and enter long term agreement for imported coal which among other factors like increase in input price of indigenous coal, BF coke, dolomite, alloys etc. have an adverse impact on the profitability of the Company. The Committee expect SAIL to plan its schemes and execute them meticulously so as to enable it to achieve the physical and financial targets with the enhanced allocation of funds.

Action Taken

1. The planned outlay (BE) for the year 2011-12 was prepared during August-September'10 and was kept at Rs. 14337 crore based on the envisaged progress of capital projects and payments to be incurred in line with contractual milestones. The budgeted outlay was revised to Rs. 12630 Cr. (RE of 2011-12) during review of annual plan in August-September'11

based on actual progress at that time and envisaged progress for balance period of 2011-12. The actual expenditure incurred during 2011-12 was Rs. 11021 crore.

For the current year 2012-13, the budget outlay (BE) was kept at Rs. 14500 Cr. which shall be reviewed while preparing Revised Outlay (RE).

To utilize the projected outlays for the annual plan 2012-13, continuous monitoring of financial progress is being done at Plant and corporate level through preparation of quarterly and monthly plans vis-à-vis actual performance. The physical and financial progress of major projects is reviewed at SAIL Board Sub-committee and Board level periodically. Further, quarterly review meeting for actual performance against projected outcomes is also taken by Ministry of Steel.

2. Profit after tax of Rs. 1966 crore as mentioned in this para pertains to April-Dec'12 (9M 11-12) whereas profit after tax for FY 11-12 was Rs.3543 crore. Profit after tax during FY 11-12 decreased by Rs.1362 crore as compared to profit after tax of Rs. 4905 core during FY 10-11.

In 2011-12, compared to previous year, the profitability declined mainly due to adverse impact of input prices consisting of imported coal, indigenous coal, external BF coke, limestone, dolomite, ferro-silicon, silico-manganese, copper aluminium, furnace oil, LPG, boiler coal, purchased power, steam, etc.; increase in royalty on minerals, salaries & wages, stores & spares, repairs & maintenance, adverse foreign exchange variation, higher interest & depreciation, lower production & sales volume of saleable steel. However, the adverse impact on profitability was partially offset by increase in net sales realization of saleable steel, increase in interest income, increase in valued added steel production and reversal of Entry Tax liability.

Lower production of crude steel during 2011-12 was mainly due to repairs of blast furnace/coke over batteries at BSP and frequent power disruption at BSL.

3. During the year 2011-12, production of hot metal was at 14.1 MT (98% of the plan), crude steel at 13.4 MT (97% of the plan) and saleable steel at 12.4 MT which was 98% of the plan.

SAIL during 2012-13 has planned to produce 12.75 MT of Saleable Steel, with 3% growth, 13.6 MT of Crude Steel, with 2% growth and 14.5 MT of Hot Metal, with 3% growth over 2011-12.

For achieving the plan for 2012-13, some of the measures planned are:

- Increasing production of crude steel through energy efficient concast route,
- Systematic repairs of coke oven batteries,

- Adherence to capital repair and preventive maintenance schedules to maintain equipment health.

With a view to increase crude steel production capacity from 12.8 MTPA to 21.4 MTPA alongwith improvements in productivity, quality and reduction in energy consumption, SAIL has undertaken modernisation and expansion of its steel plants.

As regards, sourcing of imported coking coal for SAIL plants, approximately 95% of total annual requirement is being procured through long term agreements as per SAIL policy for import of coal and coke.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

Recommendation Serial No.5

The Committee note that SAIL is currently implementing Modernisation and Expansion Plan of its five Integrated Steel Plants at Bhilai, Bokaro, Rourkela, Durgapur & Burnpur and Special Steel Plant at Salem to increase steel production capacity of crude steel from 12.84 million tonnes per annum to 21.4 million tonnes per annum in the current phase. The expansion of Salem Steel Plant (SSP) was reported to be completed in September, 2010 and facilities are in operation, out of an outlay of Rs. 75 crore during 2012-13, Rs. 67 crore is for expansion of SSP. Out of the plan outlays of Rs. 14500 crore for SAIL during 2012-13, Rs. 12942 crore has been provided for various modernisation and expansion plans of Bokaro Steel Plant (BSL) Rourkela Steel Plant (RSP) Bhilai Steel Plant (BSP) and Durgapur Steel Plant, IISCO Steel Plant, Burnpur. The Committee have been given to understand that energy inefficient processes like open hearth and ingot route of production of steel should be eliminated once the expansion programme is completed. The Committee have been informed that there have been financial fluctuations due to which there was some time and cost overruns in some of the modernisation and expansion schemes of SAIL.

Since Modernization and Expansion Programme of different plants of SAIL viz. Bokaro Steel Plant (BSL) Rourkela Steel Plant (RSP) Bhilai Steel Plant (BSP) and Durgapur Steel Plant, IISCO Steel Plant, Burnpur has been slowed down, the general perception is that the company will be in losses. The Committee feel that in order to maintain the market leadership position and to enhance its competitiveness, it is important that the capabilities of the company are to be constantly upgraded by carrying out major capital repairs/revamp of equipment for attaining high production level and productivity of plant. Therefore, it becomes imperative for the SAIL management to remove all the bottlenecks/hurdles in completing the expansion programme with full zeal. The Committee desire that sincere and concerted efforts should be made to complete this phase of modernization and expansion by the end of this financial year.

Action Taken

Orders worth Rs. 56,797 Cr have already been placed. The Modernization and Expansion Plan of SAIL is being implemented with full force and the cumulative expenditure incurred so far is Rs. 36,252 Cr.

Expansion of Salem Steel Plant has been completed in Sep'10. In ISP, RSP & BSL also, completion of the facilities has already commenced which include Raw Material Handling Plant, Sinter Plant, Coke Oven battery & Blast Furnace at ISP; Ore Bedding & Blending Plant, Sinter Plant at RSP; new CRM at BSL. Apart from these, various linked facilities which have been completed include, 700 tpd Oxygen Plant & Simultaneous Blowing of Converters in SMS-II of RSP; Up-gradation of BF-2, 2nd Ladle Furnace in SMS-II, Rebuilding of COB-1 & 2, Turbo Blower-8, CDI in BF-2 & 3 and Upgradation of BF-5 stoves at BSL; Up-gradation of Plate Mill, Compressed Air Station-4, Rebuilding of Coke Oven Battery-6, 700tpd ASU-4 in Oxygen Plant-II and Lime dosing system at Sinter plant-2 at BSP; Rebuilding of Coke Oven Battery-10 at ISP.

Any bottlenecks/hurdles being faced during the course of implementation of the Modernization & Expansion Plan is being handled by SAIL management through their own efforts and also brought to notice of Ministry of Steel for taking corrective actions. Recently, with the efforts of ISP/SAIL Management and through correspondence of Ministry of Steel with Government of West Bengal, the issue of shifting of diety 'Jhoraburi' to an already developed alternate site outside the plant was resolved.

SAIL is putting in all efforts to complete current phase of Modernization & Expansion plan by 2013.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

<u>Rashtriya Ispat Nigam Limited (RINL)</u>

Recommendation Serial No.7

The Committee note that the plan outlays of RINL during 2009-10, 2010-11 and 2011-12 were Rs.2437.00 crore, Rs.4049.00 crore and Rs.3046.00 respectively and the actual expenditure during these three years has been Rs.2278.20 crore, Rs.2901.99 crore and Rs.1248.00(upto Dec. 2011) respectively. While the percentage of expenditure during 2009-10 had been 93.40%, the same was 71.67% and 41% during 2010-11 and 2011-12(upto Dec. 2011). Now an outlay of Rs.1942.00 crore has been provided for 2012-13. The Committee observe that physical performance of RINL for production of Hot Metal during 2011-12 has been revised to 3900000 tonnes from the target of 4350000 tonnes. Further, the targets of 4185000 tonnes set for 2012-13 have been set much below than what were projected for 2011-12. Similarly, low production targets have been fixed for crude steel and saleable steel during 2012-13. As regards the financial performance of RINL, the Committee find that though the Profit after Tax has declined from Rs. 1335.57 crore in 2008-09 to Rs. 658.49 crore during 2010-11, the projected profit after tax during 2011-12 has been revised from Rs. 89.88 crore to Rs. 374.01 crore. To the dismay of the Committee, the Company has projected a loss of Rs. 302.86 crore during 2012-13. The Committee have been given to understand that though the financial performance during the current year is better than budgeted, there will be shortfall in production due to non commencement of expansion units as envisaged in the Budget estimates. As majority of the expansion units are scheduled to be commissioned during the year 2012-13, this would have the impact of higher depreciation cost apart from generation of large quantities of semi finished products due to required stabilization time thereby affecting the overall profitability of the year. High cost of key raw materials such as Coal and Iron Ore and depreciation of rupee against US dollar will also affect the profitability of the Company. In the opinion of the Committee, there is an imperative need for the Ministry of Steel to take in close view of the functioning of RINL so that the PSU regain its profit earning trend. Further, keeping in view the low production achievement during 2011-12 and low projections for the year 2012-13, the Committee urge the Ministry/RINL to take necessary steps to increase the supply of raw material i.e. iron ore and coking coal which otherwise had severely affected the profitability of the company in the past.

