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**STANDING COMMITTEE ON
COAL AND STEEL
(2012-2013)**

FIFTEENTH LOK SABHA

MINISTRY OF STEEL

FUNCTIONING OF MSTC LIMITED

FORTIETH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2013/Bhadrapada, 1935 (Saka)

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(2012-2013)

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FUNCTIONING OF MSTC LIMITED

Presented to Lok Sabha on 29.08.2013
Laid in Rajya Sabha on 29.08.2013



LOK SABHA SECRETARIAT
NEW DELHI

August, 2013/Bhadrapada, 1935 (Saka)

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	(i)

COMPOSITION OF THE STANDING COMMITTEE
ON COAL AND STEEL (2012-13)

Shri Kalyan Banerjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri 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 Om Prakash Yadav
21. Shri Bansa Gopal Choudhary*

* Nominated *w.e.f.* 13.12.2012

Rajya Sabha

22. Shri Ali Anwar Ansari
23. Dr. Pradeep Kumar Balmuchu
24. Shri Srinjoy Bose
25. Smt. Smriti Zubin Irani
26. Shri Jugul Kishore
27. Shri Sanjay Raut
28. Shri Dhiraj Prasad Sahu
29. Shri Nand Kumar Sai
30. Shri Dilip Kumar Tirkey
31. Vacant

SECRETARIAT

1. Shri S. Bal Shekar — *Secretary*
2. Shri Shiv Singh — *Director*
3. Shri Arvind Sharma — *Deputy Secretary*
4. Smt. Vandana Pathania Guleria — *Sr. Executive Assistant*

INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorized by the Committee to present the Report on their behalf, present this Fortieth Report (Fifteenth Lok Sabha) on the subject "Functioning of MSTC Ltd." pertaining to the Ministry of Steel.

2. The Committee took oral evidence of the representatives of the Ministry of Steel and MSTC Ltd. on 11.02.2013.

3. The Committee wish to express their thanks to the officials of the Ministry of Steel and MSTC Ltd. for placing before them and in furnishing material/information from time to time as desired by the Committee.

4. The Committee considered and adopted the Report at their sitting held on 26.08.2013.

5. The Committee place on record their profound appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

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

NEW DELHI;
26 August, 2013
04 Bhadrapada, 1935 (Saka)

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

REPORT

PART I

A. INTRODUCTORY

MSTC LTD.

MSTC Limited formerly known as Metal Scrap Trade Corporation Limited was set up in September 1964 for regulating export of ferrous scrap from India. The status of the Company underwent a change in February, 1974 and it was made a subsidiary of Steel Authority of India Limited (SAIL). In the year 1982-83, the Corporation was converted into an independent PSU under the Ministry of Steel. It was the canalizing agency for import of carbon steel melting scrap, sponge iron, hot briquette iron and re-rollable scrap till February, 1992. It was also a canalizing agency for import of old ships for breaking, the entire import of which was decanalized and put under Open Government Licence (OGL) with effect from August, 1991. In 1998 the Government of India had recommended a complete disinvestment of the Company failing which closure of the Company on the apprehension that the Company was heading towards operating loss. From 1998-99, the Company has consistently improved its performance both in terms of volume of business and net profit (PAT). In 2002, MSTC was awarded Mini Ratna Category-II and in 2005, it has been awarded Mini Ratna Category-I status and during 2007-08, the status of the company has been upgraded to Schedule "B" from Schedule "C".

2. The Company's corporate office is located at Kolkata, West Bengal. It has four regional offices at Kolkata, New Delhi, Mumbai and Chennai and three branch offices at Bangalore, Visakhapatnam and Vadodara. It also has two field offices at Bhopal and Trichy. MSTC has recently opened offices at Hyderabad and Tirupati.

FSNL

3. Ferro Scrap Nigam Ltd. (FSNL) was formed as a Joint Venture company between MSTC and Harsco Corporation in 1979. Thereafter, during 2002-03 MSTC took over 40% of Harsco Corporation share and FSNL became 100% subsidiary of MSTC. Since its incorporation FSNL have made consistent profit and has significantly contributed to Central and State exchequer by way of corporate tax, customs duty and other taxes and duties.

4. The Committee were informed that FSNL is not involved in trading business. FSNL is providing its specialized services to steel plants in the field of metal recovery and processing of slag and has diversified its business into Warehouse Management and also making effort for diversification into mining business.

B. MISSION AND OBJECTIVES OF MSTC LTD.

5. As regards the Mission and Objectives of MSTC Ltd., the Committee were informed that the Company endeavours to organize and expand a market for the various commodities handled by it by making the transactions as transparent as possible through extensive use of e-commerce and wants to emerge as a dominant player in the area of trading with particular emphasis on Steel Industry.

6. According to a background note furnished by Ministry of Steel, the Objectives of MSTC Ltd. are as under:—

- (a) "To emerge as a diversified trading house with particular emphasis on bulk raw materials for steel industry sourced both indigenously and internationally and towards this end gradually build up tie-ups with international trading houses, develop warehousing system and logistics.
- (b) To plan and organize disposal of scrap and secondary arising, unserviceable stores, etc., of organizations, both in the public sector and private sector and to popularize e-auction.
- (c) To promote e-Commerce/e-transactions in above areas and also in transactional sale of prime products.
- (d) To undertake these activities so as to ensure an optimum return on capital employed and to attain a return of 15% on the Networth.
- (e) To ensure customers' satisfaction by providing prompt and efficient dealing with customers, principals and other business associates.
- (f) To develop and maintain a competent, dedicated and motivated workforce.
- (g) To achieve the aforesaid objectives, promote Joint Venture with selected domain experts in the area of logistics, warehousing, value addition to the merchandise etc."

C. CAPITAL STRUCTURE AND SHARE HOLDING PATTERNS

7. As on 31.03.2012, the Authorized Capital of the company is 50,00,000 Equity Share of Rs. 10/- each amounting to Rs. 5.00 crore

and paid up Capital 22,00,000 Equity Share of Rs. 10/- each, amounting to Rs. 2.20 crore. Bonus Share issued at 1:1 in 1993-94.

The share holding pattern of the company is as below:—

Sl.No.	Name of share holder	% of holding
1.	Government of India	89.85
2.	Others	10.15
Total		100

8. During 2012-13, the Authorised share capital of the Company has been raised to Rs. 50 crore and Bonus shares have been issued at the ratio of 3:1. The Paid-up Capital of the company now stands at Rs. 8.80 crore.

9. The Committee were informed that the company is managed by its Board of Directors. Presently there are 8 (eight) directors including the Chairman-cum-Managing Director, 2 (two) full time functional directors. 2 (two) directors nominated by the Government of India and 3 (three) non-official part-time directors (Independent Directors).

10. The company follows all the rules and regulations issued from time to time by the Department of Public Enterprises, Government of India. The CMD, functional Directors and Independent Directors are appointed by the Appointment Committee of Cabinet.

11. The Committee were apprised that MSTC have fared “Very Good” and “Excellent” in the last five fiscals. MSTC was selected the best PSU, for 2001-02 and 2004-05 on the basis of MoU rating by Department of Public Enterprises, Government of India and awarded shields by Hon’ble Prime Minister of India. Further, MSTC won the ‘India Pride Award 2012-13’ for ‘Special Recognition for contribution in e-Commerce, Recycling and Environment Protection’.

12. According to Ministry of Steel MoU Rating of the Company has been as under:—

“2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Excellent	Very Good	Excellent	Very Good	Excellent	Excellent (Provisional)

The company is expected to be upgraded to Schedule ‘A’ as a proposal to this effect is under consideration of the Government.”

D. MANPOWER EMPLOYED

13. Regarding Manpower and Recruitments, the Committee were informed that MSTC has a small but technically qualified work force. Details are as under:—

“Manpower Statistics of MSTC as on 31.03.2013											
	HO	ERO	NRO	WRO	SRO	BLR	VIZ	BHPL	VDORA	HYD	TOTAL
Executives	82	10	20	14	11	10	8	1	9	3	168
Non-executives	60	15	20	15	10	10	11	3	7	0	151
Total	142	25	40	29	21	20	19	4	16	3	319

SC/ST/OBC/Physically Handicapped/Ex-Servicemen Status as on 31.03.2013						
Group	Total	SC (%)	ST (%)	OBC (%)	Physically Handicapped (%)	Ex-servicemen
A	168	25(14.88)	10(5.95)	31(18.45)	4(2.38)	Nil
B	51	10(19.60)	1(1.96)	Nil	2(3.92)	Nil
C	86	22(25.58)	2(2.32)	15(17.44)	3(3.48)	Nil
D	14	6(42.85)	1(7.14)	1(7.14)	Nil	Nil
Total	319	63(19.74)	14(4.38)	47(14.73)	9(2.82)	Nil

The reasons for “shortfall” in different Groups are as under:

1. There is no direct recruitment in Group B.
2. (a) There is no backlog in any category as per the Reservation Rosters.
 (b) The shortfall in ST category seen above arises as MSTC has a very small number of employees in each location and separate rosters are drawn for Group C posts for each location.
 (c) The shortfall in OBC category is because reservation is applicable from 1995 whereas total posts shown include the recruitments made before 1995.
3. Recruitment procedure for filling up 1 current vacancy in ST category in Group C is already complete. The selected candidate is yet to join.”

14. Asked about the Male/Female ratio of employees, the Committee were informed as under:—

	Male	Female	Total (As on 31.12.2012)
Executives	143	25	168
Non-executives	126	25	151
Total	269	50	319

15. When it was pointed out that the number of female employees in the Company is quite less as compared to the male employees, CMD, MSTC Ltd. during oral evidence on 11th February, 2013 submitted as under:—

“I have taken a note of this. You know we hold the open interview whenever we go for recruitment and a lot of female candidates also come. Wherever we find them suitable, we take them also. But we will keep it in mind. As far as your observation is concerned that their number has been particularly low. I also feel so that it is low. There can be more representation from their side. We will keep it in mind in future recruitments.”

E. MAJOR BUSINESS ACTIVITIES OF MSTC LTD.

16. Asked about the Major Activities/Business along with financial performance of the Company, the Committee were apprised as under:—

“(i) **E-commerce**—MSTC Ltd. has developed an end-to-end e-Procurement solution for catering to the needs of Government department/PSUs and the system complies with the latest CVC guidelines. The usage of the system by the buying organizations will contribute significant increase in MSTC’s e-Commerce business. MSTC is a PSU engaged in the business of providing full fledged e-Commerce services to give the best of the services to its clients across the country. Under e-Commerce services, MSTC have forward e-auction and e-Procurement which are facilitated by State of the art infrastructure and in house capability of development and customization of software to suit the requirement of customers. MSTC’s e-commerce Division is ISO 9001:2008 and ISO 27001-2005 certified.

