6

STANDING COMMITTEE ON
COAL AND STEEL
(2009-2010)

FIFTEENTH LOK SABHA

MINISTRY OF STEEL

DEMANDS FOR GRANTS
(2010-2011)

SIXTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

April, 2010/*Vaisakha*, 1932 *(Saka)*

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STANDING COMMITTEE ON COAL AND STEEL (2009-2010)

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Presented to Lok Sabha on 22.04.2010
Laid in Rajya Sabha on 22.04.2010

LOK SABHA SECRETARIAT
NEW DELHI

April, 2010/Vaisakha, 1932 (Saka)

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CONTENTS

COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL (2009-10)

Shri Kalyan Banerjee — *Chairman*

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Lok Sabha

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[#] Nominated *w.e.f.* 11.01.2010.

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26. Shri Nand Kumar Sai
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28. Shri Ali Anwar Ansari
29. Shri R.C. Singh
30. Shri Kishore Kumar Mohanty
31. Shri Swapan Sadhan Bose

SECRETARIAT

1. Shri Ashok Sarin — *Joint Secretary*
2. Shri Shiv Singh — *Director*
3. Md. Aftab Alam — *Under Secretary*

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* Nominated *w.e.f.* 23.12.2009 *vice* Shri A. Vijayaraghawan.

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 Sixth Report (Fifteenth Lok Sabha) on Demands for Grants (2010-11) relating to the Ministry of Steel.

2. The Demands for Grants of the Ministry of Steel were laid on the Table of the House on 11th March, 2010. Under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Coal and Steel are required to consider the Demands for Grants of the Ministries under their jurisdiction and make Report on the same to both the Houses of Parliament.

3. The Committee took evidence of the representatives of the Ministry of Steel on 23rd March, 2010.

4. The Report was considered and adopted by the Committee at their sitting held on 12th April, 2010.

5. The Committee wish to express their thanks to the representatives of the Ministry of Steel who appeared before the Committee and placed their considered views. They also wish to thank them for furnishing the replies on points raised by the Committee.

6. For facility of reference and convenience, the observations/ recommendations of the Committee have been printed in bold letters and placed as Part II of the Report.

NEW DELHI;
12 *April*, 2010
22 *Chaitra*, 1932 *(Saka)*

KALYAN BANERJEE,
Chairman,
Standing Committee on Coal and Steel.

CHAPTER I

INTRODUCTORY

Steel is a very hard, strong and a shiny metal with a very attractive lustre. The raw materials such as iron ore, coke, limestone and recycled steel are used for making steel. Steel has magnetic properties and can be rolled into thin sheets, rods, bars or beams or forged into different shapes. Other materials can be added to steel to give it special properties and make steel alloys. Steel is one of the world's most recycled products and can be recycled forever.

1.2 The consumption of steel is an indicator of economic development of a country. It reflects growth in infrastructure and the maturing of the manufacturing industry of a nation. An industry like steel has strong forward and backward linkages with other sectors of the economy. Therefore, its own growth pattern cannot remain uninfluenced by what happens in other sectors of the economy.

1.3 The rapid pace of growth of the Indian steel industry necessitated the Government to come out with National Steel Policy in 2005 with a view to provide a roadmap of growth and development for the Indian steel industry. The long-term objective of the National Steel Policy is to ensure that India has a modern and efficient steel industry of world standards, catering to diversified steel demand.

1.4 Global crude steel production reached 1220 million tonne in 2009, a decline of 8% over 2008. China was the largest crude steel producer in the world with production reaching 567.8 million tonne. India emerged as the third largest producer in 2009 with a production of 60.2 million tonne of crude steel. India also retained its position as the largest sponge iron producing country in the world in 2009, a rank it has held on since 2002. If proposed expansions plans are implemented as per schedule, India may become the second largest crude steel producer in the world by 2015-16.

1.5 The Ministry of Steel is required to play a key role in ensuring harmonious and integrated growth of the Steel Sector in India. Sustained growth of Steel Sector is a prerequisite for attaining the level of GDP growth envisaged in the 11th Five Year Plan. The Ministry of Steel has to take appropriate measures to ensure the availability of capital, raw materials, development of infrastructure etc. and to remove various procedural bottlenecks faced by the steel sector. The main functions of the Ministry of Steel are stated to be:—

(a) Formulation of policies in respect of production, distribution, prices, imports and exports of Iron and Steel and Ferro Alloys;

(b) Planning, development and facilitation for setting up of iron and steel production facilities;

(c) Development of iron ore mines in the public sector and other ore mines used in the iron and steel industry; and

(d) Overseeing the performance of Public Sector Undertakings and their subsidiaries and a Government managed company functioning in the iron and steel sector.

1.6 Under the administrative control of the Ministry of Steel, the following Public Sector Undertakings are functioning:—

(i) Steel Authority of India Ltd. (SAIL).

(ii) KIOCL Ltd., Bangalore (formerly Kudremukh Iron Ore Company Ltd.)

(iii) NMDC Ltd., Hyderabad.

(iv) Hindustan Steelworks Construction Ltd. (HSCL), Kolkata.

(v) MECON Ltd., Ranchi.

(vi) Manganese Ore India Ltd. (MOIL), Nagpur.

(vii) Sponge Iron India Ltd. (SIIL), Hyderabad.

(viii) Rashtriya Ispat Nigam Ltd. (RINL), Vishakhapatnam.

(ix) MSTC Ltd., Kolkata.

(x) Ferro Scrap Nigam Ltd. (FSNL), Bhilai, (a subsidiary of MSTC Ltd.)

(xi) Bird Group of Companies, Kolkata (a Government managed Company).

1.7 The detailed Demands for Grants (2010-11) of the Ministry of Steel were presented to the Lok Sabha on 11th March, 2010. The Ministry have highlighted the Relativity of Outcome Budget (2010-11) with policy initiatives that the schemes proposed to be undertaken by the Ministry and PSUs during the year 2010-11 like Scheme for Promotion of Research and Development (R&D) in Iron and Steel Sector, Rebuilding of Coke

Oven Battery, Enhancement of loading capacity of Bolani Iron Ore Mine Acquisition of iron ore Mine & coking coal mines, Coke Oven Plant, Ductile Iron Spun Pipe, technological upgradation, installation of new Turbo Blower and Addition, Modification and Replacement (AMR) schemes that would increase the production capacity and bring down the cost of production. The detailed analysis alongwith/recommendations of the committee on various issues have been given in the succeeding chapters of the Report.

CHAPTER II

ANALYSIS OF DEMANDS FOR GRANTS (2010-11)

The Ministry of Steel has presented the Demands for Grants No. 91 for the year 2010-11 to the Lok Sabha. The Demand includes provisions for Non-Plan expenditure for the Ministry proper and its attached office, and Plan expenditure of the Public Sector Undertakings (PSUs) under its administrative control. Budgetary Support (BS) is being provided to some of the financially weak and loss making PSUs under the Ministry. Internal and Extra Budgetary Resources (IEBR) are being raised by the profit making PSUs to implement various schemes. Various points arising out of the scrutiny of Demands for Grants of the Ministry are discussed in the succeeding paragraphs:

Annual Plan Outlay For 2010-11

2.1 Based on the Annual Plan (2010-11) proposals of the PSUs under the administrative control of Ministry and the discussions held with the Planning Commission, and within the overall context of the 11th Five Year Plan (2007-2012), the following plan outlay for 2010-11 (BE) of Ministry of Steel has been approved by the Planning Commission:—

(Rs. in crore)

(a)	Budgetary Support (BS)	36.00
(b)	Internal and Extra Budgetary Resources (I&EBR)	17163.82
	Total Outlay (a+b)	**17199.82**

2.2 Details of PSU-wise plan outlays for Annual Plan, 2009-10 (BE and RE) Annual Plan 2010-11 (BE) is given in the table below:—

(Rs. in crore)

Name of the PSU/ Organisation	BE 2009-10			RE 2009-10			BE 2010-11		
	Outlay	IEBR	B.S.	Outlay	IEBR	B.S.	Outlay	IEBR	B.S.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7)	(8)	(9)
A. Schemes of PSUs									
1. SAIL	10356.00	10356.00	0.00	10356.00	10356.00	0.00	12254.00	12254.00	0.00
2. RINL	2437.00	2437.00	0.00	2224.48	2224.48	0.00	4049.00	4049.00	0.00

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7)	(8)	(9)
3. SIIL*	0.00	0.00	000	0.00	0.00	0.00	0.00	0.00	0.00
4. HSCL	7.00	0.00	7.00	3.00	0.00	3.00	1.00	0.00	1.00@
5. MECON Ltd.	2.00	2.00	0.00	5.00	5.00	0.00	2.00	2.00	0.00
6. BRL*	8.00	8.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7. MSTC Ltd.	5.00	5.00	0.00	5.00	5.00	0.00	5.00	5.00	0.00
8. FSNL	11.80	11.80	0.00	12.00	12.00	0.00	12.00	12.00	0.00
9. NMDC Ltd.	700.00	700.00	0.00	543.00	543.00	0.00	611.00	611.00	0.00
10. KIOCL Ltd.	85.00	85.00	0.00	10.00	10.00	0.00	75.00	75.00	0.00
11. MOIL	102.25	102.25	0.00	65.36	65.36	0.00	115.82	115.82	0.00
12. Bird Group^	16.61	15.61	1.00	15.62	15.61	0.01#	40.00	40.00	0.00
13. Scheme for promotion of R&D in Iron & Steel sector	26.00	0.00	26.00	13.00	0.00	13.00	35.00	0.00	35.00
TOTAL - A	13756.66	13722.66	34.00	13252.46	13236.45	16.01	17199.82	17163.82	36.00
B. Centrally Sponsored Schemes (CSS)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL - B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
G. TOTAL - A+B	13756.66	13722.66	34.00	13252.46	13236.45	16.01	17199.82	17163.82	36.00

*No Plan outlay projected for SIIL and BRL for 2010-11 due to their merger with NMDC Ltd. and SAIL respectively.

@ Token provision for restructuring of HSCL under consideration of the Govt.

#Token provision for conversion of loan into equity.

^A Govt. managed company.

Note: Ministry of Steel has been exempted from earmarking 10% of its Budget for the North-Eastern Region, including Sikkim.