Action Taken

Financial performance of RINL:

Financial performance of RINL though went down in previous years, it has now gone up by 14% during 2011-12 with a Profit After Tax of Rs.751.46 Cr. Highest ever turnover of Rs.14,462 Cr was achieved during 2011-12, registering a growth of 26%.

Capital Expenditure:

The actual expenditure in 2011-12 has improved from the earlier reported levels, to a level of Rs. 1896.45 Cr by the end of the year. With this, the cumulative expenditure for 11th plan ended at Rs. 11,272 Cr, representing a fulfillment of 118% against the target of Rs. 9,569 Cr.

Target for 2012-13:

Ministry of Steel has further reviewed the target for RINL and a more challenging target of Rs. 309.61 Cr has been set as PAT for 2012-13, against the earlier indicated loss of Rs. 302.86 Cr, which is an improvement in the target by Rs.612.47 Cr.

Production of Hot Metal and other items has been kept low due to planned major repair & up gradation of one the Blast Furnaces in the last quarter, due to aging of the plant.

Raw Material:

- Government of Rajasthan has recommended for allotment of mining lease of Iron Ore in an area of about 1,000 Hectares in Bhilwara district to RINL. Under consideration of Ministry of Mines.

- Government of Andhra Pradesh is also actively considering for allotment of Iron ore mines Bayyaram, Khammam district.

- Meeting was held with Chief Secretary, Government of Odisha by Ministry of Steel, to expedite allotment of Iron Ore mines to RINL.

- Ministry of Coal has identified four coking coal blocks for allotment to steel PSUs.

- Additionally, RINL has applied for Iron Ore Mines in the states of Jharkhand, Uttar Pradesh, Karnataka & Chattisgarh and the applications are pending.

- Ministry of Steel is pursuing all the above for early allotment of adequate deposits of Iron Ore & Coal.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

Recommendation Serial No.8

The Committee note that RINL has completed the first phase of expansion to raise liquid steel capacity to 6.3 million tonne per annum and is focusing on long products category which is required for infrastructure growth of the country. Further, Modernisation and upgradation of existing Blast Furnaces, Steel Melt Shop and others along with addition of one Converter and one Caster have also been taken up with which the capacity will go up to 7.3 million tonnes of liquid steel by 2013-14. The Committee are however, concerned to note that as against BE of Rs. 3046 crore during 2011-12, the actual utilisation was Rs. 1896.47 crore only. Although, the Ministry have informed that the Committee that the low utilization of funds is due to the fact that payment to certain agencies was not released as they had to complete balance finishing work, the Committee find that the IEBR for 2012-13 has been further reduced to Rs. 1942.00 crore which is mainly due to reduction of expenditure in the current 2nd phase of expansion. The Committee have also been informed that to remove the bottlenecks experienced in the first phase of modernization and expansion, a task force has been constituted. While recommending that RINL should function at the rated capacity after expansion programme of the first phase, the Committee desire that the Ministry/RINL should take up the next expansion programme by making the task force effective to give the desired results. The Committee would like RINL to remove all the bottlenecks that were noticed during the implementation of 1st Phase Expansion Programme, while implementing the 2nd Phase Expansion Programme.

Action Taken

For the year 2012-13, IEBR is fixed at Rs. 1942 Cr. mainly due to tapering of number of projects during this period. It is to be mentioned that the expenditure goes up particularly when supplies are at peak and since that is not the stage during 2012-13, the total expenditure during the year is planned to be lower.

Next phase of expansion:

RINL has already appointed Consultant for preparation of Feasibility Report for the next phase of expansion to 11.5 / 12 Million Tonne Per Annum of liquid steel. The proposal has already been deliberated and being firmed up. Board has also preliminarily looked into and the same is being further examined, which will take some more time considering the mega investment. However, Board has approved capital investment of about Rs. 6343 Cr recently for installation of Seamless Steel Tube Mill, New Coke Oven Battery along with By Products, additional Converter & Caster along with several other auxiliary units.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

Recommendation Serial No.10

The Committee are not happy to observe that about 7 schemes of RINL viz. Coke Oven Battery IV – Phase-II, Expansion 6.3 MTPA, Pulverized Coal Injection, Facilities for Iron Ore Storage, 330 TPH (6th) Boiler with Auxiliaries, 67.5MW TG-5 Power Evacuation systems and 20.6MW Waste Heat Recovery Project on Straight line cooler of Sinter Machines 1 & 2 (above Rs. 100 crore) are running behind the schedule. The Committee note that the original schedule for completion of the two schemes, namely, Pulverized Coal Injection and Facilities of iron ore stage which were due for completion in October, 2007 and October, 2009 respectively are yet to be completed. As the delay in completion of projects has direct bearing on underutilization of funds and idling of manpower resulting in time and cost overruns, the Committee feel that proper planning and groundwork should be done in advance before commencing any project/schemes. The Committee, therefore, recommend that the work on the ongoing projects should be accelerated and completed at the earliest without further delay. The Committee would like to be apprised of the steps taken to ensure timely completion of these projects.

Action Taken

Major projects mentioned i.e. Coke Oven Battery-4 Phase-II (mainly Benzol Plant) and Wire Rod Mill under expansion are being executed by M/s MECON. 330 TPH Boiler-6 & 67.5 MW TG-5 are being executed by M/s BHEL. Pulverized Coal Injection for BF-1 & 2 is being installed by a Chinese Firm along with M/s Simplex. All these projects are being pursued vigorously by providing all possible support. Heat Recovery Project on straight line cooler of Sinter machine 1 & 2 also got delayed because of poor performance of one of the contractors of civil work. Part of the job from failing contractor has been taken out and new agency deployed as a corrective action. Though these projects are delayed, efforts are being made to commission progressively by end of December'12.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

National Mineral Development Corporation (NMDC)

