17

STANDING COMMITTEE ON COAL AND STEEL (2015-2016)

SIXTEENTH LOK SABHA

MINISTRY OF STEEL

Action Taken by the Government on the Observations/ Recommendations contained in the Ninth Report of the Standing Committee on Coal and Steel (Sixteenth Lok Sabha) on "Demands For Grants (2015-16)"

SEVENTEENTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

December, 2015/*Agrahayana,* 1937 *(Saka)*

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Presented to Lok Sabha on 22.12.2015
Laid in Rajya Sabha on 22.12.2015

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INTRODUCTION

I, the Chairperson, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Seventeenth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Ninth Report of the Standing Committee on Coal and Steel (Sixteenth Lok Sabha) on "Demands for Grants (2015-16)" pertaining to the Ministry of Steel.

2. The Ninth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 24th April, 2015. Replies of the Government to all the observations/recommendations contained in the Report were received on 28th July, 2015.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 19.11.2015.

4. An analysis on the Action Taken by the Government on the observations/recommendations contained in the Ninth Report (Sixteenth Lok Sabha) of the Committee is given at Annexure-III.

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

NEW DELHI;
3 *December,* 2015
12 *Agrahayana*, 1937 *(Saka)*

RAKESH SINGH
Chairperson,
Standing Committee on Coal and Steel.

REPORT

CHAPTER I

This Report of the Standing Committee deals with Action Taken by the Government on the observations/recommendations contained in the Ninth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel on Demands for Grants (2015-16) relating to the Ministry of Steel which was presented to Lok Sabha and laid in Rajya Sabha on 24.04.2015.

2. The Action Taken Replies have been received from the Ministry of Steel in respect of all the 24 observations/recommendations contained in the Report on 28.07.2015. These have been categorised as follows:—

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

Serial Nos. 1, 2, 3, 4, 6, 8, 9, 10, 12, 13, 14, 16, 18, 20, 21, 22, 24

Total: 17

Chapter-II

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

Serial No. 23 Total: 01

Chapter-III

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

Serial Nos. 5, 11 and 15

Total: 03

Chapter-IV

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

Serial Nos. 7, 17 and 19

Total: 03

Chapter-V

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

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

PLAN EXPENDITURE — PROMOTION OF R&D IN IRON & STEEL SECTOR

Recommendation (Serial No. 1)

5. The Scheme for Promotion of R&D in Iron and Steel Sector was included in the 11th Five Year Plan with an outlay of Rs. 118 crore. The objective of the scheme was to promote and accelerate R&D activities in development of innovative/path breaking technologies utilizing Indian iron ore fines and non-coking coal, improvement of quality of steel produced through induction furnace route and beneficiation of raw materials like iron ore, coal etc. and agglomeration (e.g. pelletization). The Scheme was approved on 23.01.2009 for implementation from Financial Year 2009-10 (w.e.f. 01.04.2009). At the end of the 4th year of the 11th Plan, only about 25% of the funds could be utilized and none of the 8 schemes taken were completed. As of now, out of 8 approved R&D projects, 5 projects have been completed and funds had already been released. In the 12th Five Year Plan, a provision of Rs. 200.00 crore had been made for the R&D Scheme. In BE 2015-16, against the total outlays of Rs. 15.00 crore, a provision of Rs. 1.00 crore had been made for Development of technology for Cold Rolled Grain Oriented (CRGO) Steel Sheets and other value added innovative steel products (new component); and Rs. 14.00 crore for Development of Innovative Iron/Steel making Process/Technology (new projects under the existing R&D scheme). While examining the year-wise allocation and amount released under the scheme, the Committee found that during 2014-15, there was underutilization of funds under the Scheme as only Rs. 2.03 crore

were utilized (upto December, 2014) against the BE of Rs. 20 crore and RE of Rs. 7 crore. The Committee also noted that during first three years of the 12th Plan, there is huge reduction in allocation for R&D scheme at RE stage. The Committee felt that an assessment should be made whether the objectives of the schemes were being achieved especially in the area of improvement of quality of steel and beneficiation of raw materials. The Committee had also been given to understand that a few R&D proposals for development of innovative iron/steel making process/ technology, received in response to the Ministry's earlier endeavour, were under consideration of the Project Approval & Monitoring Committee. The Committee desired that the Project Approval & Monitoring Committee should look into the merits of the proposals received, expedite the matter and apprise them of the new R&D schemes taken with the budgetary support of Rs. 15 crore during 2015-16.

6. The Ministry of Steel in their Action Taken Replies have informed the Committee as under:—

> "As per the Department of Expenditure's guidelines, an independent evaluation of the R&D scheme was carried out by Indian Institute of Public Administration (IIPA) New Delhi, in 2012-13. IIPA has concluded that R&D projects pursued under the scheme adhere to the objectives of the scheme and are highly relevant, and need to be continued in the 12th Plan.
>
> With regard to the new R&D projects to be pursued in 2015-16, it may be noted that one R&D project with Plan Fund allocation of Rs. 6.45 crore has been approved and another two projects costing more than Rs. 7 crore are under consideration of Ministry of Steel. To encourage more R&D projects proposal, advertisement has been published in leading newspapers on 24th April, 2015, which has also been placed in Ministry of Steel website."

7. The Committee in their original Report on Demands for Grants (2015-16), while observing that a few R&D proposals for development of innovative iron/steel making process/technology, are under consideration of the Project Approval & Monitoring Committee (PA&MC) had desired that the PA&MC should look into feasibility and merits of these proposals and apprise them of new R&D schemes

taken during 2015-16. In this regard, the Committee note from the Action Taken Reply of the Government that for the year 2015-16, one R&D project with fund allocation of Rs. 6.45 crore has been approved and another two projects costing more than Rs. 7 crore are under consideration of the Ministry of Steel. Moreover, to encourage more R&D projects proposals, an advertisement has been published in leading newspapers on 24th April, 2015 and also placed on the Ministry's website. The Committee while appreciating the initiatives being undertaken by the Ministry, desire that the decision on the pending R&D proposals under consideration of the Ministry needs to be taken expeditiously. The Committee would also like to be apprised of the response to the advertisement so published in leading newspapers and uploaded on the website of the Ministry of Steel to encourage more R&D projects proposals.

SPECIAL PURPOSE VEHICLE

Recommendation (Serial No. 5)

8. The Committee have noted that a High Level Committee on Manufacturing headed by the Hon'ble Prime Minister had set a target of 300 million tonne steel production by 2025. According to the Ministry, efforts were being made to facilitate setting up of large scale steel plants in mineral rich States like Odisha, Jharkhand, Karnataka and Chhattisgarh by having partnership between SAIL, RINL and NMDC and State Government PSUs for setting up SPV which would be responsible for developing such projects. Taking note of the fact that extra 200 MT capacity addition had to be made in steel sector requiring an investment of about Rs. 12 lakh crore, the Committee observed that the Ministry was reportedly exploring the funding for these projects both in public and private sector industries. Considering the importance of the project, the Committee recommended that an advance road map should be made for the next 10 years with yearly targets fixed and constant monitoring should be done to avoid delays in achieving the desired targets. The Committee would like to be apprised of the details of the road map made to achieve 300 MT production of steel by 2025.

9. The Ministry of Steel in their Action Taken Replies have informed the Committee as under:—

> "Steel sector in India was deregulated in 1991-92. Therefore, Government does not control steel sector. National Steel Policy, 2005 envisaged supporting steel production capacity of 110 MT by 2019-20. The capacity of steel production in the country is 108 MT against the total production of 88 MT (2014-15). The steel sector consists of public and private sector players.
>
> Investment decisions in the sector are made based on various factors like demand and supply; availability of raw material and finance; the risk taking capacity of the entrepreneurs, and other commercial factors. Thus, the role of the Government is facilitative in nature as it does not have regulatory powers.
>
> Ministry of Steel is working towards achieving steel capacity of 300 MTPA by 2025. MoUs have been signed among CPSEs, State Governments and State Public Enterprises, for setting up of Special Purpose Vehicles (SPVs) in these four States. To appreciate the problems, Ministry of Steel regularly interact with the public and the private sector steel producers with a view to reduce, if not eliminate, the bottleneck. Ministry of Steel also interact with other central Ministries to sort out the issues pertaining to raw material, transportation etc. of the steel producers."

10. Although the steel sector was deregulated in 1991-92 and the Government do not control it any longer, but at the same time the Committee feel that the Government should not absolve itself from the crucial facilitative role it has to play in preparation of a road map so that the enhanced target of 300 MT Steel Production by 2025 is achieved. Taking note of the present steel production in the country at 88 MT against the installed capacity of 108 MT, the Committee feel that not only efforts should be made to bridge this gap and achieve hundred percent production against the existing installed capacity, the Ministry should also play a proactive role to resolve certain contentious issues especially like obtaining environmental clearances which have become a major roadblock in implementation of many projects. The Committee would also like to be apprised of the details of MoUs signed among CPSEs, State Governments and State Public Enterprises for setting up of Special Purpose Vehicles (SPVs) in the States of Odisha, Jharkhand, Karnataka and Chhattisgarh and the progress made therein.

MERGER OF OMDC & BSLC WITH RINL

Recommendation (Serial No. 11)

11. The Committee have noted that Orissa Minerals Development Company Limited (OMDC), a subsidiary of RINL was engaged in the mining and marketing of Iron and Manganese Ore from six mines which were situated in the district Keonjhar, Odisha. But presently, all mines of OMDC were closed due to non-renewal of mining leases and the matter was sub-judice. The Committee were informed that OMDC was also allocated Brahmani Coal Block by the Ministry of Coal on 07.11.2013. Another subsidiary Company of RINL, Bisra Stone Lime Company Limited (BSLC) was engaged in the mining and marketing of Limestone and Dolomite from mines situated at Birmitrapur, district Sundargarh, Odisha. The mines of BSLC were closed since 03.06.2014 but recently the Government of Odisha had granted the permission for resumption of mining operation on 02.03.2015. The Committee have noted that no target had been set for OMDC in BE 2015-16 for production of Iron Ore and Manganese Ore. Similarly, BSLC had also not been allocated any target for limestone production in BE, 2015-16. While recommending Ministry of Steel/RINL to pursue the matter of allocation of Brahmani Coal block to OMDC with the Ministry of Coal, the Committee expected that the matter of renewal of mining leases of OMDC would be resolved soon.