2.3 For Annual Plan 2009-10, against the total Plan outlay of Rs. 13755.66 crore (IEBR: Rs. 13722.66 crore + BS: Rs. 33 crore) proposed by the Ministry, Planning Commission had approved total outlay of Rs. 13756.66 crore, with IEBR of Rs. 13722.66 crore and BS of Rs. 34.00 crore. Thus, while the proposed IEBR component of Plan outlay for 2009-10 has been approved by Planning Commission, there is a marginal increase in R&D scheme of Rs. 1.00 crore to Rs. 26.00 crore (against Rs. 25.00 crore).

Allocation for 11th Five-Year Plan

2.4 Ministry of Steel had proposed a total 11th Plan (2007-12) outlay of Rs. 45,678.08 crore (IEBR of Rs. 45,390.08 crore and BS of Rs. 288.00 crore). Planning Commission had approved a total outlay of Rs. 45,607.08 crore [IEBR of Rs. 45,390.08 and BS of Rs. 217.00 crore for the 11th Plan.

2.5 Total as well as PSU/ Scheme–wise and year–wise break up of 11th Plan outlay are given in table A & B below:—

Table A: 11th Plan 2007-2012 (PSU/Scheme-wise break up)

(Rs. in crore)

No.	Name of the PSU/Schemes	Proposed			Approved		
		IEBR	GBS	Total	IEBR	GBS	Total
A	**Scheme of PSUs**						
1.	SAIL	27409.00	0.00	27409.00	27409.00	0.00	27409.00
2.	RINL	9569.18	0.00	9569.18	9569.18	0.00	9569.18
3.	SIIL	25.00	0.00	25.00	25.00	0.00	25.00
4.	HSCL	0.00	35.00	35.00	0.00	35.00	35.00
5.	MECON Ltd.	9.00	63.00	72.00	9.00	63.00	72.00
6.	BRL	0.00	54.00	54.00	0.00	0.00	0.00
7.	MSTC Ltd.	30.00	0.00	30.00	30.00	0.00	30.00
8.	FSNL	60.00	0.00	60.00	60.00	0.00	60.00
9.	NMDC Ltd.	7147.00	0.00	7147.00	7147.00	0.00	7147.00
10.	KIOCL Ltd.	650.00	0.00	650.00	650.00	0.00	650.00
11.	MOIL	342.90	0.00	342.90	342.90	0.00	342.90
12.	Bird Group of Cos.	148.00	1.00	149.00	148.00	1.00	149.00
B	**Scheme of Ministry (New Scheme) – Proposed**						
1.	Scheme for promotion of R&D in the Iron & Steel Sector	0.00	100.00	100.00	0.00	118.00	118.00
2.	Scheme for Institution & Manpower Development	0.00	25.00	25.00	0.00	0.00	0.00
3.	TUFS for Small & Medium Enterprises in Steel sector	0.00	10.00	10.00	0.00	0.00	0.00
	Total (A+B)	45390.08	288.00	45678.08	45390.08	217.00	45607.08

Table B: 11th Plan Outlay (Year-wise break up)

(Rs. in crore)

No.	PSUs/ Schemes	2007-08 (Approved)		2008-09 (Approved)		2009-10 (Approved)		2010-11 (Approved)		2011-12 (Tentative)	
		Outlay	GBS	Outlay	GBS	Outlay	GBS	Outlay	GBS	Outlay	GBS
A	Schemes of PSUs										
1.	SAIL	2641.00	–	4674.00	–	10356.00	–	12254.00	–	14337.00	–
2.	RINL	3056.70	–	4166.00	–	2437.00	–	4049.00	–	2916.00	–
3.	SIIL	5.00	–	5.00	–	–	–	0.00	–	0.00	–
4.	HSCL	1.00	1.00	6.50	6.50	7.00	7.00	1.00	1.00	13.00	13.00
5.	MECON Ltd.	66.00	63.00	0.00	–	2.00	–	2.00	–	2.00	–
6.	BRL	1.00	1.00	8.00	8.00	8.00	–	–	–	–	–
7.	MSTC Ltd.	5.00	–	5.00	–	5.00	–	5.00	–	10.00	–
8.	FSNL	12.00	–	11.80	–	11.80	–	12.00	–	12.00	–
9.	NMDC Ltd.	250.00	–	400.00	–	700.00	–	611.00	–	3301.00	–
10.	KIOCL Ltd.	75.00	–	100.00	–	85.00	–	75.00	–	555.05	–
11.	MOIL	65.00	–	117.20	–	102.25	–	115.82	–	34.00	–
12.	Bird Group	25.00	–	31.00	1.00	16.61	1.00	40.00	–	77.00	–
	Total (A)	6202.70	65.00	9524.50	15.50	13730.66	8.00	17164.82	1.00	21257.05	13.00
B	Scheme of Ministry of Steel										
13.	Scheme for Promotion of R&D in the Iron & Steel sector	1.00	1.00	18.50	18.50	26.00	26.00	35.00	35.00	70.00	70.00
	Total (B)	1.00	1.00	18.50	18.50	26.00	26.00	35.00	35.00	70.00	70.00
Grand Total (A+B)		6203.70	66.00	9543.00	34.00	13756.66	34.00	17199.82	36.00	21327.05	83.00

Note: The outlays for 2011-12 are tentative, based on IEBR outlay projected by the PSUs and are subject to revision.

TABLE C: ANNUAL PLAN (2009-10): (Third year of 11th Plan)

For the Financial Year 2009-10, the Planning Commission has approved plan outlay of Rs. 13756.66 crore (Rs. 13722.66 crore as IEBR and Rs. 34.00 crore as GBS). The PSU-wise details of approved outlay for 2009-10 (BE) and actual expenditure upto January, 2010 are given in the table below:—

(Rs. in crore)

	Name of the PSU/ Organisation	BE 2009-10			RE 2009-10			Actual Expenditure (upto Jan 10)		
		IEBR	GBS	Total	IEBR	GBS	Total	IEBR	GBS	Total
A.	Schemes of PSUs									
1.	SAIL	10356.00	0.00	10356.00	10356.00	0.00	10356.00	9014.00	0.00	9014.00
2.	RINL	2437.00	0.00	2437.00	2224.48	0.00	2224.48	1815.93	0.00	1815.93
3.	SIIL*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	HSCL	0.00	7.00	7.00	0.00	3.00	3.00	0.00	0.00	0.00
5.	MECON	2.00	0.00	2.00	5.00	0.00	5.00	3.64	0.00	3.64
6.	BRL**	8.00	0.00	8.00	0.00	0.00	0.00	0.00	0.00	0.00
7.	MSTC	5.00	0.00	5.00	5.00	0.00	5.00	1.81	0.00	1.81
8.	FSNL	11.80	0.00	11.80	12.00	0.00	12.00	8.19	0.00	8.19
9.	NMDC Ltd.	700.00	0.00	700.00	543.00	0.00	543.00	256.92	0.00	256.92
10.	KIOCL Ltd.	85.00	0.00	85.00	10.00	0.00	10.00	1.85	0.00	1.85
11.	MOIL	102.25	0.00	102.25	65.36	0.00	65.36	18.93	0.00	18.93
12.	Bird Group	15.61	1.00	16.61	15.61	0.01#	15.62	0.84	0.00	0.84
	TOTAL-A	13722.66	8.00	13730.66	13236.45	3.01	13239.46	11122.11	0.00	11122.11
B.	Scheme of Ministry of Steel									
	Scheme for promotion of R&D in Iron & Steel sector	0.00	26.00	26.00	0.00	13.00	13.00	0.00	0.00	0.00
	TOTAL – B	0.00	26.00	26.00	0.00	13.00	13.00	0.00	0.00	0.00
G. TOTAL: A + B		13722.66	34.00	13756.66	13236.45	16.01	13252.46	11122.11	0.00	11122.11

* No plan outlay projected for SIIL in 2009-10 due to its merger with NMDC Ltd. under process.

** Merged with SAIL.

Token provision for conversion of loan into equity.

As may be seen from the above that the utilization of plan funds during 2009-10 (upto January, 2010) is 80.85% of approved BE provision.

Table D: Cumulative expenditure during 11th Plan (upto Jan' 10)

(Rs. in crore)

Sl. No.	Name of the PSU	Outlay for 11th Plan (Approved)			Cumulative Expenditure during 11th Plan (upto January, 10)		
		IEBR	GBS	Total	IEBR	GBS	Total
A.	PSUs						
1.	SAIL	27409.00	0.00	27409.00	16428.00	0.00	16428.00
2.	RINL	9569.18	0.00	9569.18	6011.13	0.00	6011.13
3.	SIIL*	25.00	0.00	25.00	4.36	0.00	4.36
4.	HSCL	0.00	35.00	35.00	0.00	0.00	0.00
5.	MECON Ltd.	9.00	63.00	72.00	3.64	63.00	66.64
6.	BRL#	0.00	0.00	0.00	3.33	7.00	10.33
7.	MSTC Ltd.	30.00	0.00	30.00	14.26	0.00	14.26
8.	FSNL	60.00	0.00	60.00	32.45	0.00	32.45
9.	NMDC Ltd.	7147.00	0.00	7147.00	726.92	0.00	726.92
10.	KIOCL Ltd.	650.00	0.00	650.00	11.80	0.00	11.80
11.	MOIL	342.90	0.00	342.90	160.05	0.00	160.05
12.	Bird Group	148.00	1.00	149.00	16.53	0.00	16.53
B.	New Scheme						
	Scheme for promotion of R&D in the Iron & Steel Sector	0.00	118.00	118.00	0.00	0.00	0.00
	Total (A+B)	45390.08	217.00	45607.08	23412.47	70.00	23482.47

* Govt. has approved merger of SIIL with NMDC Ltd. Merger process is in progress.

Merged with SAIL.

2.6 On being asked how long the restructuring proposal of HSCL has been pending with Government and its current status, the Ministry have stated as under:—

"A proposal for restructuring of HSCL was approved by the Board for Reconstruction of Public Sector Enterprises (BRPSE) on 13.5.2008. Based on the recommendations of BRPSE, the Ministry circulated a note for consideration of Cabinet Committee of Economic Affairs. However, there are some financial issues that have to be finally resolved with the Ministry of Finance, particularly regarding the waiver of outstanding loans and interest thereon. The proposal will be referred to CCEA shortly thereafter."