Recommendation Serial No.11

The Committee are constrained to note that out of the total outlay of Rs. 7147.00 crore earmarked for NMDC during XIth Five Year Plan, it could utilize only Rs. 2375.33 crore till December, 2011, which is just 33% of the total funds. Similarly, a sum of Rs. 3309 crore was earmarked for NMDC at BE (2011-12) stage which was substantially reduced by 40% to Rs. 2020 crore at RE (2011-12) stage. Yet again, the actual utilization of funds during 2011-12 was only Rs. 1533 crore which is only 46% of BE and 75% of RE. For implementing its various schemes/projects an outlay of Rs.4655.00 crore has been earmarked during the year 2012-13. The reasons for less utilization furnished by NMDC mainly relate to non-receipt of environmental clearance for the scheme, Third Screening Plant & Augmentation of Loading facilities at Kirandul wherein a sum of Rs. 25 crore earmarked at BE was reduced to only 1 crore at RE stage. Also there was 50% reduction at RE for Bailadila Depost-11B scheme from Rs. 100 crore at BE to Rs. 50 crore at RE. The reduction has been attributed to work being affected due to Maoist activities. Reasons have not been furnished for reducing outlay of Arki Lime Store Project from Rs. 2 crore to 0.50 crore and Kumaraswamy iron ore project from Rs. 80 crore to Rs. 60 crore of which only Rs. 46.60 crore were actually spent. The BE outlay for 3 MTPA steel plant in Chhattisgarh was reduced from Rs. 2615 crore to Rs. 1352 crore, out of which actual expenditure was only to the tune of Rs. 81.60 crore. The reason for delay was attributed to awaiting second stage forest land clearance and that the land acquired in August, 2010 could not be taken in possession as most land was under cultivation and NMDC had to wait until the standing crop was cut & harvested which in turn delayed soil testing and other requisite parameters. The Committee are not convinced with the reasons advanced by the Ministry as all these factors were supposed to have been taken into consideration before approving the outlay. The Committee had similarly recommended in their 18th Report on Demands for Grants (2010-11) that NMDC have been preparing unrealistic estimates. No provision for BHJ Beneficiation Plant and slurry pipeline was made in BE. At RE a sum of Rs. 9 crore was sanctioned for the two schemes, but there was no expenditure in both the schemes till the end of the year. Now again, a substantial outlay of Rs. 4655 crore has been earmarked for BE (2012-13) of which majority of the funds are to be spent for Business Development (Rs. 1200 crore), Kumaraswamy Iron Ore Project and Pelletisation Plant at Donimalai (Rs. 200 crore each) BHJ Beneficiation Plant for which RE (2011-12) of Rs. 4 crore has been increased to Rs. 100 crore in BE (2012-13) and outlay of Rs. 50 crore have been earmarked in BE (2012-13) for Third Screening Plant & Augmentation of loading facilities at Kirandul as against RE (2011-12) of Rs. 1 crore. The Committee feel that NMDC ought to do sufficient groundwork before finalizing the outlays. The Committee would like NMDC to prepare an action plan for addressing the constraints impeding the progress of the ongoing schemes. The Committee strongly recommend that the progress of projects should be closely monitored and execution of work initiated during the first quarter itself and the project-wise progress be maintained by NMDC to enable it to assess the progress of the projects so that judicious and prudent outlay of funds could be projected. The Committee strongly believe that setting up of 3 MTPA Steel projects in Chhattisgarh is a right step for the diversification of the company's activity and therefore, would like the Ministry/NMDC to commission the project as per schedule by taking timely corrective measures.

Action Taken

3.0 MTPA Steel Plant:

The outlay BE 2011-12 for the 3 MTPA Integrated Steel Plant was Rs.2615 Cr. This was planned considering that all the eight Major Technological packages for the Steel Plant will be ordered by end of 2011 and expenditures towards payment for the milestone and progressive bills for these packages have been taken into consideration for the BE 2011-12. But due to delay in physical possession of acquired land by January/February 2011 and final stage forest clearance obtained in August 2011 to start the works, the outlay was revised in RE 2011-12 to 1352 Cr. Further, as ordering of four of the technological packages could not be finalized in 2011-12, the actual expenditure incurred was Rs. 828.63 Cr. Till mid July, 2012, three of the balance Major Technological packages viz. Steel Melting Shop (SMS), Oxygen plant and Thin Slab Caster and Hot strip mill packages have been ordered. The remaining package i.e. Lime & Dolomite plant package is in final stages of order placement. Some of the important auxiliary packages, which are tendered out, will also be ordered in 2012-13. Effective monitoring is being done by the company to ensure utilization of the funds allocated to the steel plant in BE 2012-13.

Other Major Mining Projects:

The total estimated BE for 2011-12 for the Projects of Deposit 11B Kirandul, KIOM, Pellet Plant Donimalai, SP-III Kirandul and Panthal Magnesite was Rs. 320 Crs. This was projected in July 2010.

However on account of various problems like increasing Maoist disturbances for 11B, delay in clearances from Ministry of Environment & Forest (MoEF) , tree cutting permission, delays in clearing litigations with respect to pellet plant land, the revised budget outlay (RBE) for 2011-12 was projected at Rs. 156 Crore against which actual expenditure was Rs. 181.58 Crores.

Budget Estimates for Capital outlay on the above projects for the year 2012-13 is Rs. 540 crores, which was prepared in July 2011. Action has been initiated by the company for ensuring progress of the projects and the expenditure from the first quarter of 2012-13. In this direction, the following systems are in place in the company apart from the monitoring being done by the Engineering Procurement & Consultation Management (EPCM) consultant:

- Daily reporting and follow up by site office and by the Project co-ordination team at Head office of NMDC.
- Weekly review by Director / periodic video conferences.
- Progress review meetings with suppliers, contractors and consultants and video conferences with site officials.
- Month wise/Quarter wise expenditures were also monitored for effective utilisation of funds allocated.
- Quarterly progress review of ongoing projects by Sub-Committee of the Board of Directors.
- Review of sub-committee recommendations by the Board of Directors.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

Recommendation Serial No.12

The Committee note that Jammu & Kashmir Mineral Development(J&K MDC) Corporation is a subsidiary company of NMDC and was set up in 1989 having its regional and corporate office at Jammu. The staff strength of the Corporation as on 31.03.2012 is 4. The Committee have been informed that currently J&K MDC has one project in hand wherein a 30000 tonne per annum (TPA) Dead Burnt Magnesite Plant is to be developed at Panthal Magnesite Project in Jammu. To Committee fail to understand how the Corporation plan to propose to complete various works undertaken by it with a limited staff of 4 officials. The Committee feel that implementation of the project will be adversely affected with limited staff strength. The Committee have also been informed that a PIL has been filed against environmental clearance of this project and the Hon'ble High Court has ordered to maintain status quo. The Committee have also been assured that on completion of the project, it is expected that the company will be financially viable. The Committee are surprised to note that no physical & financial targets were set for the company during the last 3 years. The Committee wonder how it is possible for a company incepted in 1989 has not been able to fix physical and financial target which is the basis for any ground work undertaken by CPSE.

The Committee desire NMDC/Ministry to look into the matter and take necessary remedial action accordingly. The Committee strongly recommend that Ministry/NMDC should ensure provision of adequate staff strength to the corporation so that it is in a position to take up, manage & handle other projects besides the one in hand. The Committee also desire that in order to make the corporation financially viable, a team may be constituted to look after the various activities of the corporation so as to bring additional projects and also to rope in potential partners.

Action Taken

The suggestions of the Committee has been noted by the NMDC Ltd. However, as regards JKMDC, the following activities have been done for setting up a 30,000 TPA (Tons per annum) Dead Burnt Magnesite project at Panthal, District Reasi, J&K.

- Engineering Procurement & Consultant Management (EPCM) Consultant was appointed in April 2010.
- The capital expenditure of Rs. 143.00 crores for the project has been approved by the Board in its meeting held on 01.05.2012.
- Obtaining environmental clearance took longer period because of Trikuta wild life sanctuary being present within 10 Km from the project site and was obtained in October 2011.
- Meanwhile, Water & Power schemes are made ready and will be executed through respective State Government agencies.
- Letter of Award of work for civil package was placed in the month of November 2011.
- After three months of civil construction work at site, due to filing of two Public Interest Litigations (PIL) in the month of March 2012, Hon'ble High Court of J&K passed interim order for maintaining "status quo" at site.
- Therefore, all activities at site were kept on hold.
- Now, the PILs have been dismissed in the month of July 2012 and work is expected to resume shortly.
- Initial Installment for water scheme will be released shortly.
- Tendering process for the main technology package is on and is expected to place the work order in January 2013 and the project is expected to be completed in 24 months time.
- Therefore, the financial targets for completion of the targets will be set accordingly.
- Further, JKMDC is also exploring the possibility of manufacturing fused magnesia in collaboration with M/s. OCL (Orissa Ceramic Limited).

At present, Project Manager and Asst. Project Manager of NMDC with the assistance of four staff members of JKMDC are assigned for completion of all enabling works for the Panthal Magnesite Project. Wherever there is specific requirement, relevant officers from NMDC are drawn on temporary basis for completion of the specific job.

JKMDC has a specific plan for recruitment of officers and staff along with the award of main technological package of Panthal Magnesite Project.