The Committee were happy to note that recently permission had been granted to BSLC for resuming its mining operations. The Committee, however, felt that for small entities like OMDC and BSLC, it was difficult for them to manage themselves as the companies brought with them unnecessary baggage of excess expenditure on infrastructure, management, etc. The Committee, therefore, recommended the Ministry of Steel to explore the possibility of merging these subsidiaries *i.e.* OMDC and BSLC with RINL.

12. The Ministry of Steel in their Action Taken Replies have informed that they have noted the observation of the Committee.

13. Taking note of the fact that for smaller units/companies, survival is a challenge as they have to face unnecessary burden as despite their small size, all aspects like logistics, infrastructure, management etc. have to be catered to and accounted for, the

Committee had recommended that the Ministry of Steel should explore the possibility of merger of OMDC & BSLC with RINL. The Committee note that instead of giving any details of the action, the Ministry of Steel have merely stated that they have noted the observation of the Committee. The Committee, therefore, desire that they may be apprised of the action being taken by the Ministry for merger of these subsidiary companies with RINL.

HINDUSTAN STEEL WORKS CONSTRUCTION LIMITED (HSCL)

Recommendation (Serial No.15)

14. The Committee further noted that besides its indigenous capability for putting up integrated steel plants in the country, HSCL had also diversified its activities like construction of rural roads. The value of construction of roads in the States of Tripura and Jharkhand under PMGSY(Prime Minister Gramin Sadak Yojana) was reported to be Rs. 2100 crore. The Committee would like to be apprised of the total work completed by HSCL in the States of Tripura and Jharkhand and the manpower and infrastructure available with it to undertake works in rural areas.

15. The Ministry of Steel in their Action Taken Replies have informed the Committee as under:—

> "It may be pertinent to mention that HSCL has been executing PMGSY works in Tripura and Jharkhand mostly in the LWE affected areas. In Jharkhand, we are implementing 757 Nos. Roads (140 Nos. of Phase-VII, 92 Nos. of Phase-VIII, 30 Nos. of Phase-IX, 19 Nos. Phase-X, 69 Nos. Phase-XI and 407 Nos. Phase-XII) for a length of 2544 Km. at a sanctioned cost of Rs. 1072 Cr., also implementing 101 Nos. of High level Bridges (8410 M) at sanctioned cost of Rs. 261 Cr. in seven LWE Districts in the State of Jharkhand under PMGSY. As on 01/04/2015, we have completed 221 Nos. of Roads for a total length of 766 Km. and 14 Nos. of Bridges for a length of 1321 Mtr. and total value of work executed for PMGSY works in Jharkhand is Rs. 477 Cr. including HSCL fee. In Tripura, we have been entrusted with Rs. 670 Cr. of PMGSY Roads, Bridges etc. (out of which around 620 Km. is completed valuing around Rs. 580 Cr.), various other Building, Hospital, Infrastructural works of around Rs. 220 Cr."

16. The Committee find that the reply of the Ministry of Steel is silent on the recommendation of the Committee regarding manpower and infrastructure available with HSCL to undertake works in rural areas of Tripura and Jharkhand. As the Committee has been actively pursuing the matter of restructuring proposal of HSCL, the Committee would also like to be apprised of the manpower and infrastructure available with HSCL to undertake the above referred works in the States of Jharkhand and Tripura.

CHAPTER II

OBSERVATIONS/ RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

PLAN EXPENDITURE — PROMOTION OF R&D IN IRON & STEEL SECTOR

Recommendation (Serial No. 1)

The Scheme for Promotion of R&D in Iron and Steel Sector was included in the 11th Five Year Plan with an outlay of Rs. 118 crore. The objective of the scheme was to promote and accelerate R&D activities in development of innovative/path breaking technologies utilizing Indian iron ore fines and non-coking coal, improvement of quality of steel produced through induction furnace route and beneficiation of raw materials like iron ore, coal etc. and agglomeration (*e.g.* pelletization). The Scheme was approved on 23.01.2009 for implementation from Financial Year 2009-10 (w.e.f. 01.04.2009). At the end of the 4th year of the 11th Plan, only about 25% of the funds could be utilized and none of the 8 schemes taken were completed. As of now, out of 8 approved R&D projects, 5 projects have been completed and funds have already been released. In the 12th Five Year Plan, a provision of Rs. 200.00 crore has been made for the R&D Scheme. In BE 2015-16, against the total outlays of Rs. 15.00 crore, a provision of Rs. 1.00 crore has been made for Development of technology for Cold Rolled Grain Oriented (CRGO) Steel Sheets and other value added innovative steel products (new component); and Rs. 14.00 crore for Development of Innovative Iron/Steel making Process/Technology (new projects under the existing R&D scheme). While examining the year-wise allocation and amount released under the scheme, the Committee find that during 2014-15, there was underutilization of funds under the Scheme as only Rs. 2.03 crore were utilized (upto December, 2014) against the BE of Rs. 20 crore and RE of Rs.7 crore. The Committee also note that during first three years of the 12th Plan, there is huge reduction in allocation for R&D scheme at RE stage. The Committee feel that an assessment should be made whether the objectives of the schemes are being achieved especially in the area of improvement of quality of steel and beneficiation of raw materials. The Committee have also been given to understand that a few R&D proposals for development of innovative iron/steel making process/ technology, received in response to the Ministry's earlier endeavour, are under consideration of the Project Approval & Monitoring Committee. The Committee desire that the Project Approval & Monitoring Committee should look into the merits of the proposals received, expedite the matter and apprise them of the new R&D schemes taken with the budgetary support of Rs. 15 crore during 2015-16.

Action Taken

As per the Department of Expenditure's guidelines, an independent evaluation of the R&D scheme was carried out by Indian Institute of Public Administration (IIPA), New Delhi, in 2012-13. IIPA has concluded that R&D projects pursued under the scheme adhere to the objectives of the scheme and are highly relevant, and need to be continued in the 12th Plan.

With regard to the new R&D projects to be pursued in 2015-16, it may be noted that one R&D project with Plan Fund allocation of Rs. 6.45 crore has been approved and another two projects costing more than Rs. 7 crore are under consideration of Ministry of Steel. To encourage more R&D projects proposal, advertisement has been published in leading newspapers on 24th April, 2015, which has also been placed in Ministry of Steel website.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

Comments of the Committee

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

Recommendation (Serial No. 2)

During the course of evidence on Demands for Grants (2015-16), the Committee were apprised that no R&D has been done within the country for use of steel in power and automotive industry and steel being used in such industry is still being imported. The Ministry, however, assured the Committee that they are seized of the matter and will make all out efforts so that such steel be produced in the country by establishing R&D facilities for the same. The Committee are constrained to note that steel for power and automotive sector is being imported involving outflow of foreign exchange owing to non-availability of such facilities in the country. The Committee strongly recommend that there is an imperative need to introduce R&D facilities for use of indigenous steel for the use of power and automotive sector. The Secretary, Ministry of Steel apprised the Committee that the Ministry is in the process of creating a society with Rs. 100 crore contribution from Government of India and Rs. 100 crore from participating Steel Industry Companies to give a boost to the R&D activities in steel sector. While appreciating the Government step to facilitate setting up of Steel Research & Technology Mission of India (SRTMI), an industry led initiative and setting up of registered society in close cooperation amongst the steel companies, Ministry of Steel, academia and relevant R&D institutions in the country, the Committee expect that immediate necessary steps be taken to setup such integrated joint collaborative research programmes in Steel Sector to spearhead R&D activities of national importance. The Committee would like to be apprised of the action taken in this regard.

Action Taken

Ministry of Steel has taken a note of the recommendations of the Committee. It is however submitted that over the years, India has developed most of the value added steel products for power and automotive sector. India is, by and large, self-sufficient in production/supply of boiler quality steel plates for thermal power plants. Special alloy steels (low alloy varieties) for super-critical boilers and nuclear power plants have also been developed and developmental efforts are in progress for high alloy varieties. However, for CRGO steel sheets, there is hardly any production, mainly because the technology is closely held and not available to us. Ministry of Steel has therefore, planned to develop CRGO production technology indigenously through a collaborative research programme with CSIR, Tata Steel and RINL. For CRGO steel sheets, so far capacity has been limited. However, several new capacities are in pipeline. In so far as automotive steel sheets are concerned, India has developed most of the low end varieties and country is dependent on import of the high end varieties. However, high end varieties are also under development.