Research and Development (R&D)

2.7 Based on the recommendation of the Working Group on Steel Industry for 11th Plan (2007-12), a new scheme *i.e.* 'Scheme for Promotion of R&D in Iron and Steel Sector' was included in the 11th Five Year Plan with an outlay of Rs.118.00 crore. The objective of the scheme is to promote and accelerate R&D activities in development of innovative/path breaking technologies utilizing Indian iron ore fines and non-coking coal, improvement of quality of steel produced through induction furnace route and beneficiation of raw materials like iron ore, coal etc. and agglomeration (e.g. Pelletisation). The scheme was approved on 23.1.2009 for implementation during financial year 2009-10 (w.e.f. 1.4.2009).

2.8 In BE 2010-11, there is an increase in budget provision of Rs. 9.00 crore over the BE 2009-10 provision for 'Scheme for promotion of R&D in Iron and Steel Sector'.

2.9 On being asked the reasons for reducing the allocation of 26 crore at BE 2009-10 to 13 crore at RE 2009-10 and also to furnish the reasons as to why no expenditure has been incurred upto January, 2010, the Ministry have stated as under:—

> "Formal approval of Department of Expenditure, Ministry of Finance for the "Scheme for Promotion of R&D in Iron and Steel Sector" was received in January, 2009 with an instruction that the Scheme may be implemented in FY: 2009-10.
>
> On receipt of the approval, Ministry of Steel prepared and circulated a Concept Note to the stakeholders (Steel companies, research laboratories/academic institutions) in February, 2009 soliciting views/comments of the stakeholders to enable MOS to identify R&D Projects in the broad three areas of national importance as approved by the Expenditure Finance Committee.
>
> On receipt of the comments from the stakeholder, a meeting was convened by Joint Secretary (Steel) on 23rd June, 2009 wherein 7 R&D projects of national importance were shortlisted and the lead agencies to pursue the Research work were also identified. The lead agencies were requested to submit detailed proposals by 31st July, 2009, for consideration of the Project Approval and Monitoring Committee (PAMC) under the chairmanship of Secretary (Steel).

A panel of independent Experts was constituted on 3rd July, 2009 for objective/ impartial evaluation of the proposals.

Seven proposals were received which were circulated to the Panel of Experts in August-September, 2009 for their views and comments. After receiving the comments of experts, a meeting of the experts was convened by the JS (Steel) on 14.10.2009 to discuss and resolve techno-economic issues. During this meeting, it was decided to modify the project title, scope, cost, funding pattern, industry's share etc. One project was bifurcated, thereby resulting in 8 projects from earlier 7 projects.

In the meanwhile, pre-budget discussion was convened by Secretary (Expenditure) on 30.10.2009 wherein it was decided by Secretary (Expenditure) to reduce the allocation of Rs. 26 crore at BE: 2009-10 to Rs. 13 crore at RE: 2009-10 in view of no expenditure during the intervening period.

In pursuance of the above decision, the lead agencies were again requested to submit the revised proposals. Four revised proposals were received which were placed before the PAMC. The PAMC accorded approval on 11th February, 2010.

Upon approval of the PAMC, the project proposers were requested to submit six monthly requirements of funds. On receipt of these details, Ministry of Steel is in the process of releasing fund in respect of the four projects mentioned above."

Implementation of Schemes

2.10 On being asked whether expenditure incurred by the PSU in 2009-10 have yielded desires output and outcomes, the Ministry have stated as under:—

"Almost 99.97% of this Ministry's plan outlay for 2009-10 consists of Internal and Extra Budgetary Resources (I&EBR) of PSUs. Out of total plan outlay of Rs. 13756.66 crore, Rs. 12793.00 crore (93% approx.) has been earmarked for SAIL (Rs. 10356.00 crore) and RINL (Rs. 2437.00 crore). These PSUs are taking up their expansion plans for increasing their present level of production capacity.

The actual achievements (upto 31st December, 2009) *vis-a-vis* the intended outcome in respect of the 57 major schemes—56 Plan schemes and 1 Non-Plan scheme—included in Outcome Budget, 2009-10 have been tabulated in terms of actual expenditure incurred and actual achievements of the schemes *vis-a-vis* the approved outlays and projected outcomes respectively. While the 56 plan schemes relate to SAIL, RINL, NMDC, KIOCL Ltd., MOIL and plan scheme of Ministry of Steel *i.e.* Scheme for Promotion of R&D in Iron and steel sector', the only Non-Plan scheme relates to HSCL. Of the 33 schemes of SAIL, 14 schemes have been completed. Out of 14 schemes of RINL, 1 scheme has been completed. As other major schemes are presently under various stages of implementation, a more meaningful and realistic assessment of the actual achievement would be possible only upon completion of the schemes."

2.11 During the course of evidence, when the Committee enquired about the measures taken by the Ministry to remove procedural bottlenecks as some of the on-going projects of the steel companies have not progressed for want of various statutory clearances and what has been the result achieved in the areas of major steel investment with the constitution of Inter-Ministerial Group, the Committee was informed as under:—

"The inter-Ministerial Group has been meeting regularly and resolving issues pertaining to environment or infrastructure. The major issue which relates to linkage of iron ore and raw materials, that gets into legal issues, and the Ministry of Mines is in the process of drafting a new law. Probably when these consultations take place with the Ministry of Mines on the new Act, some of these issues may get addressed and it will fast-track the clearances of iron ore and other raw materials.... The entire process hinges on the clearances for iron ore mines and land."

2.12 On the question whether the existing monitoring and control system of the Ministry to monitor output and outcomes of the PSUs have been working effectively or there is a need to further strengthen the system, the Ministry have replied as follows:—

"The Ministry of Steel has been strengthening its monitoring and control system to monitor the output of the PSUs as envisaged in the Outcome Budget. Quarterly Performance Review (QPR) meetings are held at various levels in the Ministry in respect of each PSU, especially the progress of schemes/projects costing more than 20.00 crore. The Outcome Budget of the Ministry also reviews the performance of PSU-wise schemes/projects.

For monitoring and evaluation of performance of PSUs, the Government has recently evolved a Result Framework Document (RFD). As per the document, time lines and milestones have been fixed to monitor the physical and financial progress of the expansion plans of PSUs including SAIL."

CHAPTER III

INVESTMENT IN STEEL PUBLIC SECTOR UNDERTAKINGS

Most of the PSEs meet the capital expenditure on the schemes from their Internal and Extra Budgetary Resources (IEBR).

A. Steel Authority of India Ltd (SAIL)

It has five major steel plants located at Bokaro, Bhilai, Rourkela, Durgapur and Salem and Alloy Steel Plant at Durgapur. With effect from 16.2.2006, Indian Iron and Steel Company (IISCO), an integrated steel plant at Burnpur / a subsidiary of SAIL, has been merged with SAIL and renamed as IISCO Steel Plant. Maharashtra Elektrosmelt Ltd. (MEL), the only subsidiary of SAIL, is engaged in the production of ferro alloys. The plan outlay of SAIL plants/units and its subsidiaries is being met from the IEBR of SAIL.

IEBR of SAIL has been increased in BE 2010-11 to Rs. 12254 crore from Rs. 10356 crore in 2009-10.

3.1 When enquired about the reasons for increased allocation of IEBR at BE 2010-11 as compared to 2009-10, the Committee have been informed as under:—

> "The funds against the projects are allocated depending upon projected progress and schedule for completion of identified milestones. In the initial period of modernization and expansion plan of SAIL, the provision had been kept for expenditure on enabling works and initial milestone payments. In the subsequent year 2009-10, the expenditure increased with the progress of works like design engineering, civil and structural works, supply and erections jobs etc. and hence higher budget estimate for 2009-10 was envisaged as compared to 2008-09. During 2010-11, keeping in view further progress of modernization and expansion plan and other on going capital projects, increased allocation of IEBR has been envisaged for 2010-11 as compared to 2009-10."

3.2 Planning Commission in their Report on Eleventh Five Year Plan pertaining to Industry have stated that capacity creation during the last decade after deregulation has taken place entirely in the private sector.

As a result there has been a noticeable shift towards the private sector both at the crude and finished steel stages. Private sector during 2006-07 accounted for 67% of the total crude steel output compared to 41% in 1992-93 and 74% of the total finished steel output compared to 54% in 1992-93.

3.3 When the Ministry was asked to furnish the reasons as to why after deregulation steel PSUs particularly SAIL could not keep pace with the private sector in capacity creation, they have furnished the following information:—

> "During the deregulation period in 1991, SAIL was in the midst of implementing modernization of DSP, RSP and BSL, which was completed by 1998-99. Main objective of the project was to replace obsolete technologies and introduce latest technology, reduce the cost of production and energy consumption and incorporate facilities for environment control. In case of DSP, hot metal capacity was enhanced from 1.17 Mtpa to 2.088 Mtpa and that for RSP from 1.35 Mtpa to 2.00 Mtpa. In case of BSL, there had been minor increase in crude steel and saleable steel capacity keeping major thrust on quality improvement.
>
> Presently SAIL has undertaken Modernisation and Expansion plan at Bhilai Steel Plant, Bokaro Steel Plant, Rourkela Steel Plant, Durgapur Steel Plant, IISCO Steel Plant and Salem Steel Plant. The production targets for the hot metal, crude steel and saleable steel for production units of SAIL are as under:—

(Million Tonnes)

Items	**Installed capacity**	**Capacity after implementation of current phase**
Hot Metal	13.8	23.46
Crude Steel	12.8	21.40
Saleable Steel	11.1	20.23

> Besides capacity enhancement, the Modernisation and expansion plan adequately addresses the need of SAIL Plants towards eliminating technological obsolescence, energy saving, enriching product mix, pollution control, developing mines and collieries to meet higher requirement of key inputs, introduce customer centric processes and have matching infrastructure facilities in the Plant to support higher production volumes."