The suggestions of the Committee has been noted by NMDC and the company will take necessary steps to augment the staff for the project teams for handling not only Panthal Magnesite Project but also the other mining projects of NMDC and the Steel Plant being set up by the company.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

Recommendation Serial No.14

The Committee note that KIOCL suffered a major loss of Rs. 177.27 crore during 2009-10 as production activities were stopped since January, 2009 for plant maintenance and restarted in July, 2009. Also the prices of pellets came down in 2009-10. While the company made an impressive turnaround in 2010-11 and registered a profit of Rs. 76.27 crore in 2010-11, it has failed to perform during 2011-12. The profit was pegged at Rs. 49.99 crore at BE 2011-12 which was increased to Rs. 80.41 crore, but the profit recorded till December, 2011 has been Rs. 31.54 crore only. The Committee want that KIOCL put in more efforts and try to surpass the profit achieved during 2010-11. The Committee also note that KIOCL has suffered due to closure of Kudremukh mines as per orders of Hon'ble Supreme Court. The Committee note that in the highly volatile spot market that KIOCL operates in, the stability of prices is highly unlikely and unpredictable, therefore, the company should make sincere efforts in the direction like exploring options to reduce the cost of production of pellets by introducing cost effective techniques aimed at enhancing production and reduce wastage. The Committee are extremely unhappy to note that the much delayed projects of KIOCL for Railway Siding and Bulk Material Handling have still remained a non-starter and like them to be accelerated. The Committee also like the company to diversify its activities by its own or through joint ventures for specific projects where the technical expertise required is not available with the company.

Action Taken

(1) <u>Permanent Railway Siding at Mangalore.</u>

I. Regarding construction of railway siding, Konkan Railway Corporation Limited (KRCL) has submitted the DPR. To avoid Diamond Crossing for safety reasons, M/s. KRCL had to realign the already proposed route necessitating swapping of certain stretch of KIADB land and outright purchase of private lands. The cost of this project is estimated at Rs. 130 crores as per the DPR.

II. The matter was taken up with KIADB and also the private land owners based on the requirement of additional land. As of now, KIOCL has procured 52.86 acres of land from KIADB and 3.19 acres from private land owners and efforts are on to procure the balance private land i.e 2.045 acres from another private land owner.

(2) <u>Bulk Material Handling facility at Mangalore.</u>

I. Presently the iron ore is being received by Railway wagons at NMPT railway siding, unloaded manually and transported to pellet plant by road transportation.

II. The proposed bulk material handling facility envisages unloading rakes @ 2600tph and conveying the same directly to the pellet plant through a conveying system consisting of a tubular conveyor @ 900 tph. The facility envisages receiving, unloading and transporting of other materials also which are required in small quantities for BF unit.

III. For this project the land measuring about 52.86 acres has been acquired from M/S Karnataka Industrial Area Development Board (KIADB).

IV. M/s MECON, the technical consultants for the project have furnished the Detailed Project Report for the Bulk Material Handling Project with the estimated cost of Rs.173 Crores.

<u>New Projects</u>: -

(1) <u>Ductile Iron Spun Pipe Plant</u>

I. The Company has proposed to set up a Ductile Iron Spun Pipe Project (DISP) plant of one lakh tons per annum capacity, under forward Integration at the existing Blast Furnace Unit complex for production of DN100 to DN1000 mm size DI pipes. This is a value added product.

II. KIOCL's 350 m^3 capacity Blast Furnace produces 600 t/day of hot metal which will be a ready raw material for manufacturing DISP.

III. The DPR for the DISP project which was prepared by the technical consultants, M/s MECON was placed before the board for approval in the 206th meeting of the BOD. The estimated cost of the project as per the DPR is Rs. 308.612 Crores.

IV. Board while approving the DPR has advised KIOCL to identify a partner for setting up of the DISP plant.

V. On identifying the partner, a Special Purpose Vehicle (SPV) needs to be created for implementation of DISP project in line with the Board directive.

VI. Action has already been initiated by KIOCL for finalizing a consultant for identifying the Joint Venture partner through an open tender enquiry for setting up of 1.0 lakh TPA capacity of DISP Plant.

(2) Eco-Tourism Development at Kudremukh

The expenditures proposed are mainly expected on account of reconditioning and refurbishing of Guest House and D-Type quarters, which is expected to be utilized by end of this financial year.

(3) Addition, modification & replacement

The Company has earmarked Rs.88 crores as budget under AMR. Until June 2012 the Company has spent Rs.2 crores. Study is being conducted for implementation of the project during the year.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

Hindustan Steelworks Construction Limited (HSCL)

Recommendation Serial No.15

The Committee note that the operating profit of HSCL since the last 3 years has been steadily increasing. During 2009-10 it was Rs. 69.09 crore which rose to Rs. 71.21 crore during 2010-11. Now during 2011-12 the provisional operating profit of HSCL is Rs. 73.53 crore. The Committee have also been informed that HSCL has a job order of more than Rs. 4000 crore in hand. The Committee feel that HSCL has the potential to overcome its liabilities and rise to the position of a profit making organization. The Committee are dismayed to observe that no budgetary support has been provided in the XIIth Five Year Plan to HSCL. The Committee desire that the budgetary support to the company should be continued till the company becomes a profitable one. The Committee also desire that the Ministry of Steel should instruct all Steel PSUs to consider giving preference to HSCL in the award of works in setting up of Greenfield Projects as well Brownfield Projects.

Action Taken

Since the company was making good operational profit year after year, budgetary support was discontinued from 2012-13. However, this may be reconsidered in the RE for the year.

Ministry of Steel is constantly providing assistance to HSCL for getting work orders from PSUs of Ministry of Steel, as and when approached by HSCL.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

Promotion of Steel Usage

Recommendation Serial No.18

The Committee are happy to note that major PSUs like SAIL are making efforts to promote usage of Steel in rural areas which at present is a dismal 12% as compared to 88% in urban areas. The Committee note that the per-capita consumption of steel in India is only 56 kg. as compared to world average of 200 kg. Therefore, the Committee feel that there is a huge potential for growth of steel consumption which needs to be tapped especially in the rural areas. The Committee also note that in pursuance of an earlier recommendation of the Committee, the Ministry of Steel carried out a study to assess demand for steel in rural areas which says that per-capita consumption of steel in rural areas will grow from 9.78 kg. during 2007-08 to 12 kg. in 2020. The Committee note that SAIL plans to appoint 1000 dealers in rural areas during 2012-13 under the Rural Dealership Policy launched by it in 2011. The Committee feel that there is immense potential for SAIL to be a pioneer PSU in this regard and set an example for other PSUs to follow. The Committee, therefore, recommend that SAIL management should take up this task on a priority basis and chalk out a concrete action plan in this regard. SAIL should also organize/set up stalls at rural fairs and distribute pamphlets at block and taluka levels to make the average consumer aware about its presence and make their household products available to rural consumers at an affordable price. SAIL can also sponsor certain rural schemes in selected projects to further make its presence felt. The Committee desire that Steel PSUs should make sufficient funds available for popularizing promotion of steel usage particularly in rural areas.

Action Taken

The Ministry of Steel carried out a study for assessment of steel demand in rural India through JPC. The report of the study has been submitted to Ministry of Steel. The report has been examined in detail and a Committee was constituted in the Ministry of Steel to examine the recommendations made in the Report and to suggest the road map for implementation of the recommendations. Necessary actions have been initiated as per the recommendations made in the Report of the Committee.

STEEL AUTHORITY OF INDIA LIMITED (SAIL)

SAIL is in the forefront in promoting steel usage in India among all large steel producers. SAIL has the largest network of marketing outlets among steel producers in the country. As on 1.04.2012 it is having 37 Branch Sales Offices, 27 Customer Contact Offices, 67 Warehouses and 3138 Dealers (including 476 rural dealers.)

Some of the steps taken by SAIL for promotion of steel usages are as given below.

- SAIL is promoter member of INSDAG engaged in promoting use of steel in buildings & structures.
- SAIL is regularly holding architects and masons meets along with its dealers for promotion of SAIL steel as well as steel usages.
- Technical presentations are made from time to time to educate customers about new advanced products like Earth quake resistant TMT and Rock/Roof bolt quality TMT for tunneling etc. developed by SAIL.
- Publishes product brocheure & technical literature for customer use.
- Advertisement in local & national newspapers.
- Hoardings in metros, tire-II cities and airports.
- Widespread wall-paintings at dealer locations and rural areas.
- Advertisement on Railway tickets, train, trolley and bus shelters.
- Distribution of promotional items through Dealers like calanders, pens, key chains.

SAIL Dealership Scheme 2006:

In order to increase consumption of steel in far flung areas of the country and to carry out steel business at the grass root level SAIL introduced "SAIL Dealership Scheme" in 2006. At present SAIL is having more than 3100 Dealers covering 629 district of the country.SAIL Dealership has helped in easy availability and increased usages of items like TMT Bars, GP/GC Sheets and Structurals required by common man in semi urban & rural areas. As of now more than 5 lakh tonne of steel per year is sold through dealers network by SAIL.This has helped in promoting steel usage in rural and semi-urban areas.

