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STANDING COMMITTEE ON COAL AND STEEL (2014-2015)

SIXTEENTH LOK SABHA

MINISTRY OF STEEL

DEMANDS FOR GRANTS (2014-2015)

THIRD REPORT

LOK SABHA SECRETARIAT
NEW DELHI

December, 2014/*Pausa,* 1936 *(Saka)*

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STANDING COMMITTEE ON COAL AND STEEL (2014-2015)

(SIXTEENTH LOK SABHA)

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Presented to Lok Sabha on 22.12.2014
Laid in Rajya Sabha on 22.12.2014

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Shri Rakesh Singh* — *Chairperson*

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21. Shri Krupal Balaji Tumane

* Shri Rakesh Singh appointed *w.e.f.* 27.11.2014 *vice* Shri Hansraj G. Ahir appointed Minister.

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2. Shri Arvind Sharma — *Additional Director*
3. Smt. Vandana P. Guleria — *Sr. Committee Assistant*

*Dr. Satyanarayan Jatiya nominated *w.e.f.* 25.09.2014 *vice* Shri Basawaraj Patil.

INTRODUCTION

I, the Chairperson, Standing Committee on Coal and Steel having been authorized by the Committee to present the Report on their behalf, present this Third Report (Sixteenth Lok Sabha) on Demands for Grants (2014-15) relating to the Ministry of Steel.

2. The Demands for Grants of the Ministry of Steel were laid on the Table of the House on 04.08.2014. Under rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Coal and Steel are required to consider the Demands for Grants of Ministries under their jurisdiction and make Report on the same to both the Houses of Parliament. Thereafter the Demands are considered by the House in the light of the Report of the Committee. However, this year the Demands for Grants (2014-15) of Ministry of Steel were passed by Lok Sabha on 23.07.2014, prior to their consideration by the Standing Committee on Coal and Steel. Nonetheless, in pursuance of the observations made by the Chair, the Committee examined Demands for Grants (2014-15) of the Ministry of Steel and issues arising therefrom.

3. The Committee took evidence of the representatives of the Ministry of Steel on 16th October, 2014.

4. The Report was considered and adopted by the Committee at their sitting held on 19.12.2014.

5. The Committee wish to express their thanks to the officials of the Ministry of Steel for the cooperation extended by them in furnishing written replies and for placing their considered views and perceptions before the Committee.

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

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

NEW DELHI;
19 *December*, 2014
28 *Agrahayana*, 1936 *(Saka)*

RAKESH SINGH,
Chairperson,
Standing Committee on Coal and Steel.

REPORT

PART I

CHAPTER I

INTRODUCTORY

The large-scale capacity creation in the steel sector after independence has contributed to making India the 4th largest steel producer in the world as crude steel production grew to nearly 15 million tonnes in the span of a decade from a mere 1 million tonne in 1947. But the trend could not be sustained from the late 1970's onwards, as the economic slowdown adversely affected the pace of growth of the Indian steel industry. However, this phase was reversed in 1991-92, when the country replaced the control regime by liberalisation and deregulation in the context of globalisation. From the year 2002, the global industry turned around, helped to a great extent by China, whose spectacular economic growth and rapidly-expanding infrastructure led to soaring demand for steel, which its domestic supply could not meet.

1.2 India is also a leading producer of sponge iron with a host of coal based units, located in the mineral-rich States of the country. Over the years, the coal based route has emerged as a key contributor and accounted for 88 per cent of total sponge iron production in the country in 2013-14. Capacity in sponge iron making has also increased over the years and stands at around 45 million tonnes. India has been the world's largest sponge iron producer every year since 2003.

1.3 The Ministry of Steel are responsible for planning and development of iron and steel industry, development of essential inputs such as iron ore, limestone, dolomite, manganese ore, chromites, ferro-alloys, sponge iron etc. and other related functions.

The main functions of the Ministry of Steel are:—

(a) Development of Steel Plants in Public and Private Sectors, the re-rolling industry and ferro-alloys.