3.4 The Ministry were also asked to furnish a comparative figure of both Public Sector and Private Sector about the total crude steel and finished steel output of last five years. The information supplied by the Ministry may be seen in the following Tables:—

Indian crude steel production (million tonnes)					
	2004-05	**2005-06**	**2006-07**	**2007-08**	**2008-09**
Public Sector	15.912	16.964	17.003	17.091	16.372
Private sector	27.525	29.496	33.814	36.766	42.065
Total Production	43.437	46.460	50.817	53.857	58.437
% share of public sector	36.6	36.5	33.5	32	28
Source: Joint Plant Committee (JPC)					

Indian finished steel production (million tonnes)					
	2004-05	**2005-06**	**2006-07**	**2007-08**	**2008-09**
Public Sector	12.309	12.585	13.176	13.521	12.673
Private sector	31.204	33.981	39.353	42.554	44.491
Total Production	43.513	46.566	52.529	56.075	57.164
% share of public sector	28.3	27.0	25.1	24.1	22.2
Source: Joint Plant Committee (JPC)					

3.5 On being asked whether SAIL has entered into technical tie-ups with overseas steel companies particularly in special steel segment and cost reduction measures, the Ministry have furnished the following details:—

"SAIL and POSCO entered into a MoU in August, 2007 for a strategic alliance for information sharing in areas related to corporate strategic planning, exchange of professionals, know how and expertise sharing. Subject to mutual negotiations it also provided for collaboration and cooperation in areas pertaining to joint research and development projects and joint ventures mutually agreed upon.

In terms of the above MoU SAIL and POSCO entered into another MoU in August 2009 for possible joint venture initiatives in area of :—

— Manufacture and commercialization of CRNO.

— Exploration of upstream and downstream opportunities in utilising FINEX technology.

The MoU provides that based on joint feasibility study definitive agreements may be entered into subject to approval of respective Boards."

3.6 When further asked whether SAIL has acquired coal mines abroad in the last 5 years , through coal equity or project-specific equity participation, long-term contracts, etc. to ensure a steady supply of coking coal for its Plants, the Ministry in its written reply has stated as below:—

"SAIL has been keen to acquire coal mines abroad for long term security in supply of metallurgical coking coal. So far no acquisitions have been made.

Consequent to the formation of International Coal Ventures Private Limited (ICVL), a joint venture company of SAIL, CIL, RINL, NMDC and NTPC, the efforts for acquisitions of overseas coal mines by SAIL are being directed through ICVL.

ICVL is currently examining proposals for acquisition in target countries. It is proposed to take up due diligence of a few opportunities based on which decisions for acquisitions would be taken."

B. Rashtriya Ispat Nigam Ltd. (RINL)

3.7 Visakhapatnam Steel Plant (VSP) is the first shore-based Integrated Steel Plant set up in India. The outlay is being met from the internal resources of the country.

3.8 The amount earmarked for the schemes through IEBR at 2009-10 of Rs. 2437 crore was reduced to Rs. 2224.48 crore at RE stage. It has again been increased to Rs.4049 crore at BE 2010-11.

3.9 When asked about the reasons for reduction of funds at RE 2009-10 and actual utilization during the year 2009-10 along with reasons for shortfall and huge increase in allocation of IEBR to Rs. 4049 crore at BE 2010-11 from Rs. 2224.48 crore in RE 2009-10, the Ministry have submitted as below:—

"On review of the progress of major expenditure heads in mid 2009-10, it was apprehended that RE 09-10 expenditure may not be achieved. Therefore, rigorous efforts were made to expedite the progress as a result of which it is expected that RE projections would be exceeded. However, there will be a marginal shortfall with respect to 2009-10 BE figures because even though the contractors submitted bills for completed works, inadequacy in the documentation of the bills rendered them un payable."

Increase in the allocation between BE 2010-11 and RE 2009-10 is around Rs 1825 crores which includes around Rs 1,000 crores for expansion as Stage I expansion is progressively due for commissioning and stabilisation during 2010-11. About Rs. 400 crores is on Special AMR Schemes and this expenditure is anticipated relating to New Oxygen plant (as the existing one is aged), additional steam generation, power generation equipments and other miscellaneous items. All efforts will be made to achieve the BE."

3.10 When asked whether RINL proposes to acquire Captive Mines of Core Raw Materials like Iron ore and Coking coal in India and/or abroad, the Ministry have furnished the following details:—

"Some of the company initiatives in this direction are brought out below:—

Coking Coal

ICVL: International Coal Ventures Limited formed with equity participation of SAIL, CIL, NTPC, NMDC and RINL proposes to acquire metallurgical coal and thermal coal assets abroad through ICVL.

Although block of Coking Coal – Mahal and Tenughat Jhirki-were allotted to RINL, study revealed that the mines are very difficult to operate, expensive etc. Ministry of Coal has been requested to allocate alternate blocks response to which is awaited.

Iron Ore

Govt has cleared the proposal to make the BIRD Group of companies as RINL's subsidiary of which OMDC is having iron ore mines. The process is on.

Acquiring strategic partnership with NINL is expected to satisfy RINL's some need of raw material from the mines owned by NINL and / or having an investment opportunity in Orissa which could be leveraged to get more Iron Ore assets from Govt. of Orissa.

RINL is also trying for allocation of iron ore mines in the States of Orissa, Karnataka and Jharkhand and is also pursuing with State Mineral Development Corporations for setting JVs for projects involving value addition. Also, the company is scouting for opportunities in other countries as well."

3.11 On being asked what steps have been taken by RINL to stay competitive *vis-à-vis* other companies in view of the fact that prices of Iron ore and coking coal have been increasing and the Company is having no control over these resources, the Ministry have submitted as under:—

(a) Acquisition of key raw material sources like Coking Coal and Iron Ore as in the preceding para.

(b) RINL has a land bank about 20000 acres which is planned to be utilized for expanding steel capacity up to 16 to 20 Mt. The long term strategy is to set up full potential capacity here which would reduce over heads per tonne of steel which would in turn help to offset some cost disadvantages of not having captive mines.

C. NMDC Ltd.

3.12 NMDC Ltd. is the single largest producer of iron ore and diamonds in the country and is engaged in exploration, development and exploitation of various other minerals such as Dolomite, limestone, Magnesite, Tungsten, Graphite, Tin etc.

3.13 The amount earmarked for the schemes through IEBR at BE 2009-10 of Rs. 700 crore was reduced to Rs. 543 crore at RE stage which is not likely to be utilsed as upto Jan, 10 and only 256.92 crore has been utilised which works out to about 50% of the allocation. The allocation has again been increased to Rs. 611 crore at BE 2010-11.

3.14 When asked about the reasons for reduction of funds at RE 2009-10 and shortfall in actual utilization of fund during the year 2009-10, the Ministry have submitted the following:—

"A Capital outlay of Rs. 700 Crore had been provided in BE 2009-10. The budget allocation of 2009-10 was revised to Rs. 543 Crore after considering the status of various schemes. Major reasons for downward revision of budget provision are as under:—

- An amount of Rs. 200 Crore was provided in BE 2009-10 towards development of Bailadila Deposit 11B project. Since the process of procurement of Heavy Engineering Machines (HEM) Equipments was going on and the equipments were likely to be received in 2010-11 only, the BE amount on the project had been scaled down from Rs. 200 Crore to Rs. 90 Crore.

- An amount of Rs. 100 Crore was provided in BE 2009-10 towards 3 MTPA integrated Steel Plant (ISP) at

Nagarnar. Expression of Interest (EoI) for Nine Packages for the ISP had been issued and the consultants were in the process of short listing the prospective bidders. Considering the time required for tendering process, the plan outlay was revised from Rs. 100 Crore to Rs. 50 Crore.

The revised Capital out-lay of Rs. 543 Crore included an amount of Rs. 80 Crore towards acquisition of SIIL and also the payments towards various HEM equipments. Out of Rs. 543 Crore an amount of Rs. 281.94 Crore has been spent upto Feb. 2010. Major reasons for shortfall in utilization of funds are as under:—

- The Company received an order dated 18th Jan.2010 from the Ministry of Corporate Affairs (MoCA), Government of India, sanctioning the scheme of merger of SIIL with the Company. The scheme will become effective from the date on which the certified copy of the order of MoCA is filed with the Registrar of Companies, Andhra Pradesh, India. As per the MoCA order, the order is required to be filed with the ROC with-in 30 days of receipt of the order. However, as the disinvestment process of NMDC was going on, to comply with requirements of various guidelines, related to public issue, the Company, through its legal counsel for the merger process, filed an application on 09th Feb. 2010 with the MoCA seeking grant of extension of time for filling of the order of merger with the ROC within 30 days of the completion of the allotment of the Offer shares under its disinvestment process. Hence the amount is likely to be spent in 2010-11 and will be considered in BE 2010-11.

- The tender enquiry issued for Crushing Plant of Kumarswamy has been retendered due to poor response. Therefore, the construction activities at site could not be started as planned.

- Due to frequent naxalite activities, the contractors of Bailadila Deposit 11B project were forced to de-mobilize and mobilize equipments repeatedly. Due to this, a lot of working days were lost. This affected the construction progress and the planned targets could not be met. Expenditure is likely to materialize in 2010-11 and will be considered in BE 2010-11.

- Balance payment of some of the HEM equipments which are under commissioning is yet to be made."

3.15 NMDC had announced a tie-up with global mining gaint Rio-Tinto to scout for acquiring and developing mines both in India and abroad especially in Australia and Brazil.

3.16 Responding to a query as to how many mines have been acquired by NMDC in India and/abroad, the Ministry have stated as under:—

"NMDC signed an MoU with Rio Tinto in August 2008 to jointly, but not exclusively, consider joint investment opportunities both within India and overseas. Collaborative meetings were subsequently held in which potential projects (4 in India and 4 abroad) were identified. The second working group meeting was held in January 2009. However the discussions have not materialized into any acquisition of mines, either in India or abroad."

D. KIOCL Ltd.

3.17 KIOCL Ltd. (formerly known as Kudremukh Iron Ore Company Ltd.) was incorporated in April, 1976 for the implementation of the Kudremukh Iron Ore Project for manufacturing iron ore concentrate.

3.18 The amount earmarked through IEBR at BE 2009-10 of Rs. 85 crore was reduced to Rs. 10 crore at RE stage and the amount incurred upto Jan, 10 is Rs. 1.85 crore. The allocation of Rs. 75 crore has been kept at BE 2010-11.