In so far as the Steel Research & Technology Mission of India (SRTMI) is concerned, Ministry of Steel has already initiated the process for its early operation. Hon'ble Minister for Steel & Mines has given in-principle approval on 20.10.2014. CEO's of Major Indian Steel Companies, signed a Memorandum of Agreement with Ministry of Steel in the presence of Hon'ble Minister for Steel & Mines on 6th April, 2015 for participation and financial contribution in the initiative. Work for the registration of the Society has been initiated, which will be followed by operationalizing the SRTMI to pursue joint collaborative research programmes for the benefit of the Indian Steel Industry for development of relevant processes & products.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

UTILIZATION OF APPROVED OUTLAYS FOR 12TH FIVE YEAR PLAN

Recommendation (Serial No. 3)

For the 12th Five Year Plan (2012-17), an outlay of Rs. 91174.64 crore including I&BER of Rs. 90974.64 crore for PSUs and gross Budgetary Support (GBS) of Rs. 200.00 crore was approved for Ministry of Steel. The Committee note that cumulative actual expenditure (upto December, 2014) by PSUs was only Rs. 35187.20 crore against the total approved outlay of Rs. 90974.64 crore for steel PSUs even after the passage of three years of the Plan Period. The figures of expenditure are especially dismal for NMDC, RINL, MSTC, KIOCL and MOIL. Out of the total approved outlay of Rs. 27872.17 crore, 13373 crore, 105 crore, 3080 crore and 1459.47 crore for NMDC, RINL, MSTC, KIOCL and MOIL, the cumulative actual expenditure upto December, 2014 was only Rs. 6350.18 crore, 3801 crore, 0.35 crore, 25.21 crore and 216.03 crore respectively. The percentage of utilization of funds comes to NMDC (22.7%), RINL (28.4%), MSTC (0.33%), KIOCL (0.81%), MOIL (14.8%). The reasons put forward by the Ministry of Steel regarding lower utilization of plan outlays by steel PSUs during 12th Plan are Maoist activities, theft/pilferage, fire incident delay in awarding of important packages. (NMDC), impact of cyclone Hudhud (RINL), delay in setting up of auto shredding plant (MSTC), non-renewal of mining lease, etc. (KIOCL) and delay in grant of leases (MOIL). Taking note of lower utilization of plan outlays by these PSUs, the Committee desire that the Ministry should take necessary steps to facilitate PSUs in overcoming the hurdles impending the implementation of the projects and putting in place an effective monitoring mechanism at Ministry level to ensure utilization of earmarked funds and timely completion of projects undertaken. The Committee feel that as still two years are left for the Plan Period, the Ministry and PSUs should gear up and make sincere efforts for full utilization of the approved outlays to derive the desired benefits.

Action Taken

Steel Authority of India Ltd. (SAIL)

The capital expenditure of SAIL during the first three years of 12th plan, *i.e.* in 2012-13, 2013-14 and 2014-15 have been 81%, 86% and 88% of the revised outlays of respective years. SAIL is taking all measures for utilization of outlays in the remaining period. Capital expenditure is being monitored by the Ministry on regular basis with a view to ensure full utilization within the stipulated period.

RINL Limited

RINL has set up a Project Monitoring Cell to ensure that the projects are completed in time as per the plan. Plan outlays are prepared in consultation with all concerned functions including finance, construction and Design & Engineering Departments. In addition to the same, regular review meetings are held at various levels including at Director, CMD and board level to monitor the progress of the various capex projects. Monitoring of projects is also reviewed in meetings held regularly at the Ministry's level. As and where required, issues/concerns of the Company are also taken up by M/o Steel with other Ministries/Departments/ State Governments for expeditious redressal.

NMDC Limited

All efforts are being made to commission the NMDC's Integrated Steel Plant (NISP) before December 2016. However, some payments may get extended beyond Dec'2016, as payments for successful commissioning and Performance Guarantee tests have to be released after successful commissioning.

The land acquisition with respect to Karnataka Steel Plant was delayed due to stay order on land acquisition by Karnataka High Court. The stay order has been removed and land acquisition is in progress. Meanwhile a subsidiary company named Karnataka Vijayanagar Steel Ltd. was formed to take care of Karnataka Steel plant. Application is submitted to Govt. of Karnataka to change the name to the newly formed subsidiary company, in the MoU.

For the Third screening plant the forest clearance was obtained on 10.04.2015. The tree felling permission is yet to be obtained. After the clearances are obtained the tenders for packages will be floated.

The necessary clearances for slurry pipeline project are being obtained. Vigorous follow ups are being made to obtain the clearances.

With regards to the doubling of railway line from Bailadila to Jagdalpur the order finalsation was delayed by Railways. The project is being executed in 3 sections. The overall progress is 37%, 8% for section 1 & 2 respectively. The tendering action for section -3 is in progress. With regards to Rowghat to Jagdalpur Railway line, the earlier MoU has expired. Fresh MoU, after revising the equity share of parties was signed on 09.05.2015 in the presence of Hon'ble Prime Minister of India, Chief Minister of Chhattisgarh, Minster of Steel, Govt. of India and other officials. As the project is being executed on depository basis, NMDC has limited control over its execution. However NMDC is following up regularly & all efforts are being put to expedite the progress.

MOIL Limited

MOIL has set up a Project Monitoring Cell to ensure that the projects are completed in time as per the plan. Plan outlays are prepared in consultation with all concerned functions including finance, construction and Design & Engineering wings/agencies. In addition to the same, regular review meetings are held at various levels to monitor the progress of the various capex projects. Monitoring of projects is also reviewed in meetings held regularly at the Ministry's level. Issues/concerns of the Company have also been taken up by M/o Steel with other Ministries/Departments/ State Governments for expeditious redressal.

KIOCL Limited

In order to achieve the progress and spend the allocated amount, KIOCL has set up a Project Department at Corporate Office to oversee the project and to take timely action against any bottleneck.

MSTC Limited

The Utilization of approved outlays for 12th five year plan of MSTC is out of Rs. 105 crore, Rs. 100 crore was allotted for Auto Shredding Plant and Rs. 5.00 crore for Mining Development Project. However, the Mining Development Project was dropped during the year 2013-14. For Auto Shredding Plant, an expenditure of Rs. 0.35 crore was made in preparing the Detailed Project Report (DPR) during 2012-2013. Land allocation was done by GIDC (Gujarat Industrial Development Corp.) but due to uncertainty for availability of raw materials for the Plant, the land for setting up of plant could not be acquired. Finally, the offer from GIDC has already expired. Kerala Government has also approached MSTC for setting up the First Auto Shredding Plant in Kerala which is under process.

MECON Limited

For the 12th Five Year Plan (2012-17), an outlay of Rs. 25.00 crore out of I&EBR was approved by the Ministry of Steel for MECON. Out of the total approved outlay, an amount of Rs.15.63 crore (prov.) has already been spent upto the Financial Year 2014-15 for expansion, modification & augmentation of office space/guest house at various locations. MECON will be able to utilize the balance amount during remaining period of the 12th five plan period.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

UTILIZATION OF APPROVED OUTLAYS FOR (2014-15) BY STEEL PSUs

Recommendation (Serial No. 4)

While scrutinizing the details of plan outlays of PSUs for the year 2014-15 and Actual Expenditure (2014-15) incurred by them upto December, 2014, the Committee find that against the BE and RE of Rs. 9000 crore and Rs. 7800 crore of SAIL during 2014-15, the actuals upto December, 2014 were Rs. 5133 crore. Similarly, IEBR of Rs. 45 crore, Rs. 4345 crore, Rs. 50 crore and Rs. 192.05 crore at BE 2014-15 in respect of MSTC, NMDC, KIOCL and MOIL was reduced to Rs. 5 crore, Rs. 3555 crore, Rs. 13 crore and Rs. 153.04 crore respectively at RE stage. The Actual Expenditure (2014-15) upto December, 2014 for MSTC, NMDC, KIOCL and MOIL was, however, Rs. 0.00 crore, Rs. 2224.80 crore, Rs. 7.94 crore and Rs. 73.45 crore respectively. As regards, the reasons for lower utilization of plan outlays during 2014-15, the Ministry have informed the Committee about poor performance of contractors in execution of projects by SAIL, pending decision on global tender for shredable goods by MSTC, non-receipt of approval from the Ministry of Mines regarding Anantpuramu Mines for KIOCL and delay in grant of leases for MOIL. The Committee have time and again emphasized that due care should be given for timely and evenly spending of funds in each quarter so that there is no rush for expenditure at the end of the financial year. The Committee, therefore, recommend that concerted efforts be made by the Ministry of Steel and PSUs to review periodically the projects being undertaken by them and take corrective measures to ensure their timely completion. The Committee would like to know the steps taken in this regard so that planned outlays are fully utilized.

Action Taken

Steel Authority of India Limited (SAIL)

The capital expenditure of SAIL during 2014-15 has been Rs. 6840 crore (88%) against the outlay of Rs. 7800 crore (RE). SAIL is taking all measures so as to make the outlays more realistic and for maintaining more or less uniform quarterly fund utilisation.

Though all efforts are being made at various levels including continuous & extensive review of the physical & financial progress of capital schemes, the actual capital expenditure is less than the outlay mainly because of poor performance of contractors including PSU contractors like HEC, EPI, BHEL etc.

For monitoring of capital expenditure, quarterly review meetings are held in the Ministry of Steel. Reasons for shortfall are identified during these reviews and remedial measures taken, as required. To bring down further delays and with a view to ensure completion of ongoing/balance projects, frequent monitoring/review meetings have been held in the Ministry involving concerned PSUs like HEC, MECON, HSCL and the Department of Heavy Industry etc. SAIL has its own review and monitoring mechanism.

Rashtriya Ispat Nigam Limited (RINL)

The progress of the projects is regularly monitored at the Company and at the Ministry level. As a result of the measures taken, RINL has met quarterly capex targets set for the year 2014-15.

NMDC Limited

The RE for the FY 2014-15 for major ongoing projects like 3.0 MTPA Integrated Steel Plant, Kumaraswamy Iron Ore Project, Pellet Plant at Donimalai and Bailadila Deposit-11 B is achieved. The quarter wise expenditure (For FY 2014-15) on account of ongoing schemes which includes the above indicated major projects is Rs. 544.77 Cr., Rs. 609.84 Cr., Rs. 605.78 Cr. and Rs. 865.24 Cr. against the quarter wise target of Rs. 414.27 Cr., Rs. 514.22 Cr., Rs. 693.39 Cr. and Rs. 823.12 Cr. respectively. To evenly spread the expenditure throughout the year for the FY 2015-16, the quarter wise targets are finalised and the actual expenditure will be reviewed against the targets to achieve the same. The same is also being reviewed by the Ministry of Steel during Quarterly Progress Review meetings and other project specific review meetings.