SAIL Rural Dealership Scheme 2011:

Keeping in view the potential for steel consumption in the rural areas and with the objective to increase availability in rural areas, SAIL has undertaken appointment of Dealers at the Taluka / Block level under the newly launched SAIL Rural Dealership Scheme. SAIL is in the final stages of appointing more than 400 Rural Dealers in the first phase at the Block/Taluk level, and this will help in easy availability of quality products at nearby location at affordable price.

It has plans to appoint a total of about 1000 Dealers under the SAIL Rural Dealership Scheme by March, 2013. These Rural Dealers would be targeted to be appointed at locations which have a relatively higher potential for consumption of steel. It may, therefore, be seen that SAIL is focused on making higher quantities of steel available through the Retail network, in the hinterland in the coming years.

As regards Promotional activities, SAIL Dealers are presently being given an incentive for various promotional activities like putting up hoardings, wall paintings, news paper/ magazine advertisement, cable TV advertisement, advertisement on bus panels, distribution of promotional items like key rings, caps etc. and to set up stalls in the rural fairs. Product pamphlets are regularly sent to the existing dealers and newly appointed Rural Dealers for distribution to increase awareness about superior product quality of SAIL steel. As in case of SAIL dealers and newly appointed Rural Dealers SAIL will undertake delivery of steel up to the dealer's premises free of cost by absorbing full transportation cost from the nearest SAIL warehouse so that SAIL steel is available in the interior areas at the same price as applicable at the location of the nearest SAIL warehouse thus making SAIL steel competitive in terms of prices.

Other activities relating to promotion of steel usage undertaken by SAIL are as given below.

- SAIL regularly participates in fairs and exhibitions highlighting various usages of steel.
- SAIL has taken up comprehensive development of 78 model villages spanning eight states. The development work being undertaken in these villages is likely to result in generation of steel demand.
- Development of new products for meeting specific applications as required by the customers helps in promotion of steel usages.

RASHTRIYA ISPAT NIGAM LIMITED (RINL)

RINL has been making efforts for promoting steel usage in rural areas by making steel available through the enhanced rural distribution network. RINL has appointed 318 dealers and planned to increase to 1000 by the end of the year 2012-13. In order to promote steel consumption, RINL/VSP has taken up a strong product campaign along with INSDAG, nominated by Ministry of Steel.

Further, RINL has prepared an action plan with specific budgetary allocation approved by the Board of RINL.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

New National Steel Policy

Recommendation Serial No.21

The Committee have been given to understand that the Ministry of Steel have decided to formulate a New National Steel Policy replacing the National Steel Policy 2005 which aims for broader policy formulation covering various aspects of steel sector in the country such as growth of steel demand in India, raw materials, research and design, environment and facilitation of new steel projects. An Apex Committee headed by the Secretary and consisting of representatives of Planning Commission, Ministries /Departments of Central Government and concerned State Governments has been constituted for monitoring the process of formulation of the New National Steel Policy. Four Task Forces have been constituted under the Chairmanship of eminent experts to study, analyse, consult and formulate draft policy documents in different aspects of the subject. A final view on the New National Steel Policy will be taken on receipt of reports of these Task Forces and after discussions with various stakeholders in the matter. The Committee regret to observe that the National Steel Policy, 2005 did not succeed in visualizing the changes and future needs of the steel sector necessitating formulating an altogether new policy. The Committee would like the Ministry to give due weightage to the views of various stakeholders in the matter. The Committee would also like the Ministry to formulate the policy keeping in view all relevant factors including the futuristic needs of the steel sector which would facilitate not only the growth of the sector in India and it remains competitive in the world market, but would also effectively contribute to the overall growth of the economy.

Action Taken

The existing National Steel Policy was formulated in the year 2005 setting out broad roadmap for Indian Steel Industry towards reform, restructuring and globalization. The long term goal of National Steel Policy, 2005 was that India should have a modern and efficient steel industry of world standards, catering to diversified steel demand with focus to achieve global competitiveness not only in terms of cost, quality and product mix but also in terms of global benchmarks of efficiency and productivity. However, the changed scenario since formulation of the National Steel Policy 2005 due to the growth of the economy at much higher rate and the growth of steel demand at higher rate than anticipated in the National Steel Policy, 2005, made various projections like steel production and growth of steel consumption in the country outdated, necessitating reviewing of National Steel Policy, 2005. Accordingly, the process of formulation of a new National Steel Policy has been initiated by the Ministry of Steel. Four Task Forces, constituted under the Chairmanship of eminent experts for drafting policy documents in their respective areas, have since submitted their reports to the Ministry of Steel. New National Steel Policy will be finalized based on these reports and after detailed discussions and deliberations with various stakeholders in the matter. The new National Steel Policy would set out vision for steel sector in the country for the next 10 – 12 years. It would also deliberate on the issues regarding land acquisition, growing concern about raw material security for steel industry, infrastructure development, human resources for steel sector, policy on secondary steel manufacture and finance requirements of steel sector which are not covered in the existing National Steel Policy 2005.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

<u>Implementation status of Recommendations contained in 18th Report</u>

Recommendation Serial No.22

The Committee observe that though the Hon'ble Minister of Steel was required to make a Statement in Lok Sabha regarding the status of implementation of the recommendations of the Committee contained in 18th Report by 29 February, 2012 under Direction 73A of the Directions by the Speaker, Lok Sabha, the same has been made only on 30.04.2012. The Committee, therefore, recommend that the Ministry should be more careful in future and ensure that the Statement be made invariably on each of the original Reports of the Committee within the specific period i.e. six months after the presentation of Report to Parliament as per Direction 73A of the Directions by the Speaker, Lok Sabha.

Action Taken

Observations of the Committee have been noted for compliance. The 26th Report of the Committee was presented to Lok Sabha/laid in Rajya Sabha on 8th May, 2012. Accordingly efforts are being made to lay a statement in the Lok Sabha/Rajya Sabha on the status of implementation of the observations/ recommendations of the Committee contained in the Twenty Sixth Report of the Standing Committee on Coal and Steel on Demands for Grants (2012-13) of Ministry of Steel during the winter session of Parliament.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

CHAPTER – III

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

Kudremukh Iron Ore Company Limited (KIOCL)

Recommendation Serial No.13

The Committee are dismayed to note that an outlay of Rs. 98 crore for BE 2011-12 was reduced to Rs. 75 crore at RE stage. The Committee also note that out of the total outlays of Rs. 433 crore provided for KIOCL during the XIth Five Year Plan, the company could utilize only Rs. 117.99 crore which comes to a dismal 27% of the total outlay provided. Now a substantial amount of Rs. 409 crore has been earmarked for RE 2012-13. The Committee have been informed that out of the outlay provided Rs. 150 crore is for coke oven plan, 70 crore for development of permanent railway siding at Mangalore and Rs. 73 crore for construction of Bulk Material Handling facilities for receipt of iron ore by rail. The Committee note that these projects which are the company's capital projects were initiated during the XIth Five year Plan but could not be materialized and now have spilled over to the XIIth Plan. The Committee have now been informed that most of the land required for Railway Siding and Bulk Material Handling have been procured and efforts are on to procure balance land available. The Committee want that all out efforts should be made by KIOCL to acquire the remaining land at the earliest and in the meantime work should begin on the available land in full swing. While deprecating the underutilization of funds, the Committee recommend that KIOCL management should ensure that all bottlenecks and hurdles halting the execution of the ongoing projects should be resolved within time frame and also that no fund lies unutilized at the end of the year.

Action Taken

Status of Ongoing Projects of KIOCL are given as under: -

(1) Coke Oven Plant

I. To make the Blast Furnace (BFU) economically viable on standalone basis, Coke Oven Battery along with a Captive Power plant is identified as backward integration to the existing BFU. The investment on this project is estimated to be Rs. 452.22 crores for 3 lakh tonnes per year capacity Coke oven plant along with a 25 MW capacity Power plant. The power is proposed to be generated by utilizing the sensible heat of hot flue gases from the Coke ovens. The proposed Coke oven plant would be set up utilizing about 48 acres of land already available within the existing Blast Furnace plant. The project is intended mainly for supply of low ash metallurgical Coke for the existing Blast Furnace.