3.19 On being asked about the reasons for reduction of funds at RE 2008-09 and 2009-10 and gross under-utilisation during 2008-09 and 2009-10 along with reasons for shortfall, the Ministry have stated as under:—

"During midterm review on project implementation it was seen that the particular projects for which allocation has been made would not materialize. The estimated amount has, therefore, reduced at RE stage. Against the said RE, the actual capital expenditure was low as the tender processes for the projects could not be finalized. The development of infrastructural facilities was also linked to acquisition of additional land, which were under dispute. The dispute took some time to resolve."

CHAPTER IV

ISSUES RELATING TO STEEL SECTOR

A. Raw Material

4.1 Planning Commission in their Report on Eleventh Five Year Plan pertaining to Industry have stated that if steel production is to increase to the projected levels by the end of the Eleventh Five Year Plan, there would be a large requirement of raw materials and other inputs. The challenges arise from the fact that iron ore resources in the country are depleting, aided by the rapid growth of exports, and high grade coking coal needed by the industry which is in short supply….Although non-coking coal reserves in the country are adequate, the production of the raw material is constrained by low investment by Coal India Ltd. An added problem of the Indian steel industry is that adequate sintering and Pelletisation capacities do not exist in the country as a result of which steel mills rely on lump ores and fines have to be necessarily exported.

4.2 On being asked whether there was any mis-match between demand and supply of iron ore during the last three years, the Ministry have submitted as under:—

> "The production of iron ore in the country is more than double the domestic consumption by iron and steel industry and about 50% of the iron ore from the country is exported. The production, export and domestic consumption of iron ore in the country during the last three years is given below:—

(Quantity in Million tonnes)

Year	Production	Export	Domestic consumption
2006-07	180.92	93.79	68.5
2007-08	213.25	104.27	80
2008-09	215.44	105.87	88.22*

(Source : For Production and Consumption- IBM, Ministry of Mines; For Export, MMTC, Department of Commerce)

* Estimated by IBM

4.3 When further asked about the current position of iron ore reserve and What action has been taken by the Ministry to conserve the iron, the Ministry in its written reply has stated as below:—

> "As per Indian Bureau of Mines, as on 1.4 2005, the total iron ore resources of the country are 25.25 billion tonnes. Out of these, Haematite resources are 14.63 billion tonnes, while Magnetite resources are 10.62 billion tonnes.
>
> However, out of these, reserves are only about 7 billion tonnes. It is mentioned that reserves are not constant and with the increase in exploration and new mining methods, the reserves may increase over a period of time.
>
> However, assuming that the reserves of iron ore remain stagnant at the level of 1.4.2005 and assuming that the production of iron ore grows at the current pace i.e. CAGR (Compounded Annual Growth Rate) for past 5 year i.e. about 10 % per annum, the reserves of iron ore may last only till the year 2021-22.
>
> Ministry of Steel has been continuously highlighting the need to discourage high level of export of iron ore from the country, so that iron ore resources of the country may be conserved for long term utilization of the domestic steel industries. As a result of continuous efforts of Ministry of Steel, the Government decided that iron ore resources of the country should be conserved for the use of domestic steel industry. It was also decided that although conservation of iron ore resources of the country is of paramount importance, the same may not be achieved by banning or capping the export of iron ore, but by taking recourse to appropriate fiscal measures. Ministry of Steel from time to time has taken up with Ministry of Finance for imposing an appropriate export duty on iron ore. At present, 5% ad-valorem export duty is levied on iron ore fines, whereas 10% ad-valorem export duty is levied on iron ore, other than fines".

4.4 On the question of raw material security issues, the Ministry in its written reply has submitted as under:—

> "As regards raw material security, there are two raw materials-iron ore and coal, which are crucial for the future growth of steel industry.
>
> For conserving iron ore for long term requirement of domestic steel industry, Ministry of Steel has been taking up matter continuously for levying an appropriate export duty on iron ore to curtail its export. At present, 5% ad-valorem export duty is levied on iron ore fines, whereas 10% ad-valorem export duty is levied on iron ore, other than fines.

Besides, to streamline the procedure of allocation of mineral concessions and to expedite the allocation of captive iron ore mines, the Government has already approved New National Mineral Policy which *inter-alia* provides for preference to value adders in the allocation of mineral concessions. Ministry of Mines has proposed to bring an altogether new legislation called Mines and Minerals (Development and Regulation) Act to replace the existing Mines and Minerals (Development and Regulation) Act, 1957. The proposed Act seeks to give effect to the recommendations of the Hoda Committee as approved by the Government. Ministry of Steel has already conveyed its views on the Draft MMDR Bill to Ministry of Mines, keeping in view the interests of steel industry in India as well as to promote the growth and development of steel industry in the country.

As regards coal, it is mentioned that in order to meet the demand of coking coal in the country, 11 coking coal blocks having geological reserve of about 1466 million tonnes have been allotted to different steel companies for captive mining. Similarly 56 non-coking coal blocks have been allocated to sponge iron units for captive mining. Besides, the Government is also encouraging the formation of joint ventures between steel companies to acquire coking coal blocks abroad. A Joint Venture Company namely International Coal Ventures Limited (ICVL) with participation of Coal India Limited, Steel Authority of India Limited (SAIL), National Thermal Power Corporation (NTPC), Rashtriya Ispat Nigam Limited (RINL) and NMDC Limited has been formed for acquisition of coal assets abroad. SAIL has also formed a joint venture company with Tata Steel for acquisition and development of coal blocks in the country".

4.5 When asked whether Indian Steel Industry is having adequate sintering and pelletisation capacities, the Ministry have submitted as follows:

"Sintering facilities can be established only as a captive unit in the steel plant, as sinter cannot be transported over distance. Most of the integrated steel plants, based on blast furnace route, are having sintering facilities with them and are using sinters in the range of 65-80% in their blast furnaces. As regards pelletisation facilities, these can be established as a captive as well as stand-alone facility. Presently, some steel plants like Essar Steel and JSW have their own pellet plants, whereas pellet plants have also been set up by some units on stand-alone basis e.g. KIOCL, Mangalore and Mandovi Pellet Plant, Goa etc. However, there is a need to further augment pelletization capacities in the country. Ministry of Steel has been taking up matter for imposing deterrent export duty on iron ore so as to discourage export of iron ore, so that iron ore miners are encouraged to set up beneficiation and pelletization capabilities for utilization of iron ore fines within the country itself. Further, to promote value addition of iron ore within the country, Ministry of Steel has been recommending to Ministry of Finance for fiscal incentives for setting up beneficiation and pelletisation plants in the country."

SAIL

"SAIL is having adequate capacity for sinter production to meet the current hot metal production. In line with expansion plan, sinter capacity is further being augmented to meet the additional requirement.

In order to utilise low grade fines and slimes, it is proposed to install two pellet plants of 4 MTPA capacity each at Bolani and Gua. In this regard, DPR for pellet plant at Gua has been prepared by MECON and NIT will be issued shortly for selection of suitable agency for installation of plant. Preparation of DPR for pellet plant at Bolani by MECON is also in progress.

4.6 The status of mining leases of SAIL, which are getting delayed in grant / renewal of leases and statutory clearances for more than a year, the Ministry have furnished the following details:—

Steel Authority of India Limited (SAIL)

"SAIL had been granted 25 Nos. mining leases for iron ore in the States of Jharkhand, Orissa and Chhattisgarh more than 4-5 decades ago for captive mining, out of which only 5 leases are valid, 15 are under deemed extension and balance 5 are under disputes. In the year 2009, lease for Rowghat "F" deposit has also been granted to SAIL for captive mining. Status of iron ore leases is as shown below:—

Leases	Valid	Under deemed extension	Under dispute	Total
Jharkhand	-	9	4	13
Orissa	1	5	1	7
Chhattisgarh	5	1	-	6
Total	6	15	5	26

Chiria and Gua Leases

Erstwhile IISCO (earlier a subsidiary and now a unit of SAIL since February 2006) had been operating Chiria and Gua iron ore mines consisting of 10 leases in the State of Jharkhand for past 5 decades. The applications for renewal of all these leases were submitted to State Govt. in time. However, State Govt. rejected 4 leases during the year 2004 and 2005. On an application by SAIL, Mining Tribunal set aside the rejection orders and directed State Govt. to reconsider the matter. However, State Govt. did not agree, and went to High Court and the issue is now before Hon'ble High Court/ Supreme Court.

In order to explore possibility for out of court settlement of lease renewal issues, the matter was taken up with PMO and the following decisions were taken:—

— State Govt. will renew mining leases for reserves of about 1 Billion Tonnes.

— The balance reserves of 1 Billion Tonnes will be renewed subject to SAIL creating additional steel capacity.

Status of pending forest clearance proposals of iron ore mining leases is shown below :—

Lease	Present status of forest clearance proposals
JHARKHAND	
Chiria Iron Ore Mines, Jharkhand	
Budhaburu **Area-823.624 Ha.**	Proposal submitted to State Govt. on 16.1.06. State Govt. forwarded proposal to MoEF, GoI on 23.11.09. On 20.1.10 MoEF asked the regional office to carry out inspection. Presently the site inspection by MoEF is awaited. Mine is closed since 8.12.05 in the absence of forest clearance.
Sukri-Latur **Area-609.813 Ha.**	Proposal submitted to State Govt. on 6.2.08. Presently the proposal is pending with Secretary, Forest, Govt. of Jharkhand since 18.2.2010. Mine is closed since 21.3.09 in the absence of forest clearance.
Ajitaburu **Area-323.887 Ha.**	Proposal submitted to State Govt. on 16.1.06.Approved by Governor Jharkhand and Forwarded to MoEF in last week of August 09. MoEF official inspected the site on 10-12 Nov 09. Proposal along with site inspection report forwarded to MoEF, GoI on 18.1.2010. Stage-I forest clearance from MoEF is awaited. Mine is closed since 23.6.94 in the absence of forest clearance.