KIOCL Limited

In order to achieve the progress and spend the allocated amount, KIOCL has set up a Project Department at Corporate Office. Action plans have been drawn for utilization of funds allocated and timely completion of projects.

MOIL Limited

The progress of the Projects is being regularly monitored at the Company and the Ministry. Due to various measures taken by the constant monitoring, the annual expenditure of MOIL has been improved and reached at the level of Rs. 114.78 crore during the 2014-15. Efforts are being made to ensure that utilization of outlays is reached at optimal levels during the remaining years of the Plan.

MSTC Limited

The utilization of approved outlays for 2014-15 of MSTC related to a global tender for shreddable goods (raw materials) was also floated for the Auto Shredding Plant. One offer was received from a Japanese Firm, but since they were unable to meet the required terms and conditions, the tender had to be cancelled. During the same year, MSTC switched over to

Joint Venture for setting up of the Auto Shredding Plant with Essar Steel Ltd. Accordingly the Plan cost has been revised to Rs. 15 crore being the proposed equity contribution of MSTC. But citing the unpredictable nature of Global Commodity market, Essar Steel has also backed out. Hence, no expenditure has been incurred till date.

MECON Limited

An amount of Rs. 5.00 crore out of I&EBR was approved by the Ministry of Steel for the FY 2014-15 as plan outlays. Out of the above an amount of Rs. 4.52 crore (prov.) was spent during the FY 2014-15 towards expansion, modification & augmentation of office space/guest house at various locations.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

INCREASE IN IMPORT DUTY

Recommendation (Serial No. 6)

The Committee note that the damp trend in the domestic steel industry was accentuated by significant dumping of cheaper steel from CIS (Commonwealth of Independent States) countries, with the prices of HR coil dropping to Rs. 375 per tonne during March, 2015. Similarly, steel import from China in April-January, 2014-15 rose to 2.9 million tonne against 1.08 million tonne for the year 2013-14. The year-wise figures of import and export of steel in India shows that there is an increase in steel import during 2014-15(Prov.) at 9.32 MT against 7.932 MT and 5.45 MT in 2012-13 and 2013-14 respectively. It is understood that steel sector is facing serious challenges on account of excess steel capacity in the world leading to a huge surge in imports into India. Alarmed by this, the Steel Ministry has proposed to the Ministry of Finance for raising import duty to protect the domestic industry. The Committee fully agree with the proposal of the Steel Ministry and desire that all possible steps including the matter of revising the import duty on imported steel goods should be taken by the Ministry of Steel with the Ministry of Finance at appropriate level.

Action Taken

Increase in import duty has already been taken up by the Ministry with Ministry of Finance *vide* letters No.8(8)/2014-SD-II dated 13.01.15, 19.01.15, 27.01.15 and 20.04.15. Ministry of Steel is taking all possible steps in above connection. Ministry of Finance has increased custom duty on steel goods *vide* notification No. 39/2015(T) dated 16.06.2015.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

MODERNIZATION AND EXPANSION PROGRAMME OF SAIL

Recommendation (Serial No. 8)

Steel Authority of India Ltd. (SAIL) has undertaken modernization and expansion of its five integrated steel plants at Bhilai, Bokaro, Rourkela, Durgapur & Burnpur and special steel plant at Salem to enhance its crude steel production capacity from 12.8 Mtpa to 21.4 Mtpa in the current phase. The expansion project at Salem Steel Plant has been completed and all facilities under the integrated process route at Rourkela Steel Plant and IISCO Steel Plant are reported to be in operation, stabilization and ramp-up. The Committee note that an amount of Rs. 57,830 crore has been spent so far for Modernization and Expansion Plan of SAIL. The Committee were apprised that the visit of the Prime Minister to Rourkela Steel Plant on 01.04.2015 has given a boost to the ongoing modernization and expansion programme of SAIL. The PM exhorted domestic steel industry to raise its production capacity which in turn would give a boost to the manufacturing sector, besides, being an important wheel for the 'Make in India' dream of the Hon'ble Prime Minister. The Committee are pleased to note that the pace of modernization and expansion has picked up since past few months. The Committee note that expansion of Rourkela Steel Plant will be adding about 2.5 million tonne of crude steel capacity and that expansion of IISCO Steel Plant at Burnpur is also ready to be dedicated to the nation and it would thus add a further of 2.2 million tonne of crude steel capacity. The Committee trust that the ongoing Modernization and Expansion plan of all the SAIL plants will be completed soon to achieve the targeted 21.4 MT Steel production.

The Committee also note that the implementation of modernization and expansion plan has been affected mainly due to unforeseen soil conditions encountered during execution, under estimation of quantities by the consultant, Logistic problems due to Brownfield nature of project, inadequate mobilization of resources by the contracting agencies including PSU contractors. The Committee also note that SAIL is set to launch its second and third phase of modernization to take its production capacity to 50 MT by 2025. SAIL will play a key role in meeting the goal of creating 300 MT per annum steel making capacity in the country. The Committee feel that in order to maintain the market leadership position and to enhance its competitiveness, it is important that the capabilities of the company are to be constantly upgraded by carrying out major capital investments, repairs/ revamp of equipment for attaining high production level and productivity of plant. The Committee therefore, desire the Government/SAIL to make all out efforts to ensure that the current phase of Modernisation and Expansion Programme is completed at the earliest to avoid further time and cost over run. The Committee would also like to be apprised of the resultant enhancement of the crude steel production capacity from each of the five Integrated Steel Plants (ISP) from the ongoing Modernisation and Expansion Programme. The Committee would also like to be apprised of the action taken against the contractors including PSU contractors who have failed to achieve the milestone causing delay in the implementation of Modernisation and Expansion Programme of SAIL.

Action Taken

The Modernisation & Expansion Plan envisages increase in crude steel capacity from 12.8 Mtpa to 21.40 Mtpa. The Expansion of Salem Steel Plant was completed in 2010. The Expanded capacity of Rourkela Steel Plant (RSP) has been dedicated to the nation by the Hon'ble Prime Minister on 01.04.15. The expanded capacity of IISCO Steel Plant (ISP) has been dedicated to the nation by the Hon'ble Prime Minister on 10.05.15. The expansion plan of Bokaro Steel Plant (BSL) has also been completed. In Durgapur Steel Plant (DSP), major facilities like Coke Oven Battery & Bloom cum Round Caster have been completed. In Bhilai Steel Plant (BSP), Ore Handling Plant, Sinter Plant & Coke Oven Battery have been completed and the balance facilities are under various stage of execution. The current phase of modernization and expansion is expected to be completed by December 2015.

The resultant enhancement of crude steel production capacity from each of the five Integrated Steel Plants of SAIL from the ongoing modernisation and expansion programme is as under:

Steel Plant	Existing Crude Steel Capacity (Mtpa)	Expanded Crude Steel Capacity (Mtpa)
Bhilai	3.93	7.0
Rourkela	1.9	4.2
Durgapur	1.8	2.2
Bokaro	4.36	4.61
Burnpur	0.5	2.5

Various measures/actions have been taken/are being taken by the Ministry of Steel and SAIL against the below-expected level performance by various CPSEs/Private Companies. The corrective actions taken by SAIL against defaulting contractors include Issue of Risk Purchase Notices (RPNs), encashment of Performance Bank Guarantee, Enforcing stricter penalty clauses like Liquidated Damages (LD) for delay in completion of facilities/non-fulfillment of Performance Guarantee Parameters, etc. Also, in case of poor performance of Public Sector Units like HEC, BHEL, EPI, Bridge & Roof etc., the issue of their sub-optimal performance has been taken up by the Ministry of Steel with their respective Ministries at the highest level.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

RENEWAL OF MINING LEASE OF SAIL

Recommendation (Serial No. 9)

The Committee note that regarding the matter of renewal of mining lease at Gua, Chiria and Tulsidamar, SAIL had challenged the conditions levied by the State Government of Jharkhand. Due to non renewal of leases by State Government, Gua, Chiria and Tulsidamar mines were closed on 14th August, 6th and 11th September, 2014 respectively. The Committee are apprised that due to intervention of Jharkhand High Court, Gua & Chiria mines have been made operational *w.e.f.* 26.11.2014 & 16.1.2015. A SLP (Special Leave Petition) filed by State of Jharkhand challenging the order of Jharkhand High Court allowing mining operation at Gua is pending before Hon'ble Supreme Court and the matter is due to be heard on 01.05.2015. The Committee are, however, happy to note that after the passing of the Mines and Minerals (Development & Regulation) Amendment

Act, 2015 and subsequent order of Ministry of Mines, Government of India dated 6.2.2015 regarding extension of leases period for Government companies till 31.03.2020, , Government of Jharkhand *vide* order dated 18.3.2015 extended the lease period of SAIL's seven iron ore leases and four flux leases till 31.3.2020, except that of five iron ore leases where matter is *sub-judice*. The five *sub-judice* leases are Ajitaburu, Sukri-Latur & Dhobil of Manoharpur iron ore mine (Chiria) and Duargaiburu & Jhillingburu-I of Gua iron ore mine. Subsequently, mining operations at Tulsidamar dolomite mine also resumed on 19.3.2015. The Committee hope that with the extension of mining leases, the uncertainty with regard to adequate supply of raw material to SAIL will be over. The Committee also desire that the Ministry of Steel/SAIL should also take up the matter of pending cases of leases at the highest level with the State Government of Jharkhand.

Action Taken

The leases of five iron ore mines, *i.e.*, Ajitaburu, Sukri-Latur & Dhobil of Manoharpur iron ore mine (Chiria) and Duargaiburu & Jhillingburu-I of Gua iron ore mine, are *sub-judice*.