E-commerce activities of MSTC Ltd. includes disposal of Scrap, sale of Coal, Ferro Manganese Ore, Iron Ore, Chrome ore, human hair, Tea etc. through e-auction and e-procurement. The list of Principals includes Ministry of Defence, PSUs like

Indian Oil Corporation Ltd., Oil and Natural Gas Corpn. Ltd., State Electricity Boards, Bharat Sanchar Nigam Ltd., Hindustan Petroleum Corpn. Ltd. etc. and TTD. The mode of disposal includes tenders, auction, e-auction, e-tender, reverse auction etc. Besides, MSTC also sells coal from Coal India Ltd., Singareni Coalfields Ltd., Ferro Manganese and Manganese Ore from Manganese Ore India Ltd.

The performance of e-Commerce division during the last five years and period up to January'13 of 2012-13 are as follows:

(Rs. in crore)						
Years	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Volume of Business	5578.54	11120.43	6353.57	8167.75	16005.03	15477.25 (Provisional)

(ii) **Trading**—Import/Export and domestic trade of mainly bulk industrial raw material for actual users. Division looks after sourcing, purchase and sales of industrial raw materials like Heavy Melting Scrap, Low Ash Metallurgical Coke, HR Coil, Naptha , Coking Coal, Steam Coal etc on behalf of industries like Essar Steel, Haldia Petrochemicals Ltd, Global Coke Ltd., Visa Steel Ltd., Adhunik Metaliks Ltd., Loha Ispat Ltd., Topworth, Concast, etc. both from international and domestic markets.

The performance of Trading Division during the last five years is as follows:—

Trading Division Performance Trend

(Rs. in crore)						
Years	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Volume of Business	6642.05	8507.44	6384.87	5933.02	5746.15	9552.48 (Provisional)

e-Auction of Scrap conducted by MSTC during last three years

(Rs. in crore)				
Year/Region & Branch	2009-10	2010-11	2011-12	2012-13 (Provisional)
1	2	3	4	5
NRO-Delhi	766.22	870.11	1022.45	1016.82
WRO-Mumbai	227.15	278.00	302.90	611.20

1	2	3	4	5
SRO-Chennai	144.05	247.32	312.04	392.80
ERO-Kolkata	256.53	338.27	369.89	394.06
VIZAG	170.52	230.30	400.27	1076.15
Vadodara	145.13	171.63	315.95	398.49
Bangalore	155.34	256.52	331.35	412.78
Total	1864.94	2392.15	3054.85	4302.30

As regards the Total Volume of Business transacted by MSTC during the last six years, the Committee were apprised as under:—

(Rs. in crore)						
Years	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Volume of Business	12220.59	19627.87	12738.44	14100.77	21751.18	25029.72 (Provisional)''

17. On being asked as to what extent MSTC trading operations are diversified, MSTC in a written reply informed the Committee as under:—

“MSTC has diversified its business under trading operations to distribute risk due to product price fluctuation and changing demands profile of the industry. Earlier it was limited to few items like Shredded Scrap, Heavy Melting Scrap (HMS), Pellets, Lam Coke etc. Now it has expanded its trading basket to Billets, Pellets, Bloom, Direct-reduced Iron (DRI), Ingot, CLO, Coal, Coke, Copper Wire, Hot Rolled Coil (HRC), Cold Rolled Coil (CRC), Iron Ore, Manganese Ore, Naptha Crude Oil etc. During the last three years MSTC has gradually increased the volume of e-Commerce business to sustain consistent growth in profit. The volume of business since 2009-10 is furnished below:—

(Rs. in crore)			
Year	Volume of Trading Business	Volume of E-Commerce Business	Total Volume of Business
2009-10	6385	6354	12739
2010-11	5933	8168	14101
2011-12	5746	16005	21751
2012-13	9553	15477	25030''

18. On being asked about the number of agreements/contracts signed by MSTC with Government Organisations/PSUs/private companies during the last three years along with the details of the business transacted and the revenue generated therefrom, MSTC in a written reply has informed the Committee that they are engaged in the business of providing full fledged e-Commerce services to give the best of the services to its clients across the country. Under e-Commerce services, MSTC has forward e-auction and e-Procurement which are facilitated by State-of-the-Art infrastructure and in-house capability of development and customisation of software to suit the requirement of customers.

“The details of agreements signed by MSTC during last three years with new Principals are as under:—

Particulars	2010-11	2011-12	2012-13
Number of New Agreements signed with CPSU	25	23	22
Number of New Agreements signed with SPSU	19	26	24
Number of New Agreements signed with Central Government Departments	31	22	18
Number of New Agreements signed with State Government Departments	10	12	9
Number of New Agreements signed with Pvt. Company	13	18	16
Total number of New Agreements signed	98	101	89
Total volume of new business done (Rs. in crore)	133.96	4727.29	1027.72
Total volume of Service Charges earned from new business (Rs. in crore)	2.87	19.58	6.17

Some of the prominent principals added during 2010-11, 2011-12 and 2012-13 in MSTC's e-Commerce basket are as under:—

1. Prime Minister's Office, New Delhi
2. Government of NCT of Delhi
3. Alcock Ashdown (Gujarat) Ltd.

4. 'Tea Serve', Tamil Nadu
5. UPSRTC, Lucknow
6. Rajasthan State Mines and Minerals Ltd.
7. Tirupati Tirumala Devasthanam (TTD), Tirupati
8. Central Empowered Committee/Monitoring Committee, Karnataka
9. Reliance Communications Ltd., Mumbai
10. Bharat Oman Refineries Ltd., M.P.
11. Employees Provident Fund Organisation, Nasik
12. Shipping Corporation of India Ltd.
13. Indian Oil Corporation Ltd.—for Raw Petroleum Coke
14. Odisha Mining Corporation Ltd., Odisha
15. Andhra Pradesh Mineral Development Corpn. Ltd.
16. West Bengal Housing infrastructure Dev. Corpn. Ltd.
17. CSTC Ltd., NBSTC Ltd.—West Bengal."

F. FINANCIAL PERFORMANCE

19. The Financial Performance of MSTC during the last 5 years and 2012-13 is as under:—

	(Rs. in crore)					
Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (Provisional)
Paid up capital	2.20	2.20	2.20	2.20	2.20	8.80
General Reserve	268.45	340.17	406.25	503.00	593.86	691.72
Profit Before Tax	134.47	129.53	135.99	149.40	176.15	193.29
Dividend Paid (%)	840	775	783	100	1077	-
Net Worth	270.65	342.37	408.45	505.20	596.06	700.52
Profit per man (Rs. in Lakh)	46	41	44	47	58	60.50

As regards the contribution by the Company to the Exchequer during last two years, the Committee were apprised as under:—

(Rs. in crore)		
Year	2012-13	2011-12
Dividend Paid	5.48	17.79
Taxes & Duties:-		
Central Government	77.14	79.64
State Government	28.27	30.69
Total	110.89	128.12

20. The Committee were informed that MSTC Ltd. has always been a profit making PSU. The profit crossed the single digit limit in the year 2003-04 and it has reached the highest ever in history of MSTC to the tune of Rs. 193.29 crore in 2012-13:—

(Rs. in crore)						
Years	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Profit Before Tax (PBT)	134.47	129.53	135.99	149.40	176.15	193.29 (Provisional)

Comparative profitability ratios of performance of MSTC *vis-a-vis* other Trading PSEs are as under:—

(2011-12)				
Sl.No.	Ratio	STC	MMTC	MSTC
1.	Profit Before Tax (Rs. crore)	17.80	176.22	176.15
2.	Profit After Tax (Rs. crore)	16.47	70.72	118.39
3.	Capital Employed (Rs. crore)	681.98	1063.61	580.25
4.	Profit Before Tax to Capital Employed	0.03	0.17	0.30
5.	Profit After Tax to Capital Employed	0.02	0.07	0.20
6.	Earnings per share (Rs.)	2.75	0.71	538.14
(April 2012-December 2012)				
Sl.No.	Ratio	STC	MMTC	MSTC
1.	Profit Before Tax (Rs. crore)	10.17	94.20	101.06
2.	Profit After Tax (Rs. crore)	7.28	(-)72.83	68.27

G. E-AUCTION PORTAL

21. The Committee were informed that MSTC Ltd. had made huge investments to create an un-paralleled IT Infrastructure like its own Data Centre, Disaster Recovery Site, robust and reliable Power series servers, 30 Mbps leased line, etc. MSTC has also adopted world class standards of practices and has been awarded ISO 9001:2008 and ISO 27001:2005 certificates. MSTC does not outsource any of the activities to any outside agency and has highly trained manpower to design and maintain the software. Being a PSU, MSTC is duty bound to formulate its methods to comply with the latest CVC guidelines and provisions of IT Act, 2000 and its Amendment of 2008. Thus, MSTC has created a secured, reliable and huge e-marketplace for all the Government departments and PSUs to utilize for their own benefit.

22. In this regard, the Committee were further informed that MSTC Auction Portal runs on IBM platform. A high power p-series Server has been installed which can take 10000 concurrent hits. Separate e-mail server is in operation to facilitate communications. Firewalls and 128 bit data encryption are in place for data security. System digitally signed bids has also been introduced. Dedicated 30 Mbps leased line provides high speed connectivity round the clock. A State of the Art Data Centre has been commissioned in MSTC's HQ at Kolkata which houses all the hardware for e-Commerce activities. The set up has been kept out of bound for all except a few designated engineers of EDP to ensure a secured system. Disaster Recovery (DR) site has been installed in Mumbai office of MSTC with mirror server effect. A special VPN between Kolkata and Mumbai connects the primary location with the DR site. The facility is further audited and certified by STQC IT services. Department of Information Technology, Ministry of Communication and Information Technology, Government of India in respect of IT security and other features. The facility complies with CVC norms. MSTC's strong in-house EDP section with qualified and experienced staff is capable for customizing the portal as per clients' requirement. This has enabled MSTC to add new clients into its fold. MSTC does not outsource the e-commerce activities to outsiders. MSTC ensures 24 x 7 manning of the server support system for uninterrupted service to the users.

H. CORPORATE SOCIAL RESPONSIBILITY (CSR)

23. MSTC has started Corporate Social Responsibility initiatives from the year 2006. Since then it has undertaken different types of projects throughout the country for upliftment of marginal, underprivileged children and women, backward Communities and other initiatives for welfare of poor people.