Gua Iron Ore Mines, Jharkhand	
Duargaiburu **Area-1443.756 Ha.**	Proposal submitted to State Govt. on 6.12.07. Stage-I approval was accorded by MoEF in May 09. NPV of Rs. 53.97 crores was deposited in CAMPA fund on 26.10.09. Compliance report pertaining to stage-I renewal was submitted to DFO, Saranda on 29.10.09. Pending with Secretary (Forest), Jharkhand.
Topailore **Area-14.17 Ha.**	Proposal submitted to State Govt. on 6.9.06. State Govt. forwarded the proposal to Regional Office of MoEF, Bhubaneshwar on 11.12.08. Presentation was made to State Advisory Group (SAG) on 17.07.09. SAG agreed for grant of FC. Letter is yet to be issued by MoEF.
Jhillingburu-II **Area-30.44 Ha.**	Proposal was submitted to State Govt. on 3.7.08. Pending with DFO, Chaibasa.
Jhillingburu-I **Area-210.526 Ha.**	Proposal was submitted to State Govt. on 3.7.08. Pending with DFO, Chaibasa.
Kiriburu-Meghahatuburu Iron Ore Mines, Jharkhand	
Lease-I **Area-1936.06 Ha.**	1. Forest clearance proposal submitted on 28.4.08. Proposal forwarded by State Govt. to MoEF on 12.10.09. Inspection done by MoEF on 29-30th December 09. Proposal was considered by Forest Advisory Committee (FAC) of MoEF on 26.02.10. Final order is awaited. Present forest clearance is valid up to 27.3.2010. 2. Proposal for South and Central Block (247 Ha.) submitted on 12.1.07. Forwarded to MoEF on 8.9.08. Inspection done by MoEF on 4-8th Jan. 09. Considered by FAC on 11.12.09. *Vide* letter dated 19.1.2010, MoEF had asked for further clarifications from State Govt.
Lease-II **Area-879.00 Ha.**	Forest clearance proposal of 20.5 ha. for capacity expansion, of Kiriburu and Meghahatuburu mines was submitted to State Govt. on 12.11.08. Pending with DFO, Chaibasa.
ORISSA	
Barsua-Kalta Iron ore Mines, Orissa	
ML-130 **Area-2486.38 Ha.**	Proposal was submitted to State Govt. on 5.1.08. *Vide* letter dated 11.9.09, CCF (Nodal) raised some queries and asked DFO to comply. For compliance of Forest Rights Act, necessary certificates are being arranged from Collector, Sundergarh. After the compliance, Secretary (Forest), Govt. of Orissa will forward the proposal to MoEF.

	For continuation of mining operation in already broken area of lease ML-130 for one year, Temporary working Permission (TWP) was granted by MoEF on 2.1.2010. NPV amounting to Rs. 225.8 cr has been deposited in CAMPA fund on 15.1.10. Other conditions pertaining to grant of TWP order has also been complied and submitted to State Govt. on 18.1.2010.
ML-162 **Area-77.96 Ha.**	Proposal was submitted to State Govt. on 26.5.08. Pending with CCF (Nodal).
ML-139 **Area-25.98 Ha.**	Proposal was resubmitted to State Govt. on 17.9.09. Pending with CCF (Nodal) for scrutiny.
Bolani Iron Ore Mines, Orissa	
5.1 Sq. Mile **Area-1321.45 Ha.**	Proposal was submitted to State Govt. on 30.6.08. State Government forwarded the proposal to MoEF on 29.1.2010. Due to delay in processing of the forest clearance proposal, Temporary Working Permission (TWP) proposal was submitted to State Govt. on 3.12.09. For continuation of mining in already broken area of 392.80 Ha., State Govt. forwarded the TWP proposal to MoEF, GOI on 8.2.10. Proposal was considered by Forest Advisory Committee (FAC) of MoEF on 26.02.10. Final order is awaited. Present forest clearance is valid up to 10.4.2010.
6.9 Sq. Mile **Area-1786.74 Ha.**	Stage-I approval accorded by MoEF on 24.2.99. Compliance of conditions is pending since then with State Government.

Status of pending environment clearance proposals of iron ore mining leases is shown below:—

Lease	**Present status of environment clearance proposals**
JHARKHAND	
Chiria Iron Ore Mines, Jharkhand	
Budhaburu **Area-823.624 Ha.**	Expert Appraisal Committee (EAC) of MoEF favourably considered the environment clearance proposal of Budhaburu lease on 23.11.09. *Vide* circular dated 13.1.10, MoEF has sought comments of SPCB with respect to pollution load in terms of ambient quality, water quality etc. Final clearance order is awaited from MoEF.
Sukri-Latur **Area-609.813 Ha.**	Expert Appraisal Committee (EAC) of MoEF favourably considered the proposal on 21.12.09. MoEF has sought comments of SPCB with respect to pollution load in terms

	of ambient quality, water quality. etc. Final clearance order is awaited from MoEF.
Dhobil **Area-512.83 Ha.**	Expert Appraisal Committee (EAC) of MoEF favourably considered the proposal on 21.12.09. *Vide* circular dated 13.1.10, MoEF has sought comments of SPCB with respect to pollution load in terms of ambient quality, water quality. etc. Final clearance order is awaited from MOEF.
Ajitaburu **Area-323.887 Ha.**	MoEF considered the proposal on 17.9.09 and asked to revalidate the data along with approved mining plan. Information/Data along with approved mining plan submitted on 10.2.10. MoEF considered the proposal on 18.3.10 and decided to wait for information from State Pollution Control Board before final consideration.
ORISSA	
Barsua-Kalta Iron ore Mines, Orissa	
ML-130 **Area-2486.38 Ha.**	EIA-EMP completed. Public Hearing successfully conducted on 28.8.09. Orissa State Pollution Control Board forwarded the EIA-EMP along with comments to MoEF, New Delhi in Oct. 09. Final EIA along with comments of State Pollution Control Board submitted to MoEF on 24.11.09. EAC, MoEF considered the proposal on 22.1.2010 and asked for additional information/data. The additional information/data complied by MECON was submitted to MoEF on 18.2.2010. MoEF considered the proposal on 18.3.2010 and asked for submission of further data/ clarifications.
ML-162 **Area-77.96 Ha.**	EIA-EMP completed. Public Hearing successfully conducted on 28.8.09. Orissa State Pollution Control Board forwarded the EIA-EMP along with comments to MoEF, New Delhi in Oct. 09. Final EIA along with comments of State Pollution Control Board submitted to MoEF on 24.11.09. EAC, MoEF considered the proposal on 22.1.2010 and asked for additional information/data. The additional information/data complied by MECON was submitted to MoEF on 18.2.2010. MoEF considered the proposal on 18.3.2010 and asked for submission of further data/ clarifications.

B. Corporate Social Responsibility

4.7 Corporate Social Responsibility (CSR) has been identified as an important parameter in the MoU drawn up by the major PSUs with the Ministry of Steel since 2007-08. CSR activities focusing on environmental care, education, health care, cultural efflorescence and peripheral development, family welfare, social initiatives, including sports activities and other measures are underway at the PSUs.

- All profitable steel PSUs have earmarked at least 2% of their distributable surplus for CSR activities since 2007-08. Mining PSU-NMDC earmarked 5% of its distributable surplus for CSR activities.

- Total budget of Rs. 290.11 crore had been allocated for carrying out CSR activities by the Steel Ministry PSUs during 2008-09. The expenditure on CSR during the period 2008-09 stood at around Rs. 229 crore.

4.8 On being asked about the reasons for gross under utilization of allocated budget under CSR by SAIL, RINL and NMDC during 2008-09 and April – December 2009, the Ministry have furnished its reply as under:

SAIL

"The budget allocation and utilisation of CSR in SAIL for the year 2008-09 and 2009-10 (April-Dec. 2009) has been :—

Sl.No.	Year	Budget Allocated	Budget Utilised
1.	2008-09	Rs. 114 crore	Rs. 83.03 crore
2.	2009-10	Rs. 80 crore	Rs. 40.43 crore (April-Dec. 2009)**

** Provisional.

In 2008-09, due to meltdown in global economy, jobs related to civil work could not be placed. Due to recession, thrust was given on cost control on all the areas. There were also problems of getting work executed in mining and tribal areas due to disturbances. Due to the same reason, some of the activities could not be undertaken during the fiscal 2008-09. Therefore, the actual expenditure by the end of the fiscal 2008-09 was less than the allocated budget. In 2009-10 also, till May'2009, CSR projects could not be taken up due to various reasons. Awarding of CSR projects began only in second quarter and due to the monsoons, actual work started in the later part of quarter-II.

It may however be noted that the expenditure in CSR in 2009-10 in April-December 2009, is Rs. 40.43 crore which is more than the MOU Level II (Rs. 40 crore) for the complete year 2009-10.

However, in addition to the above budget utilisation, the expenditure on non-SAIL / non-entitled people on account of Health, Education, Township, etc. during 2008-09 and 2009-10 (April-Dec. 2009) has been more than Rs. 255 crore and Rs. 140 crore respectively.

RINL

Allocated budget/actual expenditure incurred during the above said period are as follows:—

Year	Budget Allocated (Rs. in lakhs)	Budget Committed (Rs. in lakhs)	Expenditure (utilization) (Rs. in lakhs)
2008-09	3885	3882	2283
2009-10	1275	652.04 (upto Dec. 09)	877.02 (upto Dec. 09)

The Budget for a particular financial year is allocated based on the distributable profits declared for the previous year which is obtained after finalization of accounts etc. Based on various requests received for CSR activities, the road map is prepared and necessary approvals obtained from the Management/Board.

While executing various activities/projects included in the road map for a particular year, the cash outflow for undertaking these activities during the year is indicated as the expenditure for that year. This expenditure for that year may also include expenditure towards committed budget in the previous year(s).

Each activity/project takes a definite time for its completion, sometimes involving considerable length of time depending on the nature of the project. For example, VSP supported International Red Cross Society in creating Blood Bank and Collection Storage Centres, involving various activities *viz.* :—

- Preparation of the preliminary estimates
- Seeking approval as per DOP
- Clearance to CPWD to take up the works as per the MoU with them
- Release the initial security deposit to CPWD for commencement of work
- Preparation of the detailed estimates, specifications etc. by CPWD

- Invitation of Tenders by CPWD
- Finalization of tenders by CPWD
- Award of the tender to the selected agency
- Execution of work in stages
- Submission of Bill by the agency
- Processing for payment
- Release of payment
- Completion/Handing over of the works

Only when the payment is released, that is treated as expenditure in that year against the activity.

Due to lead time required as above for such activities, the total amount (cash outflow) in that year will always be less than budget allocation made for that year. However, depending upon the progress and completion of works, the payments will be released in the subsequent years accordingly. However, after some years, when CSR activities reach steady state, there could be some consistency. Based on fluctuation in distributable profits, the lag effect, there could be some variation.