The issues regarding pending leases, including issues of *sub-judice* lease of Chiria & Gua, were taken up with the Government of Jharkhand. Subsequently, Chief Secretary, Jharkhand convened a meeting on 15th May, 2015 to discuss various pending issues of SAIL.

It was decided that the issue for lease extension of Duargaiburu lease of Gua mine and Dhobil lease of Chiria mines, which are *sub-judice* in the Jharkhand High Court, will be settled as per decision of the court.

The lease renewal applications of Ajitaburu, and Sukri-latur of Chiria iron ore mine and Jhillingburu-I lease of Gua iron ore mine were rejected by State Government. The rejection orders were quashed and set-aside by the Mining Tribunal on an application moved by SAIL. The State Government was also advised to reconsider renewal of the leases. The said order of the Mining Tribunal has been challenged by State Government in High Court and the matter is still pending.

In view of the promulgation of MMDR (Amendment) Act, 2015 the State Government has been requested to withdraw the case. In this regard, Department of Mines, Jharkhand was advised by the Chief Secretary, Jharkhand to initiate necessary action in this regard. A proposal justifying these leases keeping in view the future requirement of iron ore for steel plants of SAIL has also been submitted to the Government of Jharkhand.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

DECLINE IN PROFIT OF RASHTRIYA ISPAT NIGAM LIMITED (RINL)

Recommendation (Serial No. 10)

The Committee note that the Profit After Tax (PAT) and Income of RINL has declined year after year. From an income of Rs. 14898.58 crore in 2011-12, Income of the company reduced to Rs. 14020.70 crore in 2012-13 and further gone down to Rs. 13738.47 crore in 2013-14. The Income for 2014-15 generated upto December, 2014 was only Rs. 7651.03 crore. Similarly the profit of the Company which was Rs. 751.46 crore (PAT) in 2011-12, got reduced to Rs. 352.83 crore in 2012-13. There was an increase in PAT during 2013-14 and this was Rs. 366.45 crore. But for the year 2014-15 the PAT (upto December, 2014) is only Rs. 140.76 crore. The Committee acknowledge that during the year 2014-15, RINL had to face a tough time as due to the Cyclone 'Hudhud' that hit Visakhapatnam on 12th October, 2014, the Plant operations were impacted. The Committee are informed that though all the major units were restarted progressively by 2nd November, 2014, normalcy in all major units was restored only by December, 2014. According to a preliminary estimate, the total impact of cyclone in monetary terms comes to about Rs. 400 crore. This impact was further added due to depreciation of the Rupee against US Dollar & increase in iron ore prices. The Committee feel that after recovering from losses due to 'Hudhud' cyclone, RINL should now focus on rebuilding strategy to improve production and efficiency at various levels. The Committee note that RINL has drawn its Corporate Plan aiming to reach 20 million tonne capacity by 2032-33 in phases and has completed its first phase of expansion of liquid steel production to 6.3 million tonne from 3.0 million tonne. The Committee recommend that the Company should lay emphasis on ways to improve profit by taking measures such as enriching product mix in line with Customers requirement, developing new products as per customer requests, increasing sales in Higher Net Sales Realization (NSR) regions like Andhra Pradesh, Telangana & Southern regions. The Committee expect that the projected outlays of Rs. 1801 crore for RINL will be fully utilized for expansion of RINL's production capacity, AMR Schemes and would like to be apprised of the steps taken by RINL to ensure full utilization of Plan Outlays.

Action Taken

The projected outlays for RINL for 2014-15 was Rs.1535 cr. RINL has spent Rs.1623.11 Crs. thus meeting the target. Further, the projected outlay for 2015-16 is Rs.1402 Crs. RINL has been reviewing the progress of projects continuously for taking corrective actions required from time to time and for ensuring 100% fulfilment of Plan targets in 2015-16 also.

The following are the strategies adopted for improving sales performance:

- **Enriching product-mix:** Net Sales Realization (NSR) of various products are analyzed regularly and actions are taken for increasing the production and sales of higher NSR products. Efforts are made for increasing production of new value added products through enabling facilities installed under 6.3 Mtpa Expansion which help in improving realizations.
- **Changing market mix to improve Realisations:** Net Sales Realisation (NSR) of various products at various destinations are analyzed on monthly basis and the Branches are ranked based on the NSRs realized from high NSR Branch to low NSR Branch. Efforts are made for saturating the markets, where NSR is higher.
- **Development of new products:** The process of development of new products is a regular feature at RINL. New products are developed in line with customer requirements.

Needs and expectations of the customers are regularly captured through the following fora:

Customer Meets at various levels *i.e.* Branch Manager, Regional Manager, GMs (Mktg.), ED (Mktg.), Director (Commercial) and Chairman-Cum-Managing Director.

Visits of Cross Functional Teams (CFTs) consisting of Representatives from Rolling Mills, Quality Assurance and Technology Development Dept. and Marketing Dept. to Customers premises in various regions.

Customer Satisfaction Surveys are conducted with the help of external agencies. These Surveys form a basis for capturing the needs and expectations of the customers and taking actions on improving the Customer satisfaction levels.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

NMDC Ltd.

Recommendation (Serial No. 12)

The Committee note that NMDC is contemplating a major expansion to meet the demand of iron ore. The Committee have been informed that NMDC will commission its new iron ore mines — Deposit 11B in Bailadila sector of Chhattisgarh and Kumaraswamy in Donimalai sector of Karnataka both with a capacity of 7 MTPA each. The estimated cost of Bailadila Deposit 11B is Rs. 607.18 crore and that of Kumarswamay iron ore project is Rs. 898.55 crore. The original target dates of the said projects was March, 2012 and after being reviewed in 2014-15, these are now anticipated to be completed in March, 2015 and August, 2015 respectively. Taking note of downsizing the plan outlays for Rs. 4345 crore to Rs. 3555 crore at RE stage and lower utilization of funds to the tune of Rs. 2225 crore during the first three quarters of the Financial Year, the Committee are apprehensive of the physical targets achieved by the Company. The Committee, therefore, recommend that NMDC should make all out efforts to ensure that both the projects are completed as per revised schedule.

Recommendation (Serial No. 13)

The Committee observe that NMDC plan to produce 75 MTPA iron ore production by 2017-18 and 100 MTPA by 2021-22. According to the Ministry, the company can produce about 78 MTPA from the existing mines by introducing high level of mechanization and needs more mines to further enhance its production. Taking note of the ambitious plan of NMDC to aim for higher annual production of iron ore from present level of 32 MTPA to 75 MTPA by 2017-18, the Committee feel that higher production of iron ore will bridge the gap between the demand and supply of iron ore in the country and therefore keep the domestic iron ore prices stable. The Committee would, however, like to be apprised of the action plan of the NMDC to obtain new mines, and obtaining of all requisite statutory clearances for them to attain the target of 100 MTPA production by 2021-22.

The Committee note that NMDC had in 2011 proposed to set up a steel plant of 3 MTPA (Million Tonne Per Annum) capacity in Nagarnar, Chhattisgarh at an approved cost of Rs. 15525 crore and the scheduled date of completion was May, 2015. The target has been reviewed in 2014-15 and now the anticipated date of its completion is December, 2016. The expenditure incurred on this project upto February, 2015 is reported to be Rs. 6217 crore. Necessary Statutory Clearances have since been obtained by the Company. The Committee are happy to note that with the commissioning of the Plant by December, 2016, the company will join the band of steel makers in the country making its diversification plan meaningful and beneficial. The Committee would like NMDC to ensure that the plant is commissioned by the anticipated date of completion without any cost and time overrun by reviewing the progress of the project periodically.

Action Taken

The integrated load trial for Bailadila Iron Ore Deposit-11B' project has been completed and operation is under observation. Vigorous efforts are being made to commission KIOP (Kumaraswamy Iron Ore Project) by the targeted date of Aug'15. Vigorous efforts are also being made to commission 3.0 MTPA Integrated Steel Plant at Nagarnar by the targeted date of Dec'16. Steps taken to meet the targets for the Steel Plant and KIOP are detailed below:

- Executing officers and Project Managers are identified at site for all ongoing projects and project execution is done by a dedicated site team of NMDC.
- EPCM consultant team is also working at site for monitoring the construction and progress of works.
- The Executing authority EDs, monitors the execution of the progress of construction of works.
- In addition, Project coordination team at H.O. is also monitoring the activities/progress under the advice of Directors.
- Daily progress of the package contractors will be reported and

monitored regularly both at site and H.O.

- Regular site meetings are being conducted with the package contractors, consultant for reviewing the progress.
- Frequent site visits & audio conferences with the site execution team are being conducted to review the progress.
- Weekly progress review meeting, chaired by Director (Technical) is also being conducted at H.O. to speed up the project implementation.
- A Sub-committee of the Board of Directors is reviewing the progress of ongoing projects quarterly. Further the minutes of the sub-committee is reviewed by the Board of Directors.

To meet the proportionate increase of iron ore requirement for steel production of 300 MT by 2024-25, NMDC has planned to increase its iron ore production from the existing 30 MTPA to 75 MTPA by the year 2018-19 and more than 100 MTPA by 2021-22.

The above target can be achieved with the support from Ministry of Steel, Government of India and State Governments:—

- NMDC has already applied for PL's & ML's of iron ore in different states of country.
- Reservation of new iron ore deposits for NMDC in various states i.e. Ghatkuri (Jharkhand), Mankandnacha & Malangtoli (Odisha), Ramandurg (Karnataka) under Section 17 A (2A) of MMDR Amendment Act, 2015.
- Early grant of statutory clearances & mining lease for Bailadila Deposit – 13 & 4 in Chhattisgarh.
- There is a problem of evacuation for iron ore from Bailadila sector in Chhattisgarh and obtaining statutory clearances for expansion projects of NMDC, such as doubling of railway line, installation of slurry pipe line and early grant of clearances from MOEFCC.