(b) Policy formulation regarding production, distribution, pricing of iron and steel and Ferro alloys.

(c) Development of iron ore mines in the public sector and other ore mines like manganese ore, chrome ore, limestone and other minerals used in the iron and steel industry (but excluding mining lease or matters related thereto).

(d) Providing a platform for interaction of all producers and consumers of steel in the country.

(e) Identification of infrastructural and related facilities required by steel industry.

(f) Overseeing the performance of 8 PSUs, their subsidiaries and one Special Purpose Vehicle (Joint Venture Company) called International Coal Ventures Pvt. Ltd. (ICVL).

1.4 The following Public Sector Undertakings are under the administrative control of Ministry of Steel:—

(a) Steel Authority of India Limited, (SAIL), New Delhi

(b) Rashtriya Ispat Nigam Limited, (RINL), Visakhapatnam

(c) NMDC Limited, Hyderabad

(d) MOIL Ltd.(Formerly Manganese Ore (India) Limited), Nagpur

(e) KIOCL Ltd. (formerly known as Kudremukh Iron Ore Company Limited), Bangalore

(f) Hindustan Steelworks Construction Limited (HSCL), Kolkata

(g) MECON (formerly known as Metallurgical and Engineering Consultants (India) Ltd.) Ranchi

(h) MSTC (formerly known as Metal Scrap Trade Corporation Limited), Kolkata

1.5 The detailed Demands for Grants (2014-15) of the Ministry of Steel were presented to the Lok Sabha on 04.08.2014. In their Outcome Budget (2014-15), the Ministry have highlighted the policy initiatives, and plan investments in the schemes proposed to be undertaken by the

Ministry and PSUs during the year. Various points arising out of the scrutiny of Demands for Grants (2014-15) and performance of the Ministry are discussed in the subsequent chapters.

CHAPTER II

ANALYSIS OF DEMANDS FOR GRANTS (2014-15)

For the year 2014-2015, Demand No. 94 was presented to the Parliament on behalf of the Ministry of Steel during the Budget Session. The Demand includes provisions for Plan/Non-Plan expenditure for the Ministry and Plan expenditure of the Public Sector Undertakings (PSUs) under its administrative control.

Total Requirement of Funds for 2014-15

2.2 The total financial requirements covered in Demand No. 94 for BE 2014-15, are summarized in the following Table:—

(Rs. in crore)

Demand No. 94 for 2014-2015	BE 2014-15		
	Plan	Non-Plan	Total
Revenue Section	20.00	72.92	92.92
Capital Section	0.00	0.00	0.00
Total (Gross)	20.00	72.92#	92.92

Includes provision of Rs. 5.18 crore for accounting adjustments relating to waiver of guarantee fee for HSCL.

Plan Expenditure

2.3 The break-up of Plan provision of Ministry of Steel during 2013-14 and 2014-15 are given in the following table:—

(Rs. in crore)

No	Name of Scheme	2013-14 (BE)	2013-14 (RE)	2013-14 Actuals	2014-15 (BE)	%age increase/ decrease over BE 2013-14 in BE 2014-15
1	2	3	4	5	6	7
1.	Scheme of the Ministry: Promotion of R&D in iron and steel sector					
(i)	Scheme for Promotion of Research and Development in Iron and Steel sector On-going R&D projects	12.00	8.00	8.00	6.00	-50%

1	2	3	4	5	6	7
(ii)	Development of Technology for Cold Rolled Grain Oriented (CRGO) Steel Sheets and other value added innovative steel products (new component)	32.00	—	00	12.00	-62.5%
(iii)	Development of innovative iron/ steel making process/technology (new project under the existing scheme)	2.00	—	00	2.00	0.00
	Total	46.00	8.00	8.00	20.00	-56.52%

The total Plan budgetary support of Rs. 46.00 crore in BE 2013-14 was reduced to Rs. 8.00 crore in RE 2013-14 which is a reduction of more than 1/5th of the original amount. The Plan expenditure (Actuals) for 2013-14 is Rs. 8.00 crore. Now a total Plan budgetary support of Rs. 20.00 crore has been provided in BE 2014-15.