II. KIOCL Board in the 201st meeting held on 25th March 2011 at New Delhi, has accorded approval for setting up of a 0.3 MTPA capacity Coke Oven Plant along with 25 MW captive power plant at an estimated cost of Rs. 452.22 Crores as per the DPR prepared by M/s. M.N. Dastur & Company (P) Ltd, Kolkata. For obtaining the necessary environmental clearance for the proposed project, an application has been submitted to MoEF, New Delhi during January 2012.

III. The Expert Appraisal Committee (EAC) meeting of the MoEF was held on 30th March 2012 for EC clearance. EAC has advised KIOCL to submit details on Coal linkage & certain other project related information for consideration by MoEF for granting environmental clearance. KIOCL have submitted the Coal linkage & other project related information to MoEF.

IV. Trace element & Chemical analysis report is yet to be received from M/s. MMTC, with whom KIOCL have entered into an MOU for coal supply. Parallel action has been taken by KIOCL and the sample of the imported coking coal has been handed over for testing at one of the MoEF approved laboratories.

V. Work order has been placed on M/s. TATA Consulting Engineers Limited, Kolkata for providing the detail engineering consultancy services for setting up of 3 LTPA capacity non recovery type coke oven plant along with a waste heat recovery power plant at BFU, Mangalore. Layout drawing for coke oven plant has been finalized.

VI. Soil investigation for the proposed Coke Oven Plant area is completed. The tender documents for supply & installation of coke oven battery have been finalized. Global tender enquiry shall be floated after receipt of environmental clearances.

(2) <u>Development of Chikkanayakanahalli & Other Mines</u>

I. Subsequent to banning of mining activities in the Bellary, Tumkur and Chitradurga districts of Karnataka by Hon'ble Supreme Court and further recommendation of CEC to Hon'ble Supreme Court which inter-alia states that no new mining leases, including those for which notifications have already been issued, will be granted without obtaining the permission of the court, issue of ML to KIOCL is further expected to get delayed. Therefore till date Budget allotted to development of Chikkanayakanahalli deposit is not been utilized.

II. Meantime KIOCL has actively persued the acquisition of mineral assets overseas and entered into an agreement with a London based firm for mining opportunities in Islamic Republic of Mauritania. In accordance with the Board direction, Company is in the process of appointing legal consultant for due diligence with an estimated expenditure of Rs. 85.00 Lakhs. KIOCL will also appoint consultants for carrying out technical and financial due diligence and likely expenditure would be approximately 2.0 Crores.

III. Budget earmarked under the head of development of Chikkanayakanahalli & other mines will be utilized for acquisition of iron ore mine sites in Mauritania and other Countries.

(3) <u>Development of Ramanadurga mines</u>

Subsequent to banning of mining activities in the Bellary, Tumkur and Chitradurga districts of Karnataka by Hon'ble Supreme Court and further recommendation of CEC to Hon'ble Supreme Court which inter-alia states that no new mining leases, including those for which notifications have already been issued, will be granted without obtaining the permission of the court, issue of ML to KIOCL is further expected to get delayed. Therefore till date Budget allotted to development of Ramanadurga deposit has not been utilized.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

CHAPTER – IV

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

Recommendation Serial No.16

The Committee have been informed that HSCL has been unable to achieve the results envisaged under the revival / restructuring packages approved by the Government in 1999 due to the mounting liability on Government of India loans and VRS expenditure charged on the account. Steep competition faced by the company resulting in declining margin has also affected its financial performance. The company has reportedly undertaken major construction works connected with setting up of steel plants such as at Bokaro, Vizag and Salem and modernization of steel plants at Bhilai, Durgapur and Burnpur(IISCO). Besides, the company diversified in infrastructure sectors like roads/highways, bridges, dams, underground communication and transport system and industrial and township complexes involving high degree of planning, coordination and modern sophisticated techniques. The Committee are, however, constrained to note that despite a number of construction activities the company has undertaken in the recent past its performance still reflects very poorly and has been incurring financial losses. A restructuring proposal of the company is stated to be under consideration of the Government. The Committee have been informed that a cabinet note for restructuring of HSCL has been moved and the Ministry of Finance had also agreed to it but the final decision is still pending as Planning Commission opined that the company should be closed or merged with SAIL. The Committee would like the Government to approve the restructuring proposal of the company without any loss of time and implement it in the right perspective to derive maximum benefits unlike the last restructuring of the company. The Committee would also like the Ministry to consider the merge of the company with SAIL.

Action Taken

<u>HINDUSTANT STEELWORKS CONSTRUCTION LIMITED (HSCL)</u>

The performance of HSCL has improved over the years. The growth rates of the performance parameters had been much more than the overall growth rate of the country during the last several years. The market share of HSCL also had grown at a considerable rate. The MOU targets set during the 11^{th} Plan period have also been exceeded. HSCL could not generate Net Profit due to interest on Government of India loan and VRS expenditure charged to accounts. The following statements will substantiate the increasing operational efficiency of the Company.

The growth rates from 2005-06 to 2011-12:

- Turnover : CAGR 22.80%
- Order Booking : CAGR 28.08%
- Operational Profit : CAGR 15.50%
- Income per employee : CAGR 51.00%

Performance during the 11th Plan compared to MOU targets:

Physical Performance

(Rs. in crore)

S. No.	Physical Parameters	2007-08		2008-09		2009-10	
		Targets	Actual	Targets	Actual	Targets	Actual
1	Order Booking	600.00	940.00	600.00	871.00	650.00	1036.00

S. No.	Physical Para-meters	2010-11		2011-12		Target 11th Five Year Plan	Actual 11th Five Year Plan	% Achieve-ment (2007-08 to 2011-12)
		Targets	Actual	Targets	Actual			
1	Order Booking	960.00	1826.00	1800.00	1899.00	4610.00	6572.00	142.56%

Financial Performance

(Rs. in crore)

S. No.	Physical Parameters	2007-08		2008-09		2009-10	
		Targets	Actual	Targets	Actual	Targets	Actual
1	Income	475.00	526.18	554.00	721.26	650.00	800.00
2.	Gross Margin	42.00	40.21	43.00	64.63	45.00	69.09
3.	Profit/Loss before tax	(-) 69.96	(-)26.72	(-)80.63	(-)6.88	(-)54.83	(-)54.59
4.	Profit/Loss after tax	(-)69.96	(-)26.72	(-)80.63	(-)6.88	(-)54.83	(-)54.59

S. No.	Physical Parameters	2010-11		2011-12		Target	Actual	% Achieve-ment
		Targets	Actual	Targets	Actual			
1	Income	840.00	996.30	1200.00	1200.10	3719.00	4244.10	114.12%
2.	Gross Margin	54.00	71.21	80.00	73.53	264.00	318.67	120.71%
3.	Profit/Loss before tax	(-)49.30	(-) 38.09	(-) 26.00	(-)31.16	(-) 280.72	(-)157.44	Loss reduced by 43.91%
4.	Profit/Loss after tax	(-)49.30	(-) 38.09	(-) 26.00	(-)31.16	(-) 281.48	(-)163.57	Loss reduced by 43.91%

A restructuring proposal of the company is under active consideration of the Government. On the advice of Prime Minister's Office the matter regarding restructuring of HSCL was taken to the Committee of Secretaries (COS), which held a meeting under the Chairmanship of Cabinet Secretary on 19.10.2011. After recommendation by the Committee of Secretaries, a revised note for Cabinet Committee on Economic Affairs (CCEA) for restructuring/revival of HSCL was circulated. During the inter-ministerial consultation, the Planning Commission raised certain objections. The revised proposal in this regard was once again sent to Cabinet Secretariat for placing the same before Committee of Secretaries (COS) to take a final view in the matter. The meeting of CoS is scheduled to be held on 1.8.2012.