24. In the last few years, MSTC has been engaged in undertaking various projects of low, medium and high value to assist in the developments of the society in a limited way as per CSR policy. Since MSTC does not have any manufacturing unit and is a trading company, the activities of MSTC in the areas of CSR have been spread over in different States of the country. MSTC has taken various initiatives for social infrastructure development works like Construction/extension of School Building for SC/ST/OBC and disabled students, Vocational Training for mentally, physically challenged and disabled children. Other projects taken up are Construction of Road, Installation of Hand Pumps, and Installation of Solar Lights etc.

25. Asked about the policy of MSTC with regard to Corporate Social Responsibility, MSTC has informed the Committee that the Company has drawn CSR Policy in line with DPE guidelines. The CSR policy followed by MSTC is as under:—

“(a) Planning

- (i) MSTC is committed to CSR and Social Development activities and planning is made every year at the beginning of the year both in financial and physical terms. Planning is recommended by Board level CSR committee and incorporated in MoU with the approval of the Board.
- (ii) Long term targets shall be broken down into medium and short term plan and annual targets.
- (iii) Long term projects whose implementation would take several years may also be broken with annual target.
- (iv) Since MSTC is an e-commerce and trading company it shall take up the projects in any part of the country. MSTC's principals and customers are spread out throughout the country. However, projects close to MSTC office/business would be preferred, since this would give MSTC an opportunity to connect with the people and also monitor the implementation and oversee the usefulness of the projects undertaken. Projects in backward regions of different States should also be taken up. The choice of the activity shall also be the determining factor of choosing a particular location of the project.
- (v) MSTC shall not take projects which are not creating any social value, environment protection or sustainable development. Mere contribution to philanthropic, charitable

and other acquisitions would not be considered. However contribution upto 5% to Prime Minister Relief Fund shall be under the purview of CSR. Further contributions for relief for natural disasters and meeting emergency needs of employees of sick companies can also be made.

- (vi) MSTC shall select one project each in the following categories:
 - (a) Category I—Project which would focus on capacity building, skill development for the benefit of persons of marginal and underprivileged and backward communities so that avenues are created in employment and income generation.
 - (b) Category II—MSTC shall engage in environment sustainability project for water, waste and energy management, promotion of renewable energy, bio-diversity conservation etc. Other areas may include projects for reduction, reuse and recycle of waste materials, rain-water harvesting and replenishing the ground water supply, protection, conservation and restoration of eco system, reduction of carbon emissions through energy efficiency and renewable energy technologies.
- (vii) Central Government/State Government/local administration shall be consulted whenever possible and considered necessary by nodal officer of the company to have their views on the projects being undertaken relating to need and beneficiaries.
- (viii) Presentation and promotion of heritage, art, music and culture in keeping with Indian tradition will form a valid CSR activity.
- (ix) MSTC may wherever possible contribute to very large projects by sharing a part of pool of resources with other PSUs for greater visibility, more number of beneficiaries and lasting impact. This will obviously be in case of bigger projects.
- (x) The Board shall decide on the policy, procedures, projects to be taken up. MSTC shall get need assessment study to assess the intended benefit to the beneficiaries with regard to social/economic/environmental aspects of the project. However where documents are considered to be credible evidences, baseline surveys may not be done.
- (xi) Employees of MSTC shall not be the only beneficiary to any project under CSR/Sustainable Development.

(b) Financials

- (i) MSTC shall with the approval of the Board make a budget, for Corporate Social Responsibility and Sustainable Development for the year. While preparing the budget, allocation will be based on the profitability of the company. More specifically, it will be determined by the Profit After Tax (PAT) of the company in the previous year as shown here under:—

PAT of MSTC in the previous year	Range of Budgetary allocation for CSR and Sustainability activities (as % of PAT in previous year)
Less than Rs. 100 crore	3% - 5%
Rs. 100 crore to Rs. 500 crore	2% - 3%

- (ii) Efforts shall be made to utilize the entire budget. However, unutilized balances of the year shall be carried forward to the next year for CSR expenditure. The reasons for under utilization shall/be disclosed and the unutilized balances shall be used in next two financial years, failing which the unspent amount shall be transferred to “Sustainability Fund” to be created separately.
- (iii) At least 80% of the annual budget shall be spent on project mode and maximum upto 20% may be paid in other activities.
- (iv) Out of 20%, upto 5% of the budget shall be earmarked for emergency needs like relief work due to natural disaster/ Prime Minister’s Relief Fund or National Disaster Management Authority. This may go upto 10% in exceptional cases. If earmarked fund is not used, it shall be carried forward to next year and if not utilized within two years, shall be transferred to Sustainability Fund. A part of budget may be used to provide assistance to the sick CPSEs with approval of Board in each case.
- (v) Expenditure incurred on baseline survey/need assessment study, training, workshop, seminar etc. shall be accounted as Corporate Social Responsibility and Sustainable Development expenditure.

(c) Implementation and Monitoring

- (i) MSTC shall devise internal mechanism to spread CSR awareness amongst the employees. The initiatives shall be explained in management meetings, CEO's communication to employees and other forum where a group of employees are present.
- (ii) Training programmes on CSR shall be organised for the employees. The dealing officers may be nominated for external/CSR training and/or interaction with other PSUs.
- (iii) In case of new incumbents one session on CSR shall be included in induction/orientation programme.
- (iv) CSR activity shall be in project mode with measurable targets. In case project mode is not possible, the reasons are to be recorded.
- (v) MSTC shall implement the project with the help of external specialized agencies. Internal manpower, whenever required may be associated in implementation. These specialized agencies should have enough credibility to be decided by dealing officers. Empanelled agencies of Government/semi-Government /CSR hub will be engaged wherever possible.
- (vi) Evaluation of the project, while it is ongoing and also when it is complete shall be done by independent experts.
- (vii) If possible, big projects can be taken up by pooling resources with other CPSEs.
- (viii) Monitoring shall be done with key indicators, timeline, budget and corrective actions shall be taken. The monitoring may be done by internal officers. Implementing agency should not monitor the same project. The agency engaged for baseline/need assessment study may also be used for monitoring and evaluation.
- (ix) The implementation and monitoring of the CSR activities will be overseen by Board level committee headed by an Independent Director. The composition of the committee is to be decided by the Board of Directors of the company, but it is mandatory to have at least one Independent Director as a member of this committee.
- (x) An officer just below the Board level shall be the nodal officer for CSR/SD who will be assisted by team of officials. The nodal officer shall submit report to the Corporate Social

Responsibility/Sustainable Development Committee headed by an independent director on monthly basis. The independent director, in turn, will submit report to Board once in each quarter. This will form two tier organization on CSR and S.D.

(d) Reporting and Disclosure

Reporting shall be done in following mode—

(a) Internal—

- (i) Nodal officer (CSR/SD) to submit monthly report to the independent director heading the Board-level committee.
- (ii) Independent director to Board once in three months.
- (iii) Company reporting to MOS-in quarterly performance reports.
- (iv) In business review meeting by CEO/nodal officer.

(b) External—

- (i) One para in annual report to shareholders.
- (ii) In Chairman's speech or any legislature by STC/media.
- (iii) In company's website."

26. When asked whether peoples' representatives are associated while finalizing and executing the CSR activities, the MSTC in a written reply furnished to the Committee have informed as under:—

"On receipt of proposal for project, a base line survey is made by MSTC's officials and/or external agency duly appointed for this purpose. If the base line survey is positive then recommendation is made to the Board level CSR committee mentioning the estimated expenditure of the project for approval. If the estimated expenditure is within Rs. 5 Lakh then Board level CSR committee leave it to CMD to take the decision for the project. Board of Directors approval is required after recommendation of CSR Committee for expenditure above Rs. 5 lakh. The officials of MSTC's CSR dept. monitor the CSR activities. Wherever necessary help of the appointed External Agency is also taken. Peoples' representatives are not associated while finalizing and executing the CSR activities.

The following expenditure has been made by MSTC under CSR activity during the last three years:—

Year: 2012-13

Category of Project	Amount Spent (Rs. in lakh)
Village uplift	49.61
Skill Development	30.31
Infrastructure	27.38
Solar Light	11.69
Health	8.10
Education	1.19

Total amount spent was Rs. 128.28 lakh against budget of Rs. 354 lakh in the year 2012-13.

Year: 2011-12

Category of Project	Amount Spent (Rs. in lakh)
Village uplift	121.51
Health	16.96
Infrastructure	9.60
Education	4.30
Skill Development	1.60
Other	12.41

Total amount spent was Rs. 166.38 lakh against budget of Rs. 150 lakh in the year 2011-12.

Year: 2010-11

Category of Project	Amount Spent (Rs. in lakh)
Health	19.71
Education	11.82
Environment Protection	33.74
Village uplift	6.94
Infrastructure	23.05
Skill Development	4.87

Total amount spent was Rs. 100.13 lakh against budget of Rs. 90 lakh in the year 2010-11.

Details of CSR activities by MSTC during the last three years are given in Annexure-I."

I. RESPONSIBILITY TOWARDS THE ENVIRONMENT

27. On being asked about the steps/measures taken by MSTC Ltd. to ensure environmental conservation and pollution/contamination with regard to disposal of ferrous and non-ferrous scrap and other secondary scraps generated, MSTC in a written reply informed the Committee as under:—

"Environment protection denotes keeping the earth and the atmosphere in natural state without addition of damaging elements for all living beings, trees, water and other natural resources. MSTC is a company which facilitates use of waste and obsolete materials which have lost its primary use through the process of recycling. This reduces the cost of production, conserves energy and saves the space which the waste or rejected materials would otherwise occupy. The company through its e-Commerce portal protects the environment from hazardous waste material, by facilitating its collection in lots and thereafter sells to competent agencies for recycling and safe disposal. Use of scrap in the production process not only saves naturally occurring minerals which are the prime raw materials for metal production, it also saves energy resources like coal, electricity and manpower thereby reducing the production costs. MSTC also conducts auction for disposal of rejected/mixed oils, waste petro-products, and other non-metal scrap which are recycled and substantial value is recovered from the waste, apart from its safe and sustainable handling through competent agencies."

J. FUTURE PROSPECTS

28. MSTC has various proposals lined up for the future:—

- United Planters' Association of Southern India (UPASI), an apex body of planters of Tea, Coffee, Rubber, Paper and Cardamom signed agreement for sale of Tea through MSTC. Mock auction and training is going on. The first auction of Golden Leaf Tea was held on 15th April, 2013.
- Orissa Mining Corporation, a State owned PSU has signed agreement with MSTC for e-sale of Chrome Ore from its various mines. The expected yearly volume is approx Rs. 500 crore.