NMDC has already appointed M/s ACCENTURE as a consultant for preparing Strategic Management Plan (SMP 2025).Draft report of the same has been submitted.

In addition to this, NMDC is developing its mines *viz*. Bailadila Deposit 11B in Chhattisgarh and Kumaraswamy in Karnataka with a planned capacity of 7 MTPA.

Apart from expansion of its own mines in Karnataka, and Chhattisgarh, NMDC's joint ventures with State Government *viz.* Sasangada Iron Ore Deposit with Jharkhand State Mineral Development Corporation and Bailadila Iron Ore Deposits No. 13 & 4 with Chhattisgarh Mineral Development Corporation is also expected to contribute significantly to growth in output.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

HINDUSTAN STEEL WORKS CONSTRUCTION LIMITED (HSCL)

Recommendation (Serial No. 14)

The Committee note that income of HSCL was Rs. 1410.02 crore in 2013-14 against a target of Rs. 1450 crore (RE) in 2014-15 and it is targeted at Rs. 1400 crore in 2015-16. The Committee note that there is no shortfall in total income of HSCL during the last two years. The Committee also note that presently HSCL has a job order of Rs. 1574.76 crore (upto December, 2014) in hand. Even during 2013-14, HSCL had an order booking of Rs. 2648.98 crore against a target of Rs. 1800 crore. Further, major operational performance parameters of HSCL have improved during 2014-15 (till February, 2015) over the corresponding period of 2013-14. Moreover, turnover and operational profit of the Company increased by 10.66% and 60.02% respectively during 2014-15. However, despite increase in the turnover of the company, its profit after tax has been in minus during the last few years and one of the major reasons affecting its profitability is increasing operating cost. The Committee, therefore, would like HSCL to bring down its operating cost by adopting rigid fiscal measures.

Action Taken

Hindustan Steelworks Construction Ltd. is a construction company engaged in implementation of projects on behalf of clients in steel as well as in a wide range of infrastructure sectors against specific orders. HSCL does not have any projects of its own. Implementation of projects depends on several factors like availability of front and drawings in time and sequence, availability of requisite clearances and availability of cash flow etc. Schedule of completion of the projects is regulated from time to time. Margin in project implementation is under severe stress due to ever increasing competition among peer group of Schedule 'B' Companies and private players. Further, as per directions received from MOS *vide* letter No. 4(3)/2007-KDH (pt) dated 25th September 2014, HSCL has been making part of the interest payment on Rs 518.36 Cr. Government of India guaranteed loan every month. However, strict monitoring is done to reduce avoidable expenditure and all guidelines laid by Government of India are strictly adhered to.

[Ministry of Steel O.M., No.11014 (4)/2015-Parl., Dated 28th July, 2015]

Recommendation (Serial No. 16)

According to the Ministry of Steel, no budgetary support has been provided to HSCL in the 12th Five Year Plan. The Committee note that despite increase in income, the major factor contributing to net loss of profit of HSCL is about 19% (appx.) per annum of interest impact of Government of India loans of Rs. 550 crore being charged every year, which amounts to Rs. 105 crore per year. The Committee feel that HSCL has immense potential and with a little support can overcome its liabilities and turn into a profit making organization. The Committee desire that HSCL should be given an opportunity to utilize its potential in construction of integrated steel plants in the country. In addition, the Committee have also time and again emphasized that PSUs like SAIL, RINL & NMDC should place orders for their Modernization and Expansion Programmes to HSCL to help it overcome this situation. The Committee would like to be apprised of the action taken by the Government in this regard.

Action Taken

PSUs have awarded construction works to HSCL in the past. Ministry's view is that all PSUs should continue to support HSCL by awarding construction works following due process. But being independent commercial organizations, the Steel PSUs are free to take decisions in the matter based on their commercial considerations.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

MSTC

Recommendation (Serial No. 18)

The Committee note that MSTC undertakes trading activities, e-commerce, disposal of ferrous and non-ferrous scrap and surplus stores mostly from Public Sector Undertakings and Govt. Departments, including Ministry of Defence. The Plan Outlays of the Company were Rs. 45 crore during 2014-15. These were reduced to Rs. 5 crore at RE stage and Actual Expenditure during 2014-15 by the company upto December, 2014 was NIL. Further, for the year 2013-14 the actual trading by MSTC was of Rs. 7488 crore. However, the trading target for 2014-15 and 2015-16 are set at Rs. 6480 crore and Rs. 4100 crore respectively. The Committee were informed that a decision was taken by the company to concentrate on e-commerce business instead of trading as the latter is more profitable but very risky. According to the Ministry of Steel, the reasons for decline in profit of MSTC is due to significant reduction in trading business and reduction in service charge in e-Commerce business as a result of which income has not increased in proportionate volume. The Committee 'further' note that there has been decline in PAT from Rs. 130.73 crore in 2012-13 to Rs. 48.60 crore (upto December, 2014) in 2014-15. The Target for Income and PAT during 2015-16 is only Rs. 3714.65 crore and Rs. 44.55 crore respectively. The Committee feel that although MSTC may have done extensive study on the matter of trimming down its trading portfolio, they recommend that MSTC should go for more e-commerce activity and diversification plan as both income and profits have come down heavily from Rs. 6455.25 crore and Rs. 130.73 crore in 2012-13 to Rs.3413.49 crore (upto December, 2014) and Rs. 48.60 crore (upto December, 2014) in 2014-15.

Action Taken

Total income & profit during 2012-13 was Rs. 6455.25 crore and Rs. 130.73 crore respectively and corresponding figures for 2014-15 is Rs. 5571.65 crore and Rs.86.07 crore. It may please be noted that MSTC has reduced trading business from Rs. 10024.00 crore during 2012-13 to Rs.6889.48 crore during 2014-15. However, e-commerce business has increased from Rs. 15483.00 crore (2012-13) to Rs. 23034.46 crore during 2014-15. Although the volume of e-commerce has increased by 49% over

2012-13, but profit has not increased in the same proportion because rate of service charge on e-commerce is very low compared to trading business. The physical and financial performance with respect to trading and e-commerce business of the company during the 12th five year plan is furnished as per **Annexure-I**. MSTC has also diversified its e-Commerce activities in various domains like Coal Block Auctions, Red Sander wood auctions, Sandal Wood Auctions and Human Hair, various minerals etc. In addition MSTC is further looking forward to expand its e-Commerce presence into various other arenas like e-Retail business (B2B) along with India Post, initial discussion for the same has begun. Also a plan to float a portal for e-shopping mall is underway.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

KIOCL Ltd.

Recommendation (Serial No. 20)

The Committee note that a Plan Outlay of Rs. 3,080 crore was earmarked for KIOCL in the 12th Five Year plan (2012-17). But now the Plan Outlay has been revised to Rs. 288.03 crore and Actual Expenditure (till December, 2014) was Rs. 28.97 crore. The Committee note that some major projects envisaged for implementation during the plan period are stuck due to various reasons such as the Forward & Backward Integration project at Blast Furnace unit like DISP, Coke Oven, etc. (plan outlays Rs. 791 crore) has been dropped being uneconomical, Setting up of Integrated Steel Plant on JV basis (plan outlays Rs. 483 crore) was also dropped as during the diligence process, the JV partner identified through tender was not found suitable. The permanent Railway siding and Bulk Material Handling System (plan outlay Rs. 303 crore) is pending due to prolonged litigation over the acquisition of land required for the project and the Eco-Tourism project (plan outlays Rs. 100 crore) at Kudremukh is awaiting renewal of lease period of the revenue land by Government of Karnataka. The Committee are concerned to note that all these projects have not materialized resulting in downward revision of the 12th Plan Outlays and feel that the Ministry/KIOCL should have carried out an extensive study before planning the investments in these projects. The Committee believe that the Company should strive hard and take up such projects that will increase the profitability of the Company.

Action Taken

The non-allotment of mine together with deep recession in steel sectors, prompted KIOCL to review and revise the 12th Five Year Plan target. Further in order to provide adequate sustainability to the Company, KIOCL proposed to expand its operation by taking up various projects e.g. Development of Nemkal Iron Ore deposit jointly with M/s APMD in the State of Andhra Pradesh, opening up the service portal for providing O&M services in the core field for other central and State PSUs etc. The following projects undertaken/in progress are expected to contribute to the sustainability of the Company.

I. KIOCL has opened Operation and Maintenance verticals for undertaking O&M works of plants of other PSUs for utilizing the expertise and experience available within Company and obtained works.

II. Opening of Mineral Exploration Wing.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

Recommendation (Serial No. 21)

The Committee observe that Pellet production capacity in the country is continuously on rise and is likely to exceed 80 million tonne, whereas demand is only 50% of the capacity, leading to low margin. The Committee also note that most of the pellet producers either possess captive mine or are located near mine head. Hence, these manufacturers are able to sell their pellets much below the price of KIOCL pellets. Despite being aware of the fact that supply of pellets is exceeding its supply, the Committee are appalled at the fact that the target for pellet production is on the rise and against the target for Pellet Production of 1 million tonne during 2014-15, it has been increased to 1.8 million tonne during 2015-16. The Committee do not find any logic in increasing the pellet production which may result in dumping of pellets. Rather, the Committee feel that focus should be more on ensuring availability of captive ore mines for KIOCL so that the company becomes self sufficient and does not have to look out for sourcing of iron ore. The Committee also observe that in the absence of captive iron ore mines, KIOCL would be forced to source iron ore from NMDC incurring huge logistics costs which in turn cut into the profits of the company. Besides huge logistic costs incurred in sourcing iron ore, the Committee have been given to understand that KIOCL is also suffering due to levy of Distance Based Charge (DBC) imposed by the Indian Railways. The Committee are informed that in case of Development of Iron ore deposit in Chikkanayakanahalli & Ramanadurga, the mining lease application is pending with the Govt. of Karnataka. The Committee are unhappy to note that although in principle approval for grant of mining lease (Block no. 2) for an area of 116.55 hectares in Hombalghatta and Hosahalli villages of Chikkanayakanahalli Taluk, Tumkur Distt., Karnataka was obtained way back in 2008 and the Company had also obtained mine plan approval and environment clearance for the project, but the Forest clearance is pending with Karnataka State Forest Department due to overlapping of area with two other allottees. The issue has been kept on hold for almost three years due to imposition of ban on iron ore mining by Hon'ble Supreme Court in the Tumkur district in the State of Karnataka. The Committee are informed that the matter is being pursued with the State Government by the KIOCL as well as Ministry of Steel. The Committee acknowledge that such major delays are bound to affect the performance of any company as all mining operations have been stalled for the last 6-7 years. The Committee, therefore, recommend that the Ministry of Steel should make concerted efforts so that all the clearances are obtained and all bottlenecks be removed urgently as presently the Company is suffering due to lack of any mining assets with them.