NMDC Limited

(Rs. in crores)

	5% of Distributable Profit	Commitments made	Actual Expenditure
2008-09	124.40	135.60	98.84

During the year 2008-09, the total funds committed for various CSR works initiated was Rs. 135.60 crores against Rs. 124.40 crores (Absolute figure of 5% of distributable profit of 2007-08). Against the above commitment, the actual expenditure was Rs. 98.84 crores, which is excellent under MoU ratings.

It would be pertinent to mention that CSR initiatives by their very nature are huge projects having long gestation periods. The funds committed are required to be spent over a span of 3 to 5 years, especially on the infrastructural works, integrated development of villages etc.

NMDC has been facing various constraints in the implementation of its CSR initiatives *viz.* Resistance from Maoists for entering into certain villages, Contractors/NGOs not coming forward to take up works in Bailadila area due to sensitivity etc. In some cases, demands from the contractors have been received to cancel the work orders and refund their Earnest Money Deposits (EMD) due to problems created by Maoists. Additionally NMDC has also been facing instances of disputes on title deeds for the sites allotted by State authorities for infrastructural development.

Considering the prevailing conditions, operational constraints etc., the Board of Directors in the 417th meeting held on 07.01.2010 has resolved that the annual allocation towards CSR activities be 5% of the retained earnings of the previous year or Rs. 80 crores whichever is less.

(Rs. in crores)

	CSR Budget	Commitments made	Actual Expenditure*
2009-10	80.00	102.28	47.03

* Actual Expenditure Apr.–Dec.

It is anticipated that the further commitments to be made for the CSR initiatives on the anvil would fully utilize the uncommitted funds carried forward from the previous years and the actual expenditure will materialize over the next couple of years.

4.9 On being further asked what corrective steps have been taken/ will be taken for proper utilization of funds in the year 2010-11, the Ministry have stated as follows:—

"With a view to ensure that Corporate Social Responsibility (CSR) activities are perused in earnest by the PSUs and Companies under the Ministry, this point has been reflected in the RFD (Result Frame Work Document) of the Ministry of Steel for the year 2010-11. It has been decided that at least two meetings will be held to review the CSR activities of the Ministry of Steel including utilization of fund.

SAIL

For the proper utilisation of CSR funds in 2010-2011, the annual plan for the next year *i.e.* 2010-11 is being drawn. All efforts are being made so that the projects can be awarded as soon as possible and are completed within the fiscal itself so that the maximum amount of budget is effectively utilized in the year.

NMDC

It mentioned that the under-utilization of funds w.r.t. to the budget is due to extraneous reasons and prevailing environment. However, NMDC is making all possible efforts to bring reputed NGOs to work in the remote and sensitive area of Bailadila and also is partnering with the State Govt. to take up infrastructural developmental works in the naxal affected areas through various agencies of the State Govt. under protection of armed forces".

PART II

RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE

1. Keeping in view the significance of steel industry in the overall development of economy and its contribution in the growth of GDP, it is imperative that the Government should endeavour to make a policy framework in the long term interest of the Indian steel industry which would help them enhance their production capacity in order to keep pace with the anticipated increase in domestic and overseas demands. The Committee would like the Ministry to take appropriate measures to enable Indian steel industry to become competitive globally not only in terms of cost, quality and product – mix but also in terms of global benchmarks of efficiency and productivity, expeditious removal of procedural bottlenecks, availability of critical raw material, infrastructure and modern technology. The Committee would like to be apprised of the steps taken/proposed to be taken in this regard.

2. The Committee have been given to understand that Budgetary Support (BS) is being provided by the Ministry to some of the financially weak and loss making PSUs and Internal and Extra Budgetary Resources (IEBR) are being raised by profit making PSUs for implementing their schemes. As against the proposed annual plan outlay of Rs. 17221.82 crore (IEBR: Rs. 17163.82 crore+BS Rs. 58.00 crore), the Planning Commission has approved an outlay of Rs. 17199.82 crore (IEBR Rs. 17163.82+BS Rs. 36.00 crore). The Committee note that the outlay for 2010-11 has sharply increased to Rs. 17199.82 crore as compared to that of Rs. 13756.66 crore in 2009-10. However, the Revised Estimates (RE) for 2009-10 was marginally reduced to Rs. 13252.46 crore and the actual expenditure upto January, 2010 was Rs. 11122.11 crores. The Committee understand that the plan outlay has been increased as compared to the preceding year to meet the expenditure on various on-going projects/scheme of steel PSUs. What the Committee would like the Ministry is to ensure that the enhanced allocation is gainfully utilized and the on-going projects/schemes are strictly monitored to keep pace with expenditure.

3. The Committee note that for XI Five Year Plan (2007-12) Planning Commission has approved total outlay of Rs. 45607.08 crore. Budgetary support has been kept at Rs. 217 crore. The Committee are,

however, concerned to note that cumulative expenditure during XI Plan upto January, 2010 has been far from satisfactory as is evident from the fact that about 50% of the expenditure is likely to be incurred during the first 3 years of plan period as against that of 60%. The Committee desire that the Ministry should endeavour to analyse the reasons for inadequate utilization of the funds so far and gear up its monitoring mechanism to ensure that by the end of the XI Five Year Plan total allocated funds are fully utilized. The Committee also urge upon the Government to expeditiously approve the merger of SIIL with NMDC and resolve the financial issues relating to waiver of outstanding loans and interest thereon in respect of HSCL for speedy restructuring of the Company.

4. The Committee find that a new scheme *i.e.* "Scheme for Promotion of R&D in Iron and Steel Sector" for XI Plan (2007-12) with an outlay of Rs. 118 crore was approved by the Planning Commission. The objective of the scheme is stated to promote and accelerate R&D activities in development of key raw materials. The Committee regret to observe that no expenditure has been incurred on any research activities in first 2 years of the plan period. Although, 7 R&D projects of national importance were shortlisted, work on not even a single project could commence. The Committee recommend that the R&D projects identified by the Ministry may be accorded top priority and necessary corrective measures may be taken to ensure gainful utilization of the fund allocated for the projects during the remaining plan period. The Committee would like the Ministry of steel to complete the proposed R&D projects through in-house research instead of depending on imported technology, if any, which is not in the overall interest of steel industry in India.

5. The Committee have been given to understand that an Inter-Ministerial Group (IMG) constituted to monitor and coordinate various issues concerning major steel investment in the country is striving to resolve issues pertaining to environment and infrastructure. The Ministry have admitted that major issues hampering steel industry relate to linkage of iron ore and raw materials. The Committee feel that timely completion of ongoing schemes of steel PSUs and full utilization of allocated funds in XI Five Year Plan are dependent on statutory environment and forest clearances. The Committee would like the Ministry to use IMG as an effective tool for resolving the issue relating to environment and forest clearances for various schemes of steel PSUs.

6. The Committee note that Annual Plan outlay of Steel Authority- India Ltd. (SAIL) for the year 2010-11 has been increased

to Rs. 12254 crore from 10356 crore in 2009-10 keeping in view progress of modernization and expansion plan and other ongoing projects. The Committee observe that SAIL could not keep its commitment as regards completion of modernization and expansion plan. As a result thereof expected production has been seriously affected.

7. The Committee note that after deregulation of Steel Sector, capacity creation has taken place primarily in the private sector. The reason furnished by the Ministry for not keeping pace with the private sector in capacity creation that plants of SAIL were undergoing technological upgradation is not convincing enough. As a matter of fact, modernization of projects such as replacement of obsolete technology and introduction of latest technology is a normal process for sustained development of steel industry. In this connection, the Committee would like to point out that in 2004-05, the share of public sector in total crude steel and finished steel production was 36.6 million tonnes and 28.3 million tonnes respectively which came down to 28 million tonnes and 22.2 million tonnes respectively in 2008-09. The Committee are inclined to conclude that Public Sector is witnessing a declining trend in total crude and finished steel output. The Committee therefore recommend that Ministry should take necessary remedial measures to help its PSUs to compete with the private sector in production and offtake of crude and finished steel.

8. The Secretary, Ministry of Steel admitted during evidence that SAIL and RINL have not gone in for specialized and high grade steel which is basically a value addition. However, the Committee have been now given to understand that that SAIL and POSCO have entered into a strategic alliance for information sharing in areas related to corporate strategic planning, collaboration and cooperation in areas pertaining to joint research and development projects and joint ventures mutually agreed upon. The Committee feel that it is imperative that Indian steel industry particularly SAIL should improve the quality of steel to match international standards. The formation of joint venture between SAIL and POSCO is a step in right direction and the Committee feel that more such joint ventures would be formed between steel PSUs and leading steel producers of the world engaged in production of specialized steel. The Committee also recommend that Ministry may formulate an action plan for the PSUs particularly SAIL and RINL for diversification of their products and encourage them to produce specialized steel such as steel used in automobile sector, electrical utility, turbine making, nuclear plant etc.

9. The Committee observe that for long term security in supply of metallurgical coking coal, SAIL should have acquired coal mines

abroad. The Committee are, however, distressed to note that so far SAIL has not acquired any oversea coal mines. As a matter of fact, SAIL alongwith CIL, RINL and NTPC had formed a joint venture company *viz.* International Coal Ventures Private Ltd. (ICVL) in May, 2009 for acquisition of overseas coal mines. However, ICVL is yet to identify a potential country for acquisition of coal mines. The Committee urge upon the Ministry to play a proactive role for expeditious acquisition of overseas mines for its three PSUs *viz.* SAIL, RINL and NMDC who are the promoters of ICVL.

10. The Committee note that the annual outlay of RINL was reduced to Rs. 2224.48 crore at RE stage against that of Rs. 2437 crore of BE 2009. Although, the Ministry have admitted that Revised Estimates would not be utilized, the allocation has been subsequently increased to Rs. 4049 crore at BE 2010-11. The Committee strongly urge upon the Ministry to ensure that all procedural steps are taken well in time so that steep increase in budget estimate of 2010-11 would be fully utilised.