- Government of Odisha has agreed in principle to conduct e-Auction of iron ore being produced from various mines in the State. MSTC is in the process of creating a separate e-Auction portal for Government of Odisha for sale of Iron Ore, Manganese Ore and Chrome Ore for the entire State. MSTC is to open office at Bhubaneswar for this business. The expected yearly volume of business will be Rs. 10000 crore.
- Government of Andhra Pradesh has agreed to utilize MSTC's e-Auction portal for sale of ores, minerals, forest & agriculture produce, purchase of any type of goods, plant & machinery and also e-auction of scrap/rejected (ferrous & non-ferrous), condemned plant & machinery etc. *vide* Government Order No. 30 dated 09/08/2012 issued to this effect.
- Tirumala Tirupati Devasthanam (TTD) nominated MSTC for e-sale of human hair offered by devotees. From September, 2011 to March, 2013 human hair worth Rs. 358.66 crore has been sold.
- MSTC has also decided to set up a new shredding Plant in India for shredding of used cars, buses, scooters and other miscellaneous white goods to add value and recycling of scrap.

K. CHALLENGES FOR THE COMPANY

29. While the volume of business in e-Commerce services is increasing, the service charge rates are under severe pressure. The service charges for Coal India Ltd. have been brought down significantly and, therefore, earnings especially during 2012-13 have got affected. Also for business in other PSUs there is severe competition with private sector service providers who are quoting lower rates.

30. On the issue of MSTC not getting work from SAIL, NMDC, and RINL regarding e-auction of scrap despite coming under the purview of Ministry of Steel, the Secretary, Ministry of Steel during oral evidence replied as under:—

“There are CVC guidelines with regard to giving a work on nomination basis. The guidelines broadly say that a work should be given normally on an open tender basis, and only in rare cases where that item cannot be provided by any other party, it can be given. Secondly, the policy of the Government is not that the work from one PSU must be given to another PSU. The policy is that

the work should be given in a very open and transparent way. Now, if you look at SAIL, SAIL has got its company called 'Mjunction'. So, SAIL would naturally prefer to use its own company owned by itself. In respect of RINL, I will have to verify why they are not doing but for SAIL I can tell you that there is a company called 'Mjunction' which is a 50:50 collaboration between TATA Steel and SAIL, and they are using that company for doing e-auction. The final point is that this company is not in loss. If a company is in loss, then the Government can take a view that we must give work to the company to help it to tide over any problems. This company has been doing very well on its own. So, if you see their profit, it has grown from a very miserly figure of Rs. 3.06 crore in 1997-98 to Rs. 176 crore in 2011-12. It is because of all these reasons that the decision to award work to MSTC is not taken by the Ministry *per se*; it is taken by the concerned companies, the Board of those companies. So, if the Coal India has given them the work, then the Board of the Coal India would have taken a decision for reasons which they would know. But in the case of SAIL, I can tell you very clearly that they have their own company. So, SAIL would prefer to give the work to their own company than to give it to some other company in the same Ministry. The fourth point is that as far as the State Governments are concerned, you would have seen that MSTC has been trying to get the work from the State Governments, and the State Governments do not have a single company which can do e-auction in their State. So, for the first time, they have given work to MSTC. The Government of Karnataka has given work to MSTC and so as the Government of Odisha. They are talking to the Government of Goa, Government of Chhattisgarh, etc."

31. In trading, MSTC facilitates purchase of industrial bulk raw material on behalf of buyers on back to back basis for a margin. To increase its earning, MSTC has to go for direct trading which is a challenging job. Moreover, MSTC also has to gear up for bearing the temporary losses in case of large scale variation in prices of commodities like any other trade. In order to tackle inherent risks in this mode of business, MSTC has very recently strengthened its Risk Management Policy.

32. Although most of the PSUs and Government departments are availing the services of MSTC on nomination basis, of late MSTC is facing difficulties since some of the PSUs are selecting service provider through tendering. In most of such tenders, many small players having virtually no IT infrastructure and expertise are quoting abnormally

low service charge rates which at times is not covering even the minimum expenditures of a company. They being privately operated businesses are not neutral service providers and tend to take sides by entering into secret agreements and create hidden revenue streams from prospective bidders to earn unreasonable non transparent profit. Further they being privately operated businesses are not bound to comply with CVC guidelines.

33. MSTC being owned by the Government acts totally in a transparent manner and remains equally faithful to buyers as well as sellers which are the main requirement of an e-Commerce service provider. Therefore, Government departments and PSUs should avail MSTC's services without going for tenders. Service charge paid to MSTC by Government departments and PSUs remains with Government and can be mutually decided between two PSUs.

34. PSUs may also avail e-Procurement service of MSTC to ensure transparency in Public Procurement, which the Government is emphasizing upon.

35. Regarding the above mentioned issue of certain small players having no infrastructure in IT and expertise quoting lower rates and getting the tender, CMD MSTC during oral evidence elaborated as under:—

“With our experience of participating in various tenders, which are floated by different entities, both the Government and the private, we have come to know that there are elaborate CVC guidelines on providing the e-commerce services. Now, when the tenders are floated, those elaborate guidelines are generally not made part of the tender and when people quote, then even the small players who do not have the sufficient infrastructure with them, like independent servers, their own security features, write ones media, data inscription facilities and other things, quote abnormally low rates and bag these tenders. So, it was in that pretext it was mentioned here that once you go for an open tender for a service provider, for e-commerce and you do not lay down the level playing fields, highlighting all the CVC guidelines, the Government of India guidelines and the Department of Electronics guidelines, then even the small players are quoting very lower rates and working on a hired server basis.”

36. Secretary, Ministry of Steel, when asked to further comment on the matter, informed the Committee as under:—

“Price preference is not given to the PSUs anymore. It used to be given in the past. Today, no price preference is given to the PSUs by the Government of India. There are no circulars of the

Government of India saying that if a PSU wins the bid, then the PSU will get five per cent or 10 per cent preference in price. This used to be in the past but that is changed. I do not remember the year when that was changed. We will request the Department of Public Enterprises to re-look at this issue. If they feel that price preference should again be given to the PSUs, then they will have to issue a circular after going to the Cabinet. So, we can take up this with the DPE.”

L. STATUS OF RECOVERY AGAINST EXPORT OF GOLD JEWELLERY

37. MSTC exported plain gold jewellery backed by Export Credit Guarantee Corporation (ECGC) policy to Dubai based buyers in 2007-08 against which full recoveries were made. This model was continued during 2008-09 and jewellery worth Rs. 638 crore was exported to 47 foreign buyers through 6 associates based in Mumbai. MSTC undertook the said exports only after getting buyer wise insurance from ECGC. Part of the said exports were through Standard Chartered Bank under Receivable Purchase Agreement for which ICICI Lombard was the insurer.

38. Foreign buyers failed to make payment against the exports citing economic slow down as the main reason. Total export outstanding is Rs. 600 Crore from 46 foreign buyers against which a total amount of Rs. 475 Crore was paid to 6 associate suppliers upto 80% of the export value.

Steps to Recovery

39. Foreign buyers—MSTC initiated cases against all the foreign buyers—44 in UAE and one each in Kuwait and Singapore. Out of 46 cases, decrees have been received for 30 cases, all in favour of MSTC for a total value of US\$ 99938462 (approximate equivalent to Rs. 499.69 crore. MSTC has also initiated the process of execution of the decrees in respective courts wherever decrees have been received and the same are being vigorously pursued through lawyers.

ECGC, insurance company—

- 36 Cases have been filed in National Consumer Dispute Redressal Commission (NCDRC) against the repudiation of our claim by ECGC.
- ECGC failed to submit Affidavit of Evidence by 04.12.2012 & 25.04.2013.
- Three Affidavits of Evidence submitted and prayed for submission of further affidavits of evidence.

- Extension granted to ECGC upto July, 2013 with a cost of Rs. 30,000/- with a warning that if no reply is filed by July, 2013, the right of reply will be forfeited. Court ordered to, submit Notes on Arguments by both parties for hearing to start.

40. ECGC ensured MSTC against default by buyers of jewellery and later illegally denied the claim on fabricated and flimsy grounds which is being adjudicated upon by Hon'ble NCDRC, Delhi.

41. Associate Suppliers- MSTC has invoked arbitration proceeding against all the 6 Associate Suppliers through whom exports were done. Out of six arbitration cases against the Associate Suppliers, awards have been received in respect of three cases, all in favour of MSTC for a total amount of Rs. 347.23 Crore. Arbitration for remaining three associates is in different stages of hearing.

42. One of the Associates M/s Ushma Jewellery Packaging Export Pvt. Ltd. has mortgaged landed properties worth Rs. 39 crore to MSTC as collateral security and the original title deeds are in MSTC's custody. MSTC has initiated legal action for disposal of the said landed property. MSTC is hopeful to recover much more than Rs. 39 crore since the market value of the properties have appreciated.

Central Bureau of Investigation (CBI) & Enforcement Directorate (ED)

- All Foreign Court decrees/judgments and awards by Arbitrator in favour of MSTC have been sent to CBI-Mumbai and ED-Delhi.
- MSTC received a list of properties and assets confiscated by CBI for Rs. 155.41* crore and is taking legal opinion to transfer the same in its favour.

*(including Rs. 39 crore indicated at para 12.3.4 above.)

Standard Chartered Bank (SCB)

- SCB had financed export of jewellery for about Rs. 185 crore under a Receivable Purchase Agreement (RPA) with MSTC.
- In case against Insurance Company (ICICI Lombard) filed by SCB, Court awarded decree of Rs. 144.16 crore equivalent to claim amount plus interest in favour of SCB on 06.02.2013.
- In DRT case filed by SCB against MSTC, the affidavit regarding award of decree against insurance company already filed. Next date of hearing 12.06.2013.
- MSTC has filed a Declaratory Title Suit in Kolkata court challenging the action taken by SCB at DRT, Mumbai, without exhausting their legal recourse against ICICI Lombard. Next date of hearing on 06.06.2013.

- On 02.05.2013 a money suit has been filed against SCB in Kolkata for recovery of Rs. 25 Crore plus interest on account of encashment of Fixed Deposits of MSTC and adjustment of the amount against the dues which SCB failed to claim from ICICI Lombard.