Action Taken

KIOCL has submitted ML/PL applications for allotment of Iron Ore mine for captive use in the State of Karnataka, Andhra Pradesh, Odisha, Jharkhand. KIOCL have been pursuing with these States for speedy clearance. However, with the enactment of MMDR Amendment Act 2015, KIOCL identified 04 iron ore areas in Bellary District, Karnataka and submitted proposal to Government of Karnataka for reservation for ML in favour of KIOCL. Ministry of Steel has also taken up the issues of KIOCL with Government of Karnataka.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

MOIL Ltd.

Recommendation (Serial No. 22)

The Committee note that MOIL Ltd. is the largest domestic producer of high grade manganese ore, a basic raw material for manufacturing of Ferro-Alloys — an essential input for steel making and dioxide ore for manufacturing dry batteries. Against the annual plan outlays of Rs. 192.05 crore of the company for 2014-15 at BE and RE of Rs. 153.04 crore, the actual expenditure upto December, 2014 was Rs. 73.45 crore. A provision of Rs. 127.47 crore has been made in the annual plan for 2015-16. The reasons cited by the company for lower utilization of outlays are delay in grant of lease, delay in grant of final orders in respect of new area development, etc. With the increase in the domestic demand for high grade manganese and dioxide ore, the company embarked upon various capital schemes for development and modernization of its mines and increasing its mines production capacity from 1.1 million tonne to 2.0 million tonne by 2020-21.

The Committee observe that the production target of MOIL for producing 2.0 million tonne ore by 2020-21, will be affected due to non-availability of statutory clearances for its mines. The Committee, therefore, desire that the Ministry/MOIL should prepare an action plan in this direction and take up the matter with all concerned agencies for obtaining statutory clearances on war footing. The Committee would like to be apprised of the action taken in this regard.

Action Taken

MOIL Limited has taken steps for grant of mining/prospecting leases with various State Governments and Central Government Agencies. The Company has also undertaken preparation of blue print of proposed projects along with designing and engineering, so that as soon as the lease is granted, action could be taken at the earliest. Ministry is also supporting by way of taking up the matter with the State Governments etc.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

MECON

Recommendation (Serial No. 24)

The Committee note that MECON Ltd. is one of the leading multidisciplinary organization in the field of Metal, Power, Oil Gas and Infrastructure Sectors. MECON is presently involved in almost all the mega steel projects including both in public and private sectors. It has also spread up wings in International market providing quality design, engineering and consultancy services for about 130 projects in different countries. An outlay of Rs. 5 crore was made for the company during 2014-15 and the same outlay has been made for 2015-16 for expansion, modification and augmentation of the space for office/guest house at various locations. The actual expenditure made by the company during 2014-15 was Rs. 3.74 crore (upto December, 2014). The company made a profit of Rs. 49.48 crore during 2013-14 while it incurred losses during 2014-15. The reasons given by the company for the losses during 2014-15 was general economic slowdown; the projects which were in hand were nearing completion stage resulting in lower contribution towards turnover; further ban on iron ore mining resulting in delay in implementation of projects and uncertainty in availability of coal in the country affecting order booking/project execution by the company. The Committee hope that the projects which were nearing the completion stage would definitely contribute towards the turnover of the company bringing it out of economic crisis. The Committee also recommend that the Company should take advantage of bagging more design, engineering, consultancy and contracting projects with the conducive atmosphere that has been created in the country for mineral exploration with the passing of the Mines and Mineral (Development & Regulation) Amendment Act, 2015 and the Coal Mines (Special Provisions) Act, 2015.

Action Taken

The company is taking steps to bag more orders in the field of designs, engineering, and consultancy and contracting projects in view of passing of Mines and Mineral (Development & Regulation) Amendment Act, 2015. The company hopes to improve its position in view of the general upward trend being witnessed by economy now.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

CHAPTER III

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

Recommendation (Serial No. 23)

The Committee also note that considering the necessity of expanding the operation of the company, MOIL has entered into joint venture with SAIL and RINL for setting up Ferro Alloys manufacturing unit to cater to Ferro Alloys requirement of these companies as per initial estimate of Rs. 600 crore out of which MOIL's share of investment is estimated to be Rs. 150 crore. The investment has not materialized due to (a) getting higher offer for furnace package leading to decision to refloat the tenders; (b) increase in rates of power all over India and in Andhra Pradesh necessitating review of the project to relocate Andhra Project in Chhattisgarh. The Committee consider the setting up of joint venture for production of Ferro Alloys by MOIL, SAIL and RINL is a step in the right direction and would like all the three companies to chalk out a strategy for its materialization.

Action Taken

The proposal to explore the possibility of a new JV Partner for power supply and possibility of Captive Power Plant is dependent, *inter alia,* on viable captive power linkages, market conditions for ferro-alloys and other linkages. Based on studies conducted in this regard the viability of such linkages has not yet been established.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

CHAPTER IV

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

SPECIAL PURPOSE VEHICLE

Recommendation (Serial No. 5)

The Committee note that a High Level Committee on Manufacturing headed by the Hon'ble Prime Minister has set a target of 300 million tonne steel production by 2025. According to the Ministry, efforts are being made to facilitate setting up of large scale steel plants in mineral rich States Odisha, Jharkhand, Karnataka and Chhattisgarh by having partnership between SAIL, RINL and NMDC and State Government PSUs for setting up SPV which would be responsible for developing such projects. Taking note of the fact that extra 200 MT capacity addition has to be made in steel sector requiring an investment of about Rs. 12 lakh crore, the Committee observe that the Ministry is reportedly exploring the funding for these projects both in public and private sector industries. Considering the importance of the project, the Committee recommend that an advance roadmap should be made for the next 10 years with yearly targets fixed and constant monitoring should be done to avoid delays in achieving the desired targets. The Committee would like to be apprised of the details of the road map made to achieve 300 MT production of steel by 2025.

Action Taken

Steel sector in India was deregulated in 1991-92. Therefore, Government does not control steel sector. National Steel Policy 2005 envisaged supporting steel production capacity of 110 MT by 2019-20. The capacity of steel production in the country is 108 MT against the total production of 88 MT (2014-15). The steel sector consists of public and private sector players.

Investment decisions in the sector are made based on various factors like demand and supply; availability of raw material and finance; the risk taking capacity of the entrepreneurs, and other commercial factors. Thus, the role of the Government is facilitative in nature as it does not have regulatory powers.

Ministry of Steel is working towards achieving steel capacity of 300 MTPA by 2025. MOUs have been signed among CPSEs, State Governments and State Public Enterprises, for setting up of Special Purpose Vehicles (SPVs) in these four States. To appreciate the problems, Ministry of Steel regularly interact with the public and the private sector steel producers with a view to reduce, if not eliminate, the bottleneck. Ministry of Steel also interact with other central Ministries to sort out the issues pertaining to raw material, transportation etc. of the steel producers.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

Comments of the Committee

(Please *see* para 10 of Chapter I of the Report)

MERGER OF OMDC & BSLC WITH RINL

Recommendation (Serial No. 11)

The Committee note that Orissa Minerals Development Company Limited (OMDC), a subsidiary of RINL was engaged in the mining and marketing of Iron and Manganese Ore from six mines which are situated in the district Keonjhar, Odisha. But presently, all mines of OMDC are closed due to non-renewal of mining leases and the matter is sub-judice. The Committee are informed that OMDC was also allocated Brahmani Coal Block by the Ministry of Coal on 07.11.2013. Another subsidiary Company of RINL, Bisra Stone Lime Company Limited (BSLC) is engaged in the mining and marketing of Limestone and Dolomite from mines situated at Birmitrapur, district Sundargarh, Odisha. The mines of BSLC were closed since 03.06.2014 but recently the Govt. of Odisha has granted the permission for resumption of mining operation on 02.03.2015. The Committee note that no target has been set for OMDC in BE 2015-16 for production of Iron Ore and Manganese Ore. Similarly, BSLC has also not been allocated any target for limestone production in BE, 2015-16. While recommending Ministry of Steel/RINL to pursue the matter of allocation of Brahmani Coal block to OMDC with the Ministry of Coal, the Committee expect that the matter of renewal of mining leases of OMDC will be resolved soon.

The Committee are happy to note that recently permission has been granted to BSLC for resuming its mining operations. The Committee, however, feel that for small entities like OMDC and BSLC, it is difficult for them to manage themselves as the companies brought with them unnecessary baggage of excess expenditure on infrastructure, management, etc. The Committee, therefore, recommend the Ministry of Steel to explore the possibility of merging these subsidiaries *i.e.* OMDC and BSLC with RINL.