Ministry has consulted SAIL regarding merger of the company with it. SAIL has refused to take over HSCL due to the following reasons:

iii) There is no synergy between HSCL and SAIL
iv) SAIL is a listed company and taking over HSCL will have an adverse effect on its market capitalization and forthcoming FPO.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

Comments of the Committee
(Please see para 14 of Chapter I of the Report)

<u>Issues relating to Steel Sector</u>

Recommendation Serial No.17

<u>Steel Production</u>

The Committee have been given to understand that the steel production in the country during 2011-12 by steel PSUs as well as private sector majors has been much below the target fixed. The Committee are, however, concerned to note that steel producers could not add the targeted capacity announced during the last decade due to non-acquisition of land by them in States of Jharkhand, Orissa and Chhattisgarh. The projects with an additional capacity of about 59.5 million tonnes have been delayed nearly by six years and are now as per revised targets are likely to be commissioned by 2016-17. As one of the major functions of the Ministry of Steel is planning, development and facilitation for setting up of iron and steel production facilities, the Committee recommend the Ministry to act as facilitator in resolving the land acquisition issue with the concerned State Government so that these major Greenfield steel projects being set up by PSUs and the private sectors are completed at the earliest.

Action Taken

An Inter Ministerial Group (IMG) under the Chairmanship of Secretary (Steel) has been constituted on 19/7/2007 in the Ministry of Steel for monitoring and coordinating on the issues concerning major steel investments. The IMG consists of Members from Ministries of Mines, Coal, Environment & Forests, Railways, Road & Highways, Shipping and DIPP etc. and concerned State Governments. All major private steel companies are also invited for IMG meeting. The IMG meets at regular intervals and allows a platform for major private stake holders to place their issues relating to mining including land acquisition etc. The Ministry is, therefore, acting as a facilitator to resolve various issues relating to setting up of iron and steel production with the concerned State Governments so that all major Greenfield steel projects being set up by PSUs and other private sectors are completed on time.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

Comments of the Committee

(Please see para 17 of Chapter I of the Report)

CHAPTER – V
OBSERVATIONS/RECOMMENDATION IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Recommendation Serial No.6

The Committee note that SAIL proposes to take the Special Purpose Vehicle route to set up a steel plant, Fertilizer Plant and Power Plant after dismantling the defunct Fertilizer Corporation of India (FCI) Plant at Sindri by roping in different strategic partners. The projected investment in the Integrated Steel Plant (ISP) will be approximately Rs. 29000 crore. The Committee note that these projects are likely to be completed within 48 months from the date of placement of orders after receipt of the final clearance of the Draft Rehabilitation Scheme (DRS) for revival of Sindri Unit of FCIL, by BIFR and other approvals from Empowered Committee of Secretaries (ECOS) and signing of the Concessionaire Agreement between SAIL and Fertilizer Corporation of India Limited. The Committee have been informed that while gas allocation of 2.1 Million Metric Standard Cubic Metre per Day (MMSCMD) has been made for the fertilizer plant as per CCEA decision, for steel & power, SAIL has to arrange its own raw material and fuel linkages. The projected investment will materialize only if required iron ore and coal linkages for steel plant and thermal coal linkage for power plant are made available. While strongly urging the Ministry/SAIL to pursue final clearance of BIFR approving for rehabilitation scheme for revival of Sindri Unit, the Committee also desire SAIL to identify the source of iron ore and coal linkages for the steel plant before starting investments in the proposed steel plant. The Committee expect that necessary clearances will be obtained and work for the proposed SPV takes place from the current year itself.

Action Taken

SAIL has already formed a Special Purpose Vehicle (SPV) namely SAIL-Sindri Projects Ltd. (SSPL), a wholly owned subsidiary of SAIL. SSPL has been incorporated as a company in Nov. 2011 to take over the assets of FCIL's Sindri Unit for its revival. Final clearance of the Draft Rehabilitation Scheme (DRS) for revival of Sindri Unit of FCIL, by BIFR and other approvals from Empowered Committee of Secretaries (ECOS) from Department of Fertilizers are yet to be received by SAIL. Also the Concessionaire Agreement between SAIL and FCIL is yet to be received by SAIL.

On receiving the necessary approvals and signing of Concessionaire Agreement, SAIL would be in a position to start site specific activities. SAIL has noted the Committee's desire to identify the source of iron ore and coal linkages for steel plant before starting investments in the proposed steel plant and would taken action in this regard once the necessary clearances are obtained and site specific work starts.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

Comments of the Committee

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

Recommendation Serial No.9

The Committee find that the Ministry of Coal had allocated 2 coal blocks at Mahal & Tenughat-Jhirki during 2005 and 2008 to RINL under the Coal Mines (Nationalisation) Act, 1973. The Committee have been informed that RINL was not interested in exploiting the coalfields due to difficult geo-mining. The Committee fail to understand why the difficult geo-mining conditions were not anticipated by the company at the time of allocation of coal blocks. The Committee have further been informed that the Ministry of Coal have refused to allot alternate mines through Government dispensation route in lieu of the de-allocated mines stating that there is no provision for the same. The Committee have been given to understand that the profitability of the company has been eroding due to non-availability of its captive mines for iron ore and coal. The Committee need hardly emphasise that the availability of the raw material in required quantity is essential for a steel company. The Committee, therefore, recommend that the Ministry of Steel should vigorously pursue the matter with the Ministry of Coal for allocation of coal blocks including coal block in lieu of the de-allocated ones to RINL on priority basis and inform the Committee about the progress in this regard. The Committee would also like the Ministry to take up the matter with the concerned State Government for approval of various mining leases applied by RINL.

Action Taken

1. <u>Coal</u>:

Two Coking Coal blocks were allocated to RINL but due to various surfacial and underground constraints and after ascertaining that economical mining would not be possible, these blocks were proposed to be surrendered back to the Ministry of Coal provided suitable open cast coking coal block are allotted to RINL. Ministry of Coal de-allocated both the coal blocks but no new block has been allotted to RINL. RINL has requested Ministry of Steel to take up with Ministry of Coal for allocation of suitable open cast blocks to RINL.

As suggested by Ministry of Coal, as and when Coal blocks are put up for allocation and if any block/ blocks were suitable to RINL with respect to quality, quantity and economic exploitation then RINL would apply for the same and RINL would to take up with Ministry of Coal through Ministry of Steel for allocation.

Ministry of Coal vide their letter No. 13016/47/2008-CA-1(pt.) dated 30-05-2012 has intimated to Ministry of Steel the coal blocks identified for allocation for various sectors (copy enclosed at **Annexure**). In this list, 4 blocks have been identified for allocation to Integrated Steel companies (Govt.) and indicated that "Applications for the blocks reserved for Government Integrated Steel Companies shall be separately circulated after finalization of terms & conditions."

<u>Iron Ore</u>:

RINL has filed 29 applications for grant of prospecting license / mining lease in the states of Andhra Pradesh (7), Odisha (5), Jharkhand (7), Rajasthan (6), Chattisgarh (2), Uttar Pradesh (1) and Karnataka (1). Till date no allocations have been made to RINL.

In connection with the above, RINL and Ministry of Steel have taken up with the Hon'ble Chief Ministers, Chief Secretaries and Principal Secretaries of various States and at various instances requesting for allocation of the applied areas to RINL, VSP and also indicating willingness to enter into a Joint Venture with State Mining Development Corporation or any other State Government agency for exploitation of the Iron Ore and setting up of Value Addition Plants.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

Comments of the Committee
(Please see para 10 & 11 of Chapter I of the Report)

<u>Raw Material for Steel Sector</u>

Recommendation Serial No.19

The Committee observe that Ministry of Steel has been taking up the issue of conservation of iron ore for long term use by the domestic iron and steel industry and also the issue of imposition of appropriate export duty on iron ore with the Ministry of Finance, from time to time, with a view to restricting iron ore export and to increase availability of iron ore at affordable prices, for the domestic iron and steel industries. The export duty on iron ore has been increased from 20% ad valorem to 30% ad valorem on export of all grades of iron ore (excluding pellets) with effect from 30.12.2011. As regards the mining of iron ore by Steel PSUs, the Committee are concerned to note that green clearances to 3 key iron are mines of SAIL in west Singhbhum District of Jharkhand have been refused by Economic Advisory Committee (EAC) of the Ministry of Environment and Forests till appropriate control measures are implemented in the area and their effectiveness shown based on the air quality monitoring results. As regards the Bailadila Deposit No. 11-B (7 mpa), the Committee have been informed that frequent 'Bandh' calls by Maoists and related activities have been affecting the progress at site. To ensure best utilization of coal and iron ore by the PSUs, the Ministry have informed the Committee that they have been monitoring the Techno Economic Performance Parameters of Steel PSUs, which, inter-alia, include 'coke rate and coal dust injection (CDI) rate' in blast furnace with an aim to reduce consumption of scarce and costly cocking coal besides reduction in overall fuel (Coke+CDI) consumption at par with international benchmarks. Further, the Ministry of Steel have been emphasizing on optimum utilization of Iron Ore resources through extensive utilization of fines, low grade Ore/ Slimes and metallurgical wastes in the production of Iron and Steel. In view of the increasing demand of raw material to meet the future demand and expansion plans of steel PSUs as well as by private sector, the Committee feel that a balance between the exploitation of raw material for steel sector and environment has to be maintained. Though alternate reserves are identified in forest areas, the Committee recommend the Government to explore the possibilities of inclined mining to tap the mineral reserves in forest areas. The Committee, therefore, recommend that the Ministry should take effective steps to get necessary clearances from the Ministry of Environment and Forests for new mines to be developed in forest areas by taking appropriate measures.