43. MSTC and Ministry of Steel are consistently monitoring the progress of recovery action and as a result of constant follow up action recoveries/judgment and documents available with MSTC are as below:—

(Rs. in crore)			
Particulars		Dues recovered in Cash	Judgments & documents with MSTC
(i)	Remittance from foreign buyers (already taken in the calculation of the outstanding of Rs. 598.63 crore)	39.00	Nil
(ii)	Interest on FD	13.00	Nil
(iii)	FDR & BG	Nil	162.00
(iv)	Original title deeds of properties in Raigarh District with MSTC—properties mortgaged in favour of MSTC as collateral security by M/s Ushma Jewellery Ltd. (as per IT approved value.)	Nil	39.00
(v)	40 (Forty) Decrees in favour of MSTC awarded by foreign courts	Nil	629.77 (US\$1259 54869) at notional rate of US\$1= Rs. 50
(vi)	3 (Three) Arbitration awards in favour of MSTC	Nil	347.23
Total		52.00	1178.00

44. Regarding assistance required from Government, MSTC have furnished that a review of export policy for export of gems & jewellery on Document against Acceptance (DA) basis is required. As per Government of India, Exim Policy, ECGC's insurance was mandatory before any agency took up export on DA basis. MSTC took this policy

and got all its exporters verified from ECGC before undertaking exports to them in UAE and elsewhere as per limits approved by ECGC. Despite this, on occurrence of default, ECGC refused to settle the claim. So far as recovery action by MSTC is concerned, it took all measures within the law to realize the outstanding. Export on DA basis as permitted under existing Exim Policy needs a review especially for gold, jewellery, diamonds, precious stones etc. especially in view of repeated misuse of this provision by unscrupulous traders and middlemen being detected off late.

45. ECGC has refused to entertain the claim of MSTC on flimsy ground. Against the refusal MSTC have filed cases in NCDRC in 2010. More than 2 years have passed and the case is still in procedural stage.

46. Secretary Steel wrote on 14.03.2013 to Secretary Commerce proposing a joint meeting along with CMD, ECGC and CMD, MSTC for expeditious settlement of MSTC's Claim by ECGC and avoiding costly litigation. Secretary, Commerce *vide* letter dated 04.04.2013 forwarded a note from ECGC giving reasons for rejection of MSTC's claim and expressed difficulties to re-consider the decision. Our comments on ECGC's contention have been sent to Ministry of Steel on 03.05.2013.

47. Expediting investigation by ED through Ministry of Finance both under FEMA and PMLA may yield remittance by foreign buyers/ recovery from the associate suppliers. MSTC has already provided necessary information/documents to ED.

M. FERRO SCRAP NIGAM LIMITED (FSNL)

48. Asked about the Mission & Objectives of the FSNL, the Committee were apprised as under:—

(a) Mission:

The mission of FSNL is to generate "Wealth from Waste" by maximising recovery from waste material generated by Iron and Steel making and other manufacturing processes.

(b) Objectives:

1. To increase 2% market share every year and to remain market leader in the field of waste recycle management in the steel industry.
2. To increase return on investment atleast to 3% in 2013-14 and then to increase to 12.5% over a period of 5 years.
3. To increase the productivity atleast 15% over a period of 5 years.

(i) Management & Manpower

49. The Chief Executive Officer of the Company is the Chairman & Managing Director. The CMD is assisted by one Chief General Manager & four General Managers at Corporate Office.

50. The Corporate office is situated at Bhilai and the company has ten working sites situated at Rourkela (Orissa), ISP, Burnpur, (West Bengal), Bhilai Steel Plant, Bhilai (Chhattisgarh), Bokaro Steel Plant, Bokaro (Jharkhand), RINL-Vizag Steel Plant (A.P.), Durgapur Steel Plant, Durgapur (West Bengal), JSW-ISPAT Industries Dolvi, Neelachal Ispat Nigam Ltd., Duburi, BHEL, Haridwar (Uttarakhand), Rail Wheel Factory, Bengaluru (Karnataka), and are headed by Deputy General Managers, Assistant General Managers, Manager & one liaison Office at Delhi headed by Deputy General Manager.

Manpower Position as on 31.03.2013

The total no. of employees as on 31st March, 2013 is as follows:

Executives	=	141
Non-Executives	=	910
Total	=	1051

(ii) Capital Structure & Shareholding Pattern

51. As on 31.3.2013, the company's authorised share capital and issued and paid up capital was Rs. 2.00 crores.

(iii) Physical and Financial Performance

52. Enquired about the physical and financial performance of the Company, the Committee were apprised by FSNL in a written reply as under:—

(a) Physical performance

Sl.No.	Item	2008-09 (‘000 MT) (Actual)	2009-10 (‘000 MT) (Actual)	2010-11 (‘000 MT) (Actual)	2011-12 (‘000 MT) (Actual)	2012-13 (‘000 MT) (Prov.)
(i)	Processing and recovery of Iron and Steel Scrap (MT)	2263	2371	2645	2159	2326
(ii)	Handling & Processing of Slag (MT)	3970	4480	4332	3993	4623

(b) Financial Performance

Sl.No.	Item	2008-09 (Actual) (Rs. in crores)	2009-10 (Actual) (Rs. in crores)	2010-11 (Actual) (Rs. in crores)	2011-12 (Actual) (Rs. in crores)	2012-13 (Prov.) (Rs. in crores)	
(i)	Total Income	137.30	158.61	168.53	174.91	185.79	
(ii)	Profit before Tax	4.31	5.76	1.78	2.03	0.91	
(iii)	Profit after Tax	2.23	4.18	1.20	1.37	0.62	
(iv)	Net Worth	132.99	136.30	137.03	137.94	138.56	
(v)	Dividend Paid (including Tax) #Dividend Paid to M/s. MSTC Ltd. being the holding company	0.52	1.01	0.47	0.47	Not yet paid	
(vi)	Contribution to State Government	0.46	0.36	0.32	0.36	0.32	
(vii)	Contribution to Central Government	33.42	22.17	24.39	27.35	36.37	
	Non-operating income	8.23	7.68		9.86	8.99	
	Total	158.61	168.46		174.49	194.78	
Business Projection/Targets for 12th Five Year Plan:							
		2012-13	2013-14	2014-15	2015-16	2016-17	Total
Operating Income	181.00	185.00	193.00	200.00	210.00		969.00
Non-operating Income	3.00	3.00	3.00	3.15	3.15		15.30
Total	184.00	188.00	196.00	203.15	213.15		984.30
PBT	9.35	10.50	11.50	12.50	13.50		57.35
PAT	4.85	5.44	5.96	6.48	7.00		29.73

Profit/loss made by FSNL during the last three years and 2012-2013.

(iv) Functioning of FSNL

53. When asked about the number of agreements/contracts signed by FSNL with Government Organisations/PSUs/private companies during the last three years along with the details of the business transacted and the revenue generated therefrom, the Committee were informed by FSNL in a written reply as under:—

“FSNL has signed one agreement with Government organization *i.e.* Rail Wheel Factory, Yelahanka and 7 agreements have been signed with PSUs during the last three years for the job of Recovery/processing and handling of Iron & Steel Scrap as per details given below and no agreement has been signed with Private Company:

Sl. No.	Agreement signed with Government Organisation & PSUs	Date of the agreement/ M.O.M.	Period of the Agreement	Business transacted/ Revenue generated during the last three years (Rs. in crores)
1.	Bhilai Steel Plant	01.11.2012	1.11.2011 to 31.03.2013	205.47
2.	Rourkela Steel Plant	09.11.2012	1.11.2011 to 31.03.2013	93.49
3.	Durgapur Steel Plant	03.07.2012	1.11.2011 to 31.03.2013	86.33
4.	Bokaro Steel Plant	27.02.2013	1.11.2011 to 31.03.2013	92.17
5.	ISP, Burnpur	03.10.2012	1.11.2011 to 31.03.2013	19.35
6.	Neelachal Ispat Nigam Limited, Duburi	21.06.2010	13.05.2010 to 12.05.2013	21.48
7.	BHEL, Haridwar	29.08.2011	1.08.2011 to 31.07.2013	15.42
8.	Rail Wheel Factory, Bengaluru	27.06.2012	11.09.2012 to 10.09.2013	0.92

FSNL is taking assistance of external agency by hiring equipment and other resources for the jobs which are labour intensive & yielding low service charge rate *viz.*; ‘Scarfig job at Bhilai’ and ‘Collection/Processing/despatch of Wear Scrap/Maint. Scrap at Bhilai/Rourkela/Bokaro.”

(v) Responsibility towards Environment

54. On being asked about the steps/measures taken by FSNL to ensure environmental conservation and pollution/contamination with regard to disposal of ferrous and non-ferrous scrap and other secondary scraps generated mostly from PSUs, etc., FSNL in their written reply have furnished as under:—

“FSNL’s operation of recovery of metallic and processing of slag for recycling results into saving in primary production and thereby saving in natural resources and protection of environment. To that extent FSNL by nature of its core business activity contributes in protecting the environment. FSNL has implemented ISO 14001 for Environmental Management System to make the operation environmental friendly.”

55. As regards the problems and challenges faced by the Company in a background furnished to the Committee, FSNL informed as under:—

- “(i) As per present scenario of abnormal increase of input costs mainly diesel & lubricants, wages, *vis-a-vis* low & uneconomical service charges are adversely affecting the financial sustainability of FSNL.
- (ii) During the recession in steel industry in the year 2002, SAIL insisted to agree for firm rate without escalation for 3 years. Renewal of agreement in 2005 with nominal increase in service charge & escalation limited to 5%, due to which FSNL suffered a loss to the tune of Rs. 3 crores annually. Parity of service charge rate of ISP, Burnpur with other SAIL steel plants.
- (iii) The profitability of the company gradually reduced due to increase in cost of diesel, other consumables & wages.”

56. The Committee were apprised that in the absence of long term agreement with SAIL, FSNL is not able to plan and project the expansion, investment and equipment rehabilitation programme. MoU signed with SAIL for recovery/processing and handling of iron, steel scrap and slag jobs at SAIL plants expired on 31.03.2013.

57. Further, the following SAIL units have extended the existing long term agreement on *ad hoc* basis in order to maintain the continuity of the job and to facilitate gate passes for maintaining manpower and equipments without any increase in the existing service charge rate:—

(A) Rourkela & Bhilai	Extended from 01.04.2013 to 30.06.2013.
(B) Burnpur, Durgapur & Bokaro	Extended from 01.04.2013 till finalization of agreement.

58. FSNL has also desired that renewal of long term agreement on nomination basis by SAIL/RINL for a minimum period of five years *w.e.f.* April 2013 is required with economical/sustainable service charge rate and suitable escalation formula.