Action Taken

Ministry of Steel has noted the observation of the Committee.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

Comments of the Committee

(Please *see* para 13 of Chapter I of the Report)

Recommendation (Serial No. 15)

The Committee further note that besides its indigenous capability for putting up integrated steel plants in the country, HSCL has also diversified its activities like construction of rural roads. The value of construction of roads in the States of Tripura and Jharkhand under PMGSY (Prime Minister Gramin Sadak Yojana) is reported to be Rs. 2100 crore. The Committee would like to be apprised of the total work completed by HSCL in the states of Tripura and Jharkhand and the manpower and Infrastructure available with it to undertake works in rural areas.

Action Taken

It may be pertinent to mention that HSCL has been executing PMGSY works in Tripura and Jharkhand mostly in the LWE affected areas. In Jharkhand, we are implementing 757 nos. Roads (140 Nos. of Phase-VII, 92 nos. of Phase-VIII, 30 nos. of Phase-IX, 19 nos. Phase-X, 69 nos. Phase-XI and 407 nos. Phase-XII) for a length of 2544 Km. at a sanctioned cost of Rs. 1072 Cr., also implementing 101 Nos. of High level Bridges (8410 M) at sanctioned cost of Rs. 261 Cr. in seven LWE Districts in the State of Jharkhand under PMGSY. As on 01/04/2015, we have completed 221 nos. of Roads for a total length of 766 Km. and 14 Nos. of Bridges for a length of 1321 Mtr. and total value of work executed for PMGSY works in Jharkhand is Rs. 477 Cr. including HSCL fee. In Tripura, we have been entrusted with Rs.670 Cr. of PMGSY Roads, Bridges etc, (out of which around 620 Km is completed valuing around Rs. 580 Cr.), various other Building, Hospital, Infrastructural works of around Rs. 220 Cr.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

Comments of the Committee

(Please *see* para 16 of Chapter I of the Report)

CHAPTER V

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

MAJOR INITIATIVES IN STEEL SECTOR

Recommendation (Serial No. 7)

The Committee are happy to note that several major initiatives have been taken in the Steel Sector during the last year. The Committee note that the Ministry of Steel has issued the Steel and Steel Products (Quality Control) Orders, 2012 with effect from 1st October, 2014 on all 15 products. The Committee appreciate the concern of the Ministry of Steel towards the safety and security of human beings and expect that the Government will ensure that all Steel PSUs and private steel plants will implement the same.

The Committee are also happy to note that all the CPSEs under the Ministry of Steel are working towards a cleaner environment and have taken measures to harness the waste heat from sinter cooler and generate 20.6 MW power, in a first of its kind project in collaboration with NEDO, Japan.

The Committee, further, welcome the proactive step of the Ministry of Steel to address the long term issues of the steel sector by way of facilitating setting up of the Indian Steel Association (ISA), so as to articulate the needs and aspirations of the industry.

The Committee note that the Ministry has identified Biju Patnaik National Steel Institute (BPNSI) as National Centre for Excellence. However, to achieve the objective, it would require quality trained manpower and professionals, etc. The Committee desire that the Ministry of Steel should take adequate steps in this regard so that the vision of establishing it as a premier institute is realized.

Action Taken

The Expert Committee constituted by the Ministry of Steel for the upgradation of BPNSI to a National Centre of Excellence in Steel Education has submitted its Report. The State Government of Odisha has been requested to furnish their views/opinion on their commitment regarding provision of land for the establishment of the Institute, fixed cost commitment out of the total estimated capital outlay and facilitation of associated requirements. The reply of the State Government is awaited.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

RESTRUCTURING PROPOSAL OF HSCL

Recommendation (Serial No. 17)

The Committee note that a draft note for restructuring proposal of HSCL Cabinet Committee on Economic Affairs (CCEA) has been prepared. This was circulated to the concerned ministries/ departments for obtaining their comments for the restructuring proposal of HSCL. The comments have been received from various ministries and the draft note is reportedly being prepared accordingly. The Committee would like the Government to take a final decision on the restructuring proposal of the company without any further loss of time since this issue has been pending for long.

Action Taken

A draft note for Cabinet Committee on Economic Affairs (CCEA) has been prepared and circulated to the concerned Ministries/Departments for comments. Comments have been received from various Ministries and the draft note is being prepared accordingly. The matter is under consideration in the Ministry.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

Recommendation (Serial No. 19)

The Committee note that Board of MSTC has adopted the proposal for setting of an auto shredding plant at Dahej in Gujarat through Joint Venture. According to the Ministry, sourcing of Raw material is one of the important issues for the shredding plant. The availability of raw material, such as condemned auto vehicle and white goods was explored but not much headway was made for sourcing domestically due to non-availability of regulations for condemnation of vehicle. A global tender for shredable goods (raw materials) for auto shredding plant was floated and only one offer was received. However, the decision on the same is reportedly not taken so far. In view of this, there was no expenditure during Financial Year 2014-15. Since currently there is no other ongoing project in hand for the company except e-commerce activities, the Committee desire MSTC to concentrate on its joint venture with Essar steel and expedite the setting up of auto shredding plant by exploring avenues for sourcing of raw material during the current financial year.

Action Taken

The Board of MSTC has adopted the proposal for setting up of an auto shredding plant at Dahej in Gujarat. Essar Steel has backed out from the project of Joint Venture with MSTC for setting up the Shredding Plant. MSTC is pursuing Ministry of Road Transport and Highways, Ministry of Heavy Industries, SIAM and other such bodies for enactment of a Law for incentivizing compulsory scrapping of End of Life Vehicles which are the raw materials for the project. Also Kerala Government has approached MSTC for setting up the First Auto Shredding Plant in Kerala. The talks are underway and a final decision in this regard may be expected in due course of time.

[Ministry of Steel, O.M. No.11014 (4)/2015-Parl., Dated 28th July, 2015]

NEW DELHI;
3 *December,* 2015
12 *Agrahayana,* 1937 *(Saka)*

RAKESH SINGH
Chairperson,
Standing Committee on Coal and Steel.

ANNEXURE I

PHYSICAL & FINANCIAL PERFORMANCE OF MSTC DURING TWELFTH PLAN

(Fig. in Rs. Lakhs)

Sl. No.	Item	2012-13		2013-14		2014-15			2015-16
		Target	Actual	Target	Actual	BE	RE	Actual up to Feb.2015	B E
1	2	3	4	5	6	7	8	9	10
I.	**Physical Performance[@]**								
(i)	Trading	4800	10024	6200	7488	6480	6480	6316.51	4100
(ii)	e-Commerce	11000	15483	16000	19395	15415	15415	18807.14	16360
II.	**Financial Performance**								
(i)	Income	2200.00	6455.25	4422.76	5330.27	5074.50	5074.50	5002.55	3714.65
(ii)	Operating Cost	2094.58	6259.40	4270.76	5208.91	4956.00	4956.00	4901.00	3644.65
(iii)	Gross margin	105.42	195.85	152.00	121.36	118.50	118.50	101.55	70.00

(iv)	Profit (Loss) before Tax	101.42	193.40	148.00	107.37	114.50	114.50	99.55	67.50
(v)	Profit (Loss) after Tax	66.94	130.73	97.68	70.03	75.57	75.57	65.71	44.55
(vi)	Dividend Paid/Proposed of which		26.40		Nil				
	Dividend Paid/Proposed to the GOI		23.73		Nil				

Note **:** (1) The loss before tax for F.Y. 2013-14 has been arrived after the exceptional item of Rs 226.78 which pertains to provision towards non-realisation of outstanding on account of export of gold Jewellary during 2008-09.

(2) Short Fall in Gross Margin against target in 2013-14 is on account of lesser margin in trading business.

ANNEXURE II

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 19 NOVEMBER, 2015 IN HON'BLE CHAIRPERSON'S CHAMBER, ROOM NO. '112', FIRST FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1130 hrs. to 1330 hrs.

PRESENT

Shri Rakesh Singh – *Chairperson*

MEMBERS

Lok Sabha

2. Shrimati Jyoti Dhurve
3. Shri Faggan Singh Kulaste
4. Shri Shailesh Kumar
5. Shri Devji Mansingram Patel
6. Shrimati Ranjit Ranjan
7. Dr. Ravindra Kumar Ray
8. Shri Tamradhwaj Sahu
9. Shri Janardan Singh "Sigriwal"
10. Shri Rama Kishore Singh
11. Shri Sunil Kumar Singh
12. Shri Sushil Kumar Singh
13. Shri Krupal Balaji Tumane

Rajya Sabha

14. Dr. Pradeep Kumar Balmuchu
15. Shri Md. Nadimul Haque
16. Shri B.K Hariprasad
17. Shri Jugul Kishore

SECRETARIAT

1. Shri U.B.S. Negi – *Joint Secretary*
2. Shri Arvind Sharma – *Additional Director*
3. Ms. Miranda Ingudam – *Deputy Secretary*

2. At the outset, Chairperson 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 Action Taken by the Government on the observations / recommendations contained in the Ninth Report (16th Lok Sabha) of the Committee on "Demands for Grants (2015-16)" relating 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 and present the same to both the Houses of Parliament.

5. ** ** ** **

The Committee then adjourned.

** Do not pertain to this Report

ANNEXURE III

(Vide Para IV of Introduction)

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

I.	Total No. of Recommendations made:	24
II.	Recommendations which have been accepted by the Government: (*vide* Recommendation at Sl. Nos. 1, 2, 3, 4, 6, 8, 9, 10, 12, 13, 14, 16, 18, 20, 21, 22 and 24)	17
	Percentage of total	70.83%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies: (*vide* Recommendation at Sl. No.23)	01
	Percentage of total	4.16%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee: (*vide* Recommendations at Sl. Nos. 5, 11 and 15)	03
	Percentage of total	12.5%
V.	Recommendations in respect of which final replies of the Government are still awaited: (*vide* Recommendations at Sl. Nos. 7, 17 & 19)	03
	Percentage of total	12.5%

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