11. The Committee regret to point out that the RINL has not been successful so far in acquiring captive mines of core raw materials *viz.* iron ore and coking coal. Further, two coal blocks *viz.* Mahal and Tenughat Jhirki allotted by Coal India Limited are not likely to be developed due to operational reasons. The performance of the company has been adversely affected on this account. Non-availability of iron ore and coking coal mines has been a major constraint for RINL and the Committee have been recommending repeatedly to the Ministry to facilitate them in this regard. The Ministry ought to take urgent measures to help RINL in acquiring captive mines to ensure increased production of steel.

12. The Committee find that an amount of Rs. 700 crore at BE 2009-10 in respect of NMDC was downsized at RE stage to Rs. 543 crore. According to the Ministry, the amount provided for development of Bailadila Deposit 11 B projects could not be utilized due to delay in procurement of Heavy Engineering Machines (HEM) equipments. Further, there has been inordinate delay in tendering process of Integrated Steel Plant (ISP) at Nagarnar. The reasons cited by the Ministry/NMDC were not unforseen and timely action was not taken to plug the loop-holes. The Committee desire that necessary corrective measures may now be taken so that fund earmarked for 2010-11 is fully utilised.

13. The Committee note that NMDC had signed an MoU with Rio Tinto in August, 2008 for acquiring and developing mines in India and abroad. In this connection, only so far some projects in India and

abroad have been identified and not even a single mine has been acquired. The Committee deprecate the casual approach adopted by the Ministry which has resulted in inordinate delay in acquiring the requisite mines. The Committee desire for NMDC to retain its important entity as a global mining giant, it ought to move speedily to acquire as many mines as it can in India and abroad.

14. The Committee observe that the amount of Rs. 85 crore earmarked at BE 2009-10 has been drastically reduced to Rs. 10 crore at RE and the expenditure incurred upto January, 2010 is merely Rs. 1.85 crore. The Committee regret to observe that some of the schemes of KIOCL *viz.* development of permanent Railway Sliding at Mangalore, construction of Bulk Material Handling facility for receipt of iron ore by rail, Ductile Iron Spun Pipe, eco-Tourism development at Kudremukh are hanging fire for quite some time for want of completion of various procedural formalities and statuary clearances. KOICL has been facing serious crisis ever since the Supreme Court imposed complete ban on mining operations at Kudremukh and has been strugling hard to sustain itself. The Committee feel that Ministry should take proactive steps to overcome difficulties/constrains as well as to ensure that whatever funds made available are timely and fully utilized.

15. The Committee have been given to understand that the production of iron ore is much more than the domestic consumption as a result of which more than half the production of iron ore is exported. The Committee are concerned to note that reserve of the iron ore may last till 2021-22. With a view to conserving iron ore for long term use of domestic steel industry and also to ensure its availability to them at a affordable/reasonable price, the Government must explore the possibility of restricting the export of iron ore. For this, the Ministry of Steel should take up the matter with Ministry of Finance so as to impress upon them to levy suitable ad-valorem duty on iron ores.

16. The Committee are concerned to note that due to limited production of indigenous coking coal, domestic steel industry has to resort to imported coking coal to fulfill its requirement. The Committee find that 11 coking coal blocks and 56 non-coking coal blocks have been allotted to different steel companies for captive use. They also note with satisfaction that Government is encouraging the formation of joint ventures between steel companies to acquire coking coal blocks abroad. The Committee desire that work on war footing may be initiated for development of the coking coal blocks and non-coking coal blocks allotted to steel PSUs so that these companies can reap the benefit of having their own captive coal mines. The Committee find that Indian Steel Industry do not have adequate sintering and pelletisation facility

as a result of which iron ore fines are exported. The Committee feel that steel PSUs should set up sintering and pelletisation facilities which would help to promote value addition of iron ore in the country. Further, the Finance Ministry may be persuaded to provide fiscal incentives for setting up beneficiation and pelletisation plants in the country to make best use of iron ore fines.

17. The Committee are concerned to note that SAIL is having only 5 valid leases of iron ore, the remaining 20 leases are either disputed or under deemed extension. The Committee are informed that an out of court settlement is likely to resolve dispute with Government of Jharkhand in case of two leases *i.e.* Chiria and Gua. The Committee observe that many proposals of SAIL and NMDC relating to iron ore mining leases are pending with Government of Jharkhand, Orissa and Ministry of Environment and Forests for want of environment and forest clearances. The Committee desire that mining leases awaiting mandatory statutory clearances such as forest clearances and environment clearances may be accorded top priority by taking the matter with the concerned State Government at the highest level.

They also recommend that a special cell may be created in the Ministry which would address the objections/concerns of the State Government and Ministry of Environment and Forests.

18. The Committee regret to note that although profit making steel PSUs earmark 2% of their distributable surplus (5% in the case of NMDC) for Corporate Social Responsibility (CSR) activities, the allocation under CSR is not being properly utilised. The expenditure trend of 2008-09 and 2009-10 in respect of CSR activities of SAIL, RINL and NMDC indicate that these companies have failed to utilise the allocated budget on CSR activities. For example in 2008-09, SAIL had made budgetary allocation of Rs. 114 crore, out of which they could utilize only Rs. 85.3 crore. The Committee, therefore, recommend that steel PSUs should make sincere efforts to fully utilize the allocated budget on CSR activities. Further, all the profit making PSUs should explore the possibility of enhancing their distributable surplus for CSR activities from existing 2% to 5%. The Committee also desire that people's representatives of the concerned area should be associated in identifying the areas where the fund meant for CSR activities are to be utilised.

NEW DELHI;
12 *April,* 2010
22 *Chaitra,* 1932 *(Saka)*

KALYAN BANERJEE,
Chairman,
Standing Committee on Coal and Steel.

ANNEXURE I

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 23 MARCH, 2010 IN COMMITTEE ROOM 'C' , PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1400 hours to 1630 hours.

PRESENT

Shri Kalyan Banerjee — *Chairman*

MEMBERS

2. Shri Hansraj G. Ahir
3. Shri Abu Hasem Khan Choudhury
4. Shri Ismail Hussain
5. Shri Chandrakant B. Khaire
6. Shri Yashbant Laguri
7. Sardar Sukhdev Singh Libra
8. Shri Narahari Mahato
9. Shri Govind Prasad Mishra
10. Kumari Saroj Pandey
11. Shri Ramesh Rathod
12. Shri Rajiv Ranjan Singh *alias* Lalan Singh
13. Dr. G. Vivekanand
14. Ms. Mabel Rebello
15. Shri Jai Prakash Narayan Singh
16. Shri Nand Kumar Sai
17. Shri Mohd. Amin
18. Shri Ali Anwar Ansari
19. Shri R.C. Singh

SECRETARIAT

1.	Shri Ashok Sarin	—	*Joint Secretary*
2.	Shri Shiv Singh	—	*Director*
3.	Md. Aftab Alam	—	*Under Secretary*

WITNESSES

Ministry of Steel

1.	Shri Atul Chaturvedi	—	*Secretary*
2.	Shri B.S. Meena	—	*SS&FA*
3.	Dr. Dalip Singh	—	*Joint Secretary*
4.	Shri G. Elias	—	*Joint Secretary*
5.	Shri Udai Pratap Singh	—	*Joint Secretary*

Steel Public Sector Undertakings

1. Shri S.K. Roongta, Chairman, SAIL
2. Shri P.K. Bishnoi, CMD, RINL
3. Shri L.R. Singh, CMD, MECON
4. Shri K. Ranganath, CMD, KIOCL
5. Shri Rana Som, CMD, NMDC
6. Shri S.K. Tripathi, CMD, MSTC
7. Shri K.J. Singh, CMD, MOIL
8. Dr. Satish Chandra, CMD, BGC
9. Shri Malay Chatterjee, CMD, HSCL
10. Shri Antony Chacko, MD, FSNL

2. At the outset, the Chairman, welcomed the representatives of the Ministry of Steel and Steel Public Sector Undertakings to the sitting of Committee. The Chairman mentioned that the sitting of the Committee has been convened to take oral evidence of the representatives of the Ministry of Mines on Demands for Grants (2010-11) of the Ministry.

3. Thereafter, the Secretary, Ministry of Steel briefed the Committee regarding functioning of the Ministry and Public Sector Undertakings (PSUs) under its jurisdiction followed by the visual presentation on

Demands for Grants(2010-11) on focus areas and initiatives, and key policy concerns. The points discussed during the sitting broadly related to the issues such as production and consumption of steel in India *vis-a-vis* global scenario, implementation of on-going schemes/projects of Steel PSUs, utilization of funds earmarked for the schemes during 11th Five Year Plan, Export of iron ore, settlement of claims for employment in respect of displaced persons of Bokaro Steel Plant, early disposal of forest and environment cases, allotment of mines to Steel PSUs pending with the Government, physical and financial performance of the Steel PSUs, payment of wages to the employees of Hindustan Steelworks Construction Ltd, (HSCL) and restructuring of loss-making PSUs, etc.

A verbatim record of the proceedings has been kept.

The Committee then adjourned.

ANNEXURE II

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 12TH APRIL, 2010 IN COMMITTEE ROOM '139', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1500 hrs. to 1615 hrs.

PRESENT

Shri Kalyan Banerjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri Sanjay Bhoi
3. Shri Ismail Hussain
4. Shri Yashbant Laguri
5. Sardar Sukhdev Singh Libra
6. Shri Narhari Mahato
7. Shri Govind Prasad Mishra
8. Shri Ramesh Rathod
9. Shri Rakesh Sachan
10. Shri Pashupati Nath Singh
11. Shri Rajiv Ranjan Singh *alias* Lalan Singh
12. Ms. Mabel Rebello
13. Shri Dhiraj Prasad Sahu
14. Shri Jai Prakash Narayan Singh
15. Shri Mohd. Amin
16. Shri Ali Anwar Ansari
17. Shri R.C. Singh

SECRETARIAT

1.	Shri Shiv Singh	—	*Director*
2.	Smt. Sunita	—	*Deputy Secretary*
3.	Mohd. Aftab Alam	—	*Under Secretary*

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

3. The Committee then considered and adopted the following Draft Reports subject to some minor modifications:—

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

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

(iii) 6th Report on Demands for Grants (2010-11) of the Ministry of Steel.

4. The Committee authorized the Chairman to finalize the Reports after making consequential changes arising out of factual verifications by the concerned Ministries or otherwise and to present these Reports to both the Houses of Parliament.

The Committee then adjourned.

**Do not pertain to this Report.