PART II

OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

Introductory

The Committee note that Metal Scrap Trading Corporation Limited (MSTC Ltd.) was set up in 1964 for the purpose of regulating export of ferrous scrap from the country and in 1974 it was made a subsidiary of Steel Authority of India Limited (SAIL). The Corporation was later in 1982-83 converted into an independent Public Undertaking under the Ministry of Steel. The Committee also note that although during 1998, the Government had recommended complete disinvestment of the Company as it was heading towards operating losses, MSTC did a turn around and since 1998-99, the Company consistently improved its performance both in terms of volume of business and net profit (PAT). The Committee have also been informed that MSTC was awarded Mini Ratna Category II status in 2002 followed by category I status in 2005. Further, during 2007-08 the status of the company was upgraded from schedule C to schedule B and the Company is expected to be upgraded to Schedule A as a proposal to this effect is reported to be under active consideration of the Government. MoU ratings of the Company since 2007 have always been excellent or very good. The Committee have dealt with some of the aspects like functioning, diversification activities, manpower, environmental conservation and control of pollution/contamination with regard to disposal of ferrous and non-ferrous scrap etc. by MSTC Ltd. and FSNL, subsidiary of MSTC Ltd. in the succeeding paragraphs of this Report.

1. The Committee observe that MSTC Ltd. has diversified its trading operations and these operations of the Company which were earlier limited to shredded scrap, HMS, Pellets, Lam Coke etc. have been expanded to Billets, Pellets, Bloom, DRI, Ingot, CLO, Coke, Coal, Copper-wire, HR Coil, CR Coil, Iron Ore, Manganese Ore, Naptha, Crude Oil etc. The diversification was reportedly done to distribute risk due to product price fluctuation and changing demand profile of the industry. Also during the last 3 years MSTC Ltd. has gradually increased the volume of e-commerce business to sustain consistent growth in profit. The Committee note that the total volume of business during the last 4-5 years has shown a steady increase and from Rs. 12739 crore in 2009-2010, the business grew to Rs. 25030 crore in 2012-2013. The Committee further note that MSTC is diligently engaged in the business of providing full fledged e-commerce services which include e-auction and e-procurement

which are facilitated by the state of art infrastructure and in-house capability of development and customization of software to suit the requirement of consumers. The Committee also note that during the last 3 years MSTC has signed a total number of 288 new agreements which include 70 agreements with Central PSU's, 69 with State PSUs, 71 agreements with Central Government Departments, 31 with State Government Departments and 47 agreements with private companies. The prominent principals of MSTC Ltd. include Prime Minister's Office, New Delhi, Government of NCT of Delhi, Tirupati Tirumala Devasthanam(TTD), Tirupati, Reliance Communications Ltd., Mumbai, Shipping Corporation of India Ltd. etc. While appreciating the increased volume of e-trading work, the Committee expect the Organization to step up their efforts for maintaining sustainability.

2. While reviewing the manpower of MSTC Ltd., the Committee observe that as on 31.3.2013 there are 168 number of executives and 151 number of non-executives in the Company. The Committee note that the strength of executives in Northern Regional Office, Western Regional Office, Southern Regional Office and Bangalore Regional Office are the same as that of non-executive employees. The Committee have been informed that the reason for shortfall in non-executive employees is that there is no direct recruitment in Group 'B' services. The Committee feel that for proper functioning of an organization, ideally the number of non-executives should exceed the number of executives and therefore, recommend, that this aspect be looked into while framing rules and fresh recruitments be made for filling all the vacant posts in the organization. The Committee are also unhappy to note that there is no ex-servicemen recruited in the organization as on date and expect the Government/MSTC Ltd. to ensure recruitment of desired quota for rehabilitation of ex-servicemen who also bring integrity and discipline at the workplace. The Committee desire that proper attention should be given in this regard during the next recruitment and the Committee be apprised of the action taken in the matter in due course.

3. The Committee have been given to understand that there are less number of female employees as compared to male employees which is matter of serious concern. The Committee would like MSTC to give fair representation to female employees in the organization in order to remove the gender bias.

4. The Committee observe that the CSR expenditure by MSTC Ltd. was Rs. 100.13 lakh and Rs. 166.38 lakh during 2010-11, and 2011-12 respectively. However, the Committee are dismayed to note that during 2012-13 against an outlay of Rs. 354 lakh, only Rs. 128.28 lakh could be spent by the Company. The Committee further note that during 2010-11, out of total budgetary allocation of Rs. 100.13 lakh for CSR, only Rs. 19.71 lakh & Rs. 11.82 lakh were spent for

health and education respectively. Similarly during 2011-12, only Rs. 16.96 lakh and Rs. 4.30 lakh were spent for health and education out of a total amount of Rs. 166.38 lakh spent on CSR activities by MSTC Ltd. Again, during 2012-13, out of a total amount of Rs. 128.28 lakh spent on CSR activities only Rs. 8.10 lakh and Rs. 1.19 lakh were spent on health & education respectively. The Committee are unhappy to note that though MSTC has drawn up a clear cut policy framework prioritizing CSR activities to be undertaken by the organization, yet lower budgetary allocations were earmarked for the most important sectors of health and education. The Committee feel that no doubt that Company's spending on CSR activities like village uplift, solar light, skill development, infrastructure, environment protection, etc. is in no way less important, but at the same time the Committee desire that health and education should be accorded priority.

5. While appreciating that MSTC Ltd. has in-house and external training programme for officers deputed to oversee CSR activities, the Committee feel that a dedicated separate cell be created in the organization. At the same time, the Committee recommend that people's representatives who are more aware of the ground realities and the requirement of the local people must be involved while finalizing and executing the CSR activities by MSTC Ltd.

6. The Committee note that MSTC facilitates use of waste and obsolete materials which have lost their primary use through the process of recycling. This reduces not only the cost of production but also conserves energy and saves the space which the waste or rejected materials would otherwise occupy. The Committee have been given to understand that the Company also makes consistent efforts through its e-commerce portal to protect the environment from hazardous waste material by facilitating its collection in lots and thereafter selling it to competent agencies for recycling and safe disposal. The Committee also note that using scrap in production process saves the naturally occurring minerals which are prime raw materials for metal production. Further, precious resources like coal, electricity and manpower are also conserved which also helps in reducing production cost. Besides, MSTC also conducts auction for disposal of rejected/mixed oils, waste petro-products and non metal scrap. These are then recycled and substantial value is recovered from waste. While appreciating the concern MSTC has for the environment, the Committee feel that adequate care should be taken while handling this waste so that it does not harm the personnel handling the same. For this, proper and regular in-house training programmes should be conducted from time to time for the employees involved in such processes. For bulk sustainable handling, competent agencies should be involved so that the risk factor is minimal.

7. The Committee are happy to note that MSTC has various proposals lined up for the future in diverse areas. Among the various proposals for future one is sale of Tea through MSTC by United Plants Association of South India(UPASI) which is an apex body of planters of Tea, Coffee, Rubber, Pepper and Cardamom. State Governments of Odisha and Andhra Pradesh have also decided to utilize e-auction services of MSTC. The Committee also note that MSTC has decided to set up a new shredding plant in the country for shredding of used cars, buses, scooters for the dual purpose of adding value and for recycling of scrap. The Committee appreciate the hard work done by MSTC which is helping the Company to sustain itself in this highly competitive environment where survival of PSUs can be challenging unless concerted efforts are made in this direction.

8. The Committee note that MSTC has been facing stiff competition in volume of business in e-commerce services due to increasing service charges and challenges from private sector service providers who are quoting lower rates. Although most of the PSUs and Government Departments are availing the services of MSTC on nomination basis, of late some PSUs are selecting service provider through tendering wherein small players having no infrastructure and expertise quote very low rates and get the tender. Taking note of the fact that in a number of cases, Works/Purchase/Consultancy contracts by Government of India/PSUs are awarded on nomination basis, CVC had issued guidelines (Circular No. 15.5.2006 dated 9.5.2006) whereby the practice of award of works to PSUs on nomination basis by Government of India/PSUs has been asked to be reviewed forthwith to bring greater transparency and accountability in award of such contracts. The Ministry have also shown its reluctance in the matter by citing the CVC guidelines. Although, the Committee have taken note of the present policy of the Government wherein it is not mandatory to award work from one PSU to another PSU and particularly when the Company like MSTC Ltd. is consistently earning profit, the Committee feel that the State Governments and PSUs should continue to award work to MSTC on nomination basis as was being done by them hitherto. As pointed by MSTC Ltd., that some companies having no IT infrastructure and expertise also grab contracts at much lower service charges which otherwise cannot sustain with profound financial health of the Company as at times it may not cover minimum expenditure incurred, the Committee would like the Government to fix minimum service charges to avoid unhealthy competition as these private players are not bound to comply with CVC guidelines. The Committee also recommend that not only CVC guidelines, but all other Government of India Guidelines including guidelines issued by the Deptt. of Electronics for e-commerce must also be part of

open tenders floated by PSUs for e-commerce services to ensure level playing fields both for PSUs like MSTC Ltd. and private players. The Committee, therefore, desire that matter be taken up by Ministry of Steel/MSTC Ltd. at appropriate level in the Government to ensure compliance of their recommendation.

9. The Committee note that during 2007, MSTC Ltd. had entered into a new business of export of gems and gold jewellery on post shipment basis. MSTC Ltd. exported plain gold jewellery worth Rs. 260.63 crore backed by the Export Credit Guarantee Corporation (ECGC) policy to Dubai based buyers in 2007-08 against which full recoveries were made. During 2008-09, jewellery worth Rs. 638 crore was exported to 47 foreign buyers through 6 associates based in Mumbai. The Committee also note that the jewellery exported during 2008-2009, the foreign buyers failed to make payment amounting to Rs. 598.63 crore against the exports citing economic slow down as the main reason. Total export outstanding was Rs. 600 crore from 46 foreign buyers against which a total amount of Rs. 475 crore (upto 80% of the export value) was paid to 6 associate suppliers. The Committee further note that as per Government of India, Exim Policy, ECGC's insurance was mandatory before any agency took up export on Document Against Acceptance (DAA). The Corporation has also initiated cases against all the foreign buyers—44 in UAE and one each in Kuwait and Singapore. The Committee find that adequate safeguards were not taken by MSTC Ltd. before venturing into a new territory of business and no elaborate study about the risk involved and credentials of those with whom business has to be transacted was carefully carried out by the Company. Moreover, as the foreign buyers cited economic slowdown as the main reason for failing to make payment, the Committee also feel that MSTC Ltd. had not properly analyzed the demand of gold jewellery in foreign markets before venturing into export business. The Committee feel that this vital aspect was conveniently overlooked by MSTC Ltd. The Committee feel that had due diligence been taken in this matter, the situation would have been different. Taking note of the fact that Committee on Public Undertaking of Parliament has already examined the audit observations on the issue and had submitted a Report to Parliament on 30 April, 2013, the Committee while endorsing the observation made by them (Committee on Public Undertakings) would also like to be apprised of the latest development like recovery of payments as well as corrective steps taken so that no such misadventure business activities do not recur in future.