Action Taken

Iron ore mining is in deregulated sector and necessary clearances including forest clearance and environment clearance for the mining operations are taken by the individual companies. Ministry of Steel has no direct role in getting necessary clearances for individual companies from the Ministry of Environment & Forest. However, the matter regarding need for expeditious forest and environment clearances is taken up by the Ministry of Steel with Ministry of Environment & Forest from time to time.

As regards Public Sector Enterprises under Ministry of Steel is concerned, the views of NMDC Limited are as under:

NMDC is increasing its iron ore production capacity by increasing the capacity of its existing mines and opening up of new mines, after obtaining necessary forest and environment clearances.

As the large proportion of the world's iron ore resources lie on surface of earth crust, the mining throughout the world is generally done by open cast mining, but in cases where the ore bodies are extended to several hundred metres below the earth, underground mining method has also been considered to solve the logistic problems.

Most of the magnetite iron ore resources are not available for exploration due to ban on mining as these are located in the ecological sensitive western ghat region for environment and ecological reasons. The present available resources of iron ore in the country may be sufficient for Indian Steel Industry in short run, however with depleting iron ore resources and increase in demand of raw material for steel industry, further exploration and exploitation of iron ore resources, mostly magnetite, by underground mining may be required in long run to sustain the growth of domestic steel industry.

NMDC in past has carried out exploration in Bababudan area in western ghat region. However, its exploration was limited only upto 80m to 220m depth. As the exploration could not be continued further, the estimation of reserves and further extension of ore body in depth is difficult to predict for any assessment for comparison with existing underground mines in the world. It has also been observed that the western ghat deposit are sedimentary stratified deposit and research and development will be required by the experts for selection of suitable underground mining method.

STEEL AUTHORITY OF INDIA LIMITED (SAIL)

Expert Appraisal Committee (EAC) of MoEF considered the proposals of Jhillingburu-I, Jhillingburu-II and Topailore leases of Gua Iron Ore Mines of SAIL in West Singhbhum district of Jharkhand on 24.1.12 for issuance of terms of references (TORs) for preparation Environment Impact Assessment (EIA)/ Environment Management Plan (EMP) reports. As per the minutes of meeting, issued on the web site of Ministry of Environment and Forests (MoEF) on 17.2.12, EAC observed that the leases are located in the West Singhbhum District, an identified severely polluted area where Respirable Suspended Particulate Matter (RSPM) level in the area are high, even exceeding the prescribed standards. In view of this, EAC deferred prescribing of TOR's to these leases till appropriate control measures are implemented in the area and their effectiveness shown based on the air quality monitoring results.

SAIL, Gua iron ore mine, since January, 2012 has taken the management measures to control the Ambient Air Quality (AAQ) norms of the area within prescribed limits and requested Jharkhand State Pollution Control Board (JSPCB) to monitor the RSPM, water and noise in the lease area of Jhillingburu-I, II & Topailore lease area. The parameters for the period of March-April, 2012 have been found to be under the prescribed norms. The monitoring records of JSPCB pertaining to air, water and noise level in the area were submitted to MoEF on 19.3.12 with a request to consider prescribing TORs for these leases.

EAC of MoEF favourably considered the proposals for issuance of TORs for Jhillingburu-I, Jhillingburu-II and Topailore leases of Gua Iron Ore mine on 22.6.2012. Recommendations of the EAC for issuance of TORs in respect of Jhillingburu-I, Jhillingburu-II &Topailore leases of Gua iron ore mine were uploaded on MOEF website on 20.7.2012. Final orders of MoEF in this regard are awaited.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

International Coal Ventures Ltd. (ICVL)

Recommendation Serial No.20

The Committee note that a joint venture of SAIL, CIL, RINL, NMDC and NTPC was incorporated on 20.5.2009 to acquire raw material assets of Rs. 1500 crore in countries such as Australia, Canada, Indonesia, Mozambique and USA. The Committee note that though the ICVL has been operational since 2009, it has not got concrete proposals in any country except for Indonesia and that too on Government to Government allocation basis. This venture has not been successful in commercial bids so far. The Committee have been informed that no deal could be finalised till now due to the volatility in the prices of coal in the international market. The Committee further note that the coal produced through the assets acquired abroad would first feed the requirement of local steel plant/industry and the surplus coal if any, will only be brought and distributed amongst promoters companies. Regarding return on investment accrued on the joint venture, the Committee did not get satisfactory reply from the Government. The Committee are however, informed that in the next three or four months at least one transaction would take place through ICVL. The Committee hope that in view of the stabilization of international coal prices, joint venture would gain some ground in the international territory. In the meantime, the Committee desire that the promoter companies should also target other coal producing countries so that the venture could gain some success in commercial bids.

Action Taken

ICVL has participated in a number of bidding as well as non-bidding processes for acquisition of coal mines in target overseas countries. However a firm acquisition is yet to materialize.

ICVL is currently examining a few proposals in Australia, Mozambique & USA for their suitability.

[Ministry of Steel, O.M. No.H-11014(8)/2012-Parl. dated 26/09/ 2012]

Comments of the Committee

(Please see para 20 of Chapter I of the Report)

NEW DELHI; **KALYAN BANERJEE**
14 December, 2012 **Chairman**
23 Agrahayana, 1934 (Saka) **Standing Committee on Coal and Steel**

<u>ANNEXURE- I</u>

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2012-13) HELD ON 12.12.2012 IN COMMITTEE ROOM C, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1000 hrs. to 1030hrs.

PRESENT

Shri Kalyan Banerjee- **Chairman**

MEMBERS

LOK SABHA

2. Shri Hansraj G. Ahir
3. Shri Vishwa Mohan Kumar
4. Shri Pakauri Lal
5. Shri Babu Lal Marandi
6. Shri Govind Prasad Mishra
7. Shri Pashupati Nath Singh
8. Shri Uday Pratap Singh
9. Shri Om Prakash Yadav

SECRETARIAT

1.	Shri R.S. Kambo	-	Joint Secretary
2.	Shri Shiv Singh	-	Director
3.	Shri Arvind Sharma	-	Deputy Secretary

2. At the outset, Chairman, welcomed the Members to the sitting of the Committee.

3. The Committee thereafter took up for consideration the following Draft Reports:-

(i) ** ** ** ** ** **

(ii) ** ** ** ** ** **

(iii) Draft Report on Action Taken by the Government on observations/ recommendations contained in the 26th Report of the Committee on Demands for Grants(2012-13) of the Ministry of Steel.

4. The Committee adopted the above Reports relating to the Ministry of Mines and Steel without any modifications. The draft Report relating to the Ministry of Coal was also adopted with minor modification. The Committee then authorized the Chairman to finalise the Reports and present the same to both the Houses of Parliament.

5. ** ** ** ** ** **

The Committee then adjourned.

**Do not pertain to this Report.

ANNEXURE- III

(Vide Para IV of Introduction)

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

I.	Total No. of Recommendations made	22
II.	Recommendations that have been accepted by the Government (*vide* recommendation at Sl. Nos. 1, 2, 3, 4, 5, 7, 8, 10, 11, 12, 14, 15, 18, 21 and 22)	15
	Percentage of total	68.18%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies(vide Recommendation at Sl. No. 13)	01
	Percentage of total	04.54%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee (*vide* recommendation at Sl. Nos. 16 and 17)	02
	Percentage of total	09.09%
V.	Recommendations in respect of which final replies of the Government are still awaited (*vide* recommendation at Sl. Nos. 6, 9, 19 and 20)	04
	Percentage of total	18.18%