10. The Committee find that MSTC Ltd. had reportedly took the Export Credit Guarantee Corporation's insurance policy and got all its exporters verified from Export Credit Guarantee Corporation (ECGC) before undertaking exports in United Arab Emirates (UAE)

and elsewhere as per limits approved by ECGC. Despite this, on occurrence of default, ECGC refused to settle the claim. In pursuance of this, Secretary, Ministry of Steel has reportedly written to Secretary, Ministry of Commerce on 14.03.2013 proposing a joint meeting along with CMD, ECGC and CMD, MSTC Ltd. for expeditious settlement of MSTC's Claim by ECGC and avoiding costly litigation. The Committee were further informed that Secretary, Commerce *vide* letter dated 04.04.2013 forwarded a note from ECGC giving reasons for rejection of MSTC's claim expressing difficulties to re-consider the decision. MSTC Ltd. has since forwarded its comments on ECGC's contention to Ministry of Steel on 03.05.2013. Though, the matter has been taken up with National Consumer Disputes Redressal Commission (NCDRC) in 2010 and is reported to be at procedural stage, the Committee desire expeditious settlement of the matter by according top priority by all concerned. The Committee, therefore, recommend that a joint meeting of Secretary, Steel; Secretary, Commerce alongwith CMD, MSTC Ltd. and representatives of Export Credit Guarantee Corporation should be held immediately to resolve contentious issues and an amicable solution be arrived at in the matter.

11. The Committee have also been given to understand that MSTC Ltd. has invoked arbitration proceeding against all the 6 Associate Suppliers through whom exports were done. Out of six arbitration cases against the Associate Suppliers, awards have been received in respect of three cases, all in favour of MSTC Ltd. for a total amount of Rs. 347.23 crore. Arbitration for remaining three associates is in different stages of hearing. The Committee would like to be apprised of the receipt of Rs. 347.23 crore as awarded to them in arbitration process and the latest progress in respect of remaining 3 associate suppliers.

12. The Committee note that FSNL, a subsidiary company of MSTC Ltd. was set up with the main objective of processing of steel mill slag and other refuse for the recovery of iron and steel scrap and other metallics. Besides, FSNL has diversified its business into warehouse management and also making efforts to get into mining business. The Committee feel that the mission of FSNL to generate 'wealth from waste' is a noble one as the focus is on maximizing recovery from waste material generated by iron and steel making and other manufacturing processes. The Committee appreciate the fact that due to FSNL's operation of recovery of metallics and processing of slag for recycling, the Corporation is lending a helping

hand in conservation and saving natural resources and protection of the environment. The Committee are also happy to note that in pursuance of the above, FSNL has implemented ISO 14001 certification for environmental management system to make its entire operation environment friendly. The Committee would, however, like to be apprised of the progress made by FSNL in entering into the mining business so far.

13. The Committee are perturbed to note that though total income of the Company has grown from Rs. 158.61 crore in 2009-10 to Rs. 185.79 crore in 2012-13, the profit after tax has fallen from Rs. 4.18 crore to 0.62 crore in 2012-13. What has further dismayed the Committee is that the profit after tax during 2012-13 is Rs. 0.62 crore against the projected target of Rs. 4.85 crore. Although, FSNL has submitted to the Committee that profitability of the company gradually decreased due to increase in cost of diesel, other consumables and wages, the Committee feel that these factors should be well considered and accordingly service charges be levied by the Company to attain financial sustainability. The Committee are of the firm view that sound business principles should always be the guiding factors for any commercial entity. The Committee, therefore, recommend that the Ministry of Steel should take appropriate measures to ensure that minimum service charges levied by a Company be fixed with suitable escalation formula. This will ensure the sustainability of a Company engaged in such an important mission of "Waste to Metal".

14. The Committee would also like FSNL to focus on reducing input costs and emphasis should be given on maximizing output for better sustainability by resorting to proper maintenance & servicing of equipments, identification and closure of uneconomic activities and control of administrative expenses. To enhance its efficiency and output the Committee feel that FSNL should also identify and phase out the worn out old equipments and replace them with new equipments with latest technology.

15. The Committee while noting the details of agreements/ contracts signed by FSNL during last 3 years find that only one agreement has been signed by FSNL with a Government organization Rail Wheel Factory, Yelahanka, Karnataka and 7 agreements have been signed with PSUs for recovery/processing and handling of Iron and Steel scrap. The Committee feel that this is too low with just 2 contracts per year. The Committee also note that 5 of these contracts have expired on March, 2013, one in May, 2013 and the other two will expire by July and September, 2013. Moreover, no agreement has been signed by FSNL with any private company. The Committee feel that FSNL needs to persuade not only the Government Companies but also the private companies in their endeavour to expand their client base. The Committee feel that there is an urgent

need that FSNL adopts vigorous marketing strategies to stay in competition. For this, the Committee feel that a core group should be created within FSNL with the sole motive of Business Development. The Committee have learnt that FSNL has diversified its business into Warehouse Management and is also making effort for diversification into the mining business. While endorsing the diversification plan of FSNL to sustain in the market, the Committee desire that all out efforts should be made by FSNL to venture into new business territories alongwith maintaining its core business competence.

16. As regards the constraints faced by FSNL, the Committee have been informed that during the year 2002, when the steel industry was facing recession, the Company had to agree to the condition of SAIL not to increase its service charges for the next 3 years. Even during renewal of agreement in 2005, there was a nominal increase in service charge and escalation was also limited to only 5%. Due to nominal service charges FSNL was reported to have suffered a loss of about Rs. 3 crore annually. The Committee note that the MoU with SAIL regarding recovery/processing and handling of iron, steel scrap and slag jobs at all the SAIL plants has since expired on 31.3.2012. In order to maintain the continuity of jobs, though the SAIL units of Rourkela and Bhilai have extended the existing agreements on adhoc basis from 1.4.2013 to 30.6.2013, agreements with other units of SAIL like Burnpur, Durgapur and Bokaro are yet to be finalized. In the absence of long term agreement with SAIL, which otherwise would have provided FSNL the adequate financial security, the Ministry has apprised the Committee that the Company is unable to plan and project its expansion, investment and equipment rehabilitation programme. While observing that FSNL has no firm agreements of work in its kitty, the Committee strongly recommend the Government to intervene in the matter and work out an amicable solution to bail out FSNL from this crisis by giving necessary direction to SAIL & RINL to enter into long term agreement with FSNL to keep it afloat in the business. At the same time, the Committee desire that FSNL should also persuade other PSUs and private companies besides SAIL and RINL for obtaining more work orders in order to maintain its sustainability in the market lest other players should edge it out of the market.

NEW DELHI;
26 August, 2013
04 Bhadrapada, 1935 (Saka)

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

ANNEXURE I

DETAILS OF CSR ACTIVITIES BY MSTC DURING THE LAST
THREE YEARS

Contribution made on CSR activities for the year 2010-11

Sl. No.	Name of the Organization	Project/Purpose	Contribution (Rs. in Lakh)
1	2	3	4
HEALTH CARE			
1.	Ramkrishna Mission Balakashrama, Karnataka (Mangalore).	Purchase of Hydro Extractors for poor student.	1.50
2.	Jawaharlal Nehru Cancer Hospital & Research Centre, Madhya Pradesh (Bhopal).	Purchasing the modern modular Operation Theatre.	4.75
3.	Rehabilitation Centre for children, (Kolkata) West Bengal.	Orthopaedic treatment to poor children particularly surgery.	2.02
4.	Child in need Institute (CINI), Pailan, (24pgs.), West Bengal.	Furniture in OPD of the Medical Centre for Child in need Institute.	2.11
5.	Chhatra Sangha Santoshpur, Kolkata, West Bengal.	Construction of infrastructure for medical check up, eye screening, thalasemia blood transmission, etc.	4.92
6.	Sri Sri Saradamoyee Sevayatan, (Kolkata), West Bengal.	Purchase of Medical Instruments for Sri Sri Saradamoyee Sevayatan.	0.91
7.	Nischay foundation, New Delhi.	Medical treatment for poor people.	3.50
		SUB TOTAL :	19.71
EDUCATION			
1.	Paschimbanga Rajya Pratibandhi Sammilani West Bengal.	Construction of Home-cum-Training Centre.	4.90
2.	Lokmanya Tilak Pratishthan, Pune, Maharashtra.	Purchasing Computers and Printers for poor children.	4.92
3.	Sacred Heart Trust, Kolkata, West Bengal.	Purchase of Computer & Benches for poor children.	2.00
		SUB TOTAL :	11.82

1	2	3	4
ENVIRONMENT PROTECTION			
1.	Binapani Educational and Welfare Trust, Mouldanga, Sriniketan (Birbhum) West Bengal.	Construction of Dining Hall & Kitchen for backward students.	3.64
2.	Training & Rehabilitation of Under-privileged Members of Society, Trichy (Trust), Tamil Nadu.	Steam Cooking Instruments for the Institution.	3.10
3.	West Bengal Renewal Energy Development Agency, (Midnapore, Bankura, Purulia) West Bengal.	Three Solar Energy projects in schools/hostels in remote areas.	27.00
		SUB TOTAL :	33.74
VILLAGE UPLIFT			
1.	Dakshin Kalikata Sevasram, 24 Parganas, West Bengal.	Deep Tubewell with a pump as they are facing acute water shortage for requirement of 75 destitute boys.	3.92
2.	Aikatan Sangha, 24 Parganas, West Bengal.	Deep Tubewells for the saline infested zone.	3.02
		SUB TOTAL :	6.94
SKILL DEVELOPMENT			
1.	Dakshineswar Balika Ashram (Howrah), West Bengal.	Purchase of Sewing Machines for the poor children.	3.37
2.	Mehka Angan, New Delhi.	For purchasing Sewing Machines, hiring tailoring teachers and administrative expenditure of sewing section for distressed girls.	1.50
		SUB TOTAL :	4.87
OTHERS (INFRASTRUCTURE)			
1.	Ramakrishna Sarada Mission Baladbandh, Hooghly (Birbhum), West Bengal.	Construction of Hall for the poor child.	4.50
2.	All Bengal Women Union, West Bengal.	Covering pathway for orphan children.	4.75

1	2	3	4
3.	Bharat Sevashram Sangha (Midnapore), West Bengal.	Boarding Home for poor students.	3.04
4.	Institute for the Handicapped and Backward People, Kolkata, West Bengal.	Financial assistance for 'RMS Module AO'- 2 channel BERA System for disabled children.	4.53
5.	Bhagirath Seva Pratisthan (Ghaziabad), Uttar Pradesh.	Purchase Generator & Water Cooler for distressed and disabled children.	1.50
6.	Barrackpore Avenue Womens Cultural and Social Welfare Society (Kolkata), West Bengal.	Purchasing furniture & fixtures for orphanage girl children.	0.88
7.	Ramkrishna Mission Student House, Belghoria (Kolkata), West Bengal.	Installation of Pump for drinking water in the hostel premises for poor students.	3.85
		SUB TOTAL :	23.05
		GRAND TOTAL :	100.13

Contribution made on CSR activities for the year 2011-2012

Sl. No.	Name of the Organization	Project/Purpose	Contribution (Rs. in lakh)
1	2	3	4
HEALTH CARE			
1.	Cancer Centre Welfare Home & Research Institute, Kolkata, West Bengal.	Purchase & installation of "Chemoimmufeseemec" in cancer hospital.	5.00
2.	Chhatra Sangha Kolkata, West Bengal.	Constructing Eye Care Unit and Day Care Center for Thalasemia patient.	4.89
3.	Mohananda Brahmachari Shishu Seva Pratisthan, Kolkata, West Bengal.	Purchase (i) phototherapy unit; (ii) baby warmer; and (iii) plus oximeter for Mohananda Brahmachari Shishu Seva Pratisthan.	4.92
4.	Child in Need Institute, Kolkata, West Bengal.	Purchase of Medical Equipments & Furnitures for Child in Need Institute.	2.15
		SUB TOTAL :	16.96
VILLAGE UPLIFT			
1.	Mou, Gorepur, Distt. Barabanki, Uttar Pradesh.	Community Centre Project	115.75
2.	Aikatan Sangha, West Bengal.	Installation of 02 nos. of Deep Tube Wells for poor people.	3.02
3.	Rehabilitation Centre for Children, Kolkata, West Bengal.	Installation of PV Solar Lighting System & Water Heater for poor children.	2.74
		SUB TOTAL :	121.51
EDUCATION			
1.	Ramakrishna Mission Shilpapith, Kolkata, West Bengal.	Purchase of 10 nos. of Computers for Ramakrishna Mission, Shilpapith.	2.50
2.	Sacred Heart Trust, Kolkata, West Bengal.	Purchase of educational equipments and furnitures for Sacred Heart Trust.	1.80
		SUB TOTAL :	4.30

1	2	3	4
SKILL DEVELOPMENT			
1.	Barrackpore Avenue Women's Cultural & Welfare Society, Barrackpore, West Bengal.	Purchase of sewing machines, embroidery machines, computers and furnitures for ST/VT centre of minority women and youth.	1.60
		SUB TOTAL :	1.60
INFRASTRUCTURE			
1.	Ghasiara Saha Jatri Seva Samity, West Bengal.	Reconstruction of Vidyasagar Sishu Shiksha Kendra.	4.35
2.	Asha Bhawan Centre, Kolkata, West Bengal.	Upgradation of classrooms for mentally retarded students.	2.75
3.	All India Women's Conference, West Bengal.	Construction of school building for mentally retarded students.	2.50
		SUB TOTAL :	9.60
OTHERS			
1.	Eye Care & Research Centre, Kolkata, West Bengal.	Installing of Auto-refractometer for Eye Care & Research Centre.	4.00
2.	SOS Children's Village, New Delhi.	Procurement of installation of 14 water tanks of 1000 ltrs. at SOS Village at Vizag.	2.10
3.	Dakshineswar Ramakrishna Sangha, West Bengal.	Welfare of the distressed and orphan children for Dakshineswar Ramakrishna Sangha.	3.68
4.	Navadiganta, Kolkata, West Bengal.	Purchase of 75 nos. of Cots for old age home and 75 nos. of high and low benches for high school.	2.63
		SUB TOTAL :	12.41
		GRAND TOTAL :	166.38

Contribution made on CSR activities for the year 2012-2013

Sl. No.	Name of the Organization	Project/Purpose	Contribution (Rs. in lakh)
1	2	3	4
VILLAGE UPLIFT			
1.	Gram Panchayat, Bhikhampur, Demuria-D, Distt.: Gonda, U.P.	Construction of 550 metre CC road at Bhikhampur (through HSCL, Lucknow).	33.91
2.	U.P. Jal Nigam, Distt.: Gonda, U.P.	Installation of 50 nos. of Hand Pumps for drinking water in rural areas.	15.70
		SUB TOTAL :	49.61
SKILL DEVELOPMENT			
1.	IL & FS Skills Development Corpn. Ltd., Distt.: Gonda, U.P.	250 unemployed youth (boys/girls) for vocational training programme (through ILFS, Distt.: Gonda, U.P.)	30.31
INFRASTRUCTURE			
1.	Mahamaya Bandhan Samity, Raidighi, 24-Parganas(S), W.B.	Construction of School Building for SC/ST/OBC and minority communities children.	4.18
2.	Haripur Amra Sabai Unnayan Samity, Laxmikantapur, W.B.	Construction of "AMAR GHAR" at School Premises.	4.75
3.	Pakurtalla Laxmi Bharti Abaitnik Prathmik Vidyalaya, C/o. Shibkali Nagar Palli Unnayan Samity, Kakdwip, 24-Parganas(S), W.B.	Construction of School Building for poor children.	4.13
4.	Amira Vivekanand Anushilon Samity, 24-Parganas(S), W.B.	Completion of under construction school building & supply of school furniture.	4.00
5.	Dakshin Sasan Free Primary School, 24-Parganas(S), W.B.	Installation of Tube Well in a free primary school.	1.51
6.	Caregiver, Baruipur, W.B.	Construction of a room for mentally handicapped children.	4.81

1	2	3	4
7.	Prayas Community Living Centre, Kolkata, W.B. Project site : Gobindapur, Vill. : Langalberia, P.S.: Sonarpur, Distt. : 24-Parganas (South).	A deep tube well, pump set and water reservoir at SWAPNANEER (Community living centre).	4.00
		SUB TOTAL :	27.38
SOLAR LIGHT			
1.	(i) Gram Panchayat, Bhagowar village-15 nos.; (ii) Gram Panchayat Bharahapara village-10 nos.; (iii) Shri Suresh Chandra Bharti, Social Worker-22 nos. in different villages; and (iv) Bhati Laghu Madhayamik Vidyalaya-3 nos. All Distt. : Gonda, Uttar Pradesh.	Installation of 49 nos. of Solar Light (through HSCL, Lucknow).	11.69
		SUB TOTAL :	11.69
HEALTH CARE			
1.	Institute for the Handicapped & Backward People, Behala, W.B.	Purchase of Pick-up Van for disabled students.	4.75
2.	Asha Bhavan Centre, W.B.	Physical Activity of Motion Development facility for children with special needs.	3.35
		SUB TOTAL :	8.10
EDUCATION			
1.	Shri Vidya Vikasa Kendra, Bangalore, Karnataka.	Financial support to start Library and Computer Section.	1.19
		SUB TOTAL :	1.19
		GRAND TOTAL :	128.28

ANNEXURE II

MINUTES OF THE SITTING OF THE STANDING COMMITTEE
ON COAL AND STEEL (2012-13) HELD ON 11 FEBRUARY, 2013
IN COMMITTEE ROOM 'C', PARLIAMENT HOUSE
ANNEXE, NEW DELHI

The Committee sat from 1400 hrs. to 1515 hrs.

PRESENT

Shri Pashupati Nath Singh — *In the Chair*

MEMBERS

Lok Sabha

2. Smt. Jyoti Dhurve
3. Shri Babu Lal Marandi
4. Shri Govind Prasad Mishra
5. Shri Gajendra Singh Rajukhedi
6. Shri K.R.G. Reddy
7. Shri Uday Pratap Singh
8. Shri Om Prakash Yadav

Rajya Sabha

9. Smt. Smriti Zubin Irani
10. Shri Sanjay Raut
11. Shri Nand Kumar Sai

SECRETARIAT

1. Shri S. Bal Shekar — *Additional Secretary*
2. Shri Shiv Singh — *Director*

WITNESSES

Ministry of Steel and its PSU's

1. Shri D.R.S. Chaudhary, Secretary — Ministry of Steel
2. Shri J.P. Shukla, Joint Secretary — Ministry of Steel
3. Smt. S.K. Tripathi, CMD — MSTC Ltd.

2. At the outset, in the absence of Chairman, the Committee choose Shri Pashupati Nath Singh, a Member of the Committee to act as Chairman in accordance with Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha. Then he welcomed the Members of the Committee, Secretary and other officers of the Ministry of Steel and MSTC Ltd. and drew attention of the witnesses to the provision contained in Direction 55(1) of the Directions by the Speaker regarding confidentiality of proceedings of the Committee.

3. Thereafter, the representatives of the Ministry of Steel gave a Power Point presentation on the subject which covered the broad areas regarding historical background, manpower, financial performance, achievements of MSTC Ltd.

4. The Members then raised various issues relating to e-Commerce, e-Procurement, e-Auction, trade, volume of business and future initiatives of MSTC Ltd.

5. During the sitting, the acting Chairman and some Members of the Committee raised some queries which were replied to by the Secretary (Steel) and CMD, MSTC Ltd. and they also assured to send requisite information in writing on the points on which replies were not readily available with them.

A copy of verbatim proceedings of the sitting of the Committee has been kept on record.

The Committee then adjourned.

ANNEXURE III

MINUTES OF THE SITTING OF THE STANDING COMMITTEE
ON COAL AND STEEL (2012-13) HELD ON 26 AUGUST, 2013
IN ROOM NO. '112', PARLIAMENT HOUSE ANNEXE,
NEW DELHI

The Committee sat from 1500 hrs. to 1530 hrs.

PRESENT

Shri Kalyan Banerjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri Hansraj G. Ahir
3. Smt. Jyoti Dhurve
4. Shri Ganeshrao Nagorao Dudhgaonkar
5. Shri Vishwa Mohan Kumar
6. Shri Yashbant N.S. Laguri
7. Shri Pakauri Lal
8. Shri Govind Prasad Mishra
9. Shri Rajaram Pal
10. Kumari Saroj Pandey
11. Shri Gajendra Singh Rajukhedi
12. Shri Pashupati Nath Singh
13. Shri Om Prakash Yadav

Rajya Sabha

14. Shri Dilip Kumar Tirkey

SECRETARIAT

1. Shri Shiv Singh — *Director*
2. 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) Report on "Functioning of MSTC Ltd." pertaining to the Ministry of Steel.

4. The Committee adopted the Reports without any changes/modifications. The Committee then authorized the Chairman to finalise the Reports on the basis of factual verification from the concerned Ministry and present the same to both the Houses of Parliament.

The Committee then adjourned.

**Do not pertain to this Report.