2.4 On being asked to furnish the reason for such a drastic reduction (more than one fifth) at the RE stage during 2013-14 and lower allocation of funds during 2014-15, the Ministry of Steel in their reply have stated as below:—

> "As can be seen from the above table, for item no. (ii) (development of CRGO steel sheets), the allocation of Rs. 32 crore made in BE 2013-14 was reduced to nil in RE 2013-14, as the necessary approvals for the scheme were being obtained as per the laid down procedure. Approval from the respective Boards of the stakeholder companies for the project to be pursued under this scheme was also awaited, who insisted that the DPR of the project should be completed first. The work for the preparation of the DPR has since been initiated and expected to be completed in the last quarter of the current financial year. Therefore, there is less allocation of Rs. 12 crore in BE 2014-15. With regard to item no (iii) (new projects), approval for the new project on Industrial Trials for production of low Phosphorus steel in Induction Furnace, was approved at the end of the financial year 2013-14 and the allocation of Rs. 2 crore was carried forward from BE 2013-14 to BE 2014-15. For the ongoing projects only Rs. 6 crore has been allocated in 2014-15 as funds will be required for only 2 R&D projects as compared to the requirement of funds for 4 R&D projects in 2013-14. Therefore, the overall allocation got reduced in RE 2013-14 and also in BE 2014-15. "

2.5 The earlier schemes on "Promotion of beneficiation and agglomeration of low grade iron ore and ore fines" and "Improving Energy Efficiency of Secondary Steel Sector" for which 1 crore each was

allocated in BE (2012-13) were dropped due to insufficient allocation of funds to pursue the same.

2.6 When enquired about the present status of implementation of these schemes by Ministry of Steel, the Ministry in their reply informed as follows:—

"Earlier two schemes on 'Promotion of beneficiation and agglomeration of low grade iron ore and ore fines' and 'Improving energy efficiency of secondary steel sector' were proposed to be implemented during the 12th Five Year Plan. A sum of Rs. 2417 crore was proposed for the first scheme for the 12th Plan Period and Rs. 1693 crore for the 13th Plan Period. Similarly, for the second scheme a sum of Rs. 272 crore was proposed for 12th Plan Period and Rs. 191 crore for the 13th Plan Period.

As has been submitted earlier, clearance from the Planning Commission is required for taking up any scheme/project with Plan Fund. Accordingly, on the basis of the directive of the Parliamentary Standing Committee on Coal and Steel, Ministry of Steel had taken up the matter with the Planning Commission for their clearance to enable this Ministry to pursue these schemes. However, so far Planning Commission has not given their concurrence in the matter. Accordingly, Ministry of Steel has been unable to pursue these schemes.

It is however relevant to mention that of late, several Beneficiation and Pelletization projects has already been setup and are being setup by the Industry themselves. However, to address the technological issues and also develop indigenous capabilities, the following two specific R&D projects by Research and Development Centre for Iron and Steel (RDCIS, SAIL), have been approved by Ministry of Steel for financial assistance from Plan Fund:—

- Beneficiation of Iron Ore slimes from Barsua mines in India
- Development of pilot scale pelletization technology for Indian Goethitic/hematite ore with varying degree of fineness

Secondly, Ministry of Steel, UNDP and Australian Government are jointly pursuing an Energy Efficiency Improvement Project in the Secondary Steel Sector, under which some incentives/subsidy are being provided to around 300 Units of the Secondary Steel Sector comprising of Re-Rolling Mills and Induction Furnace Units."

Non-Plan Expenditure

2.7 The Non-Plan provision of Ministry of Steel, including Secretariat Proper, PAO (Steel), Development Commissioner for Iron and Steel (DCI&S), Kolkata and the PSUs under the Ministry, in 2012-13 (BE and RE); 2013-14 (BE, RE and Actuals); and requirement of fund in 2014-15 (BE) are given in the following table:—

(Rs. in crore)

No.		Major Head and Item of Expenditure	BE 2012-13	RE 2012-13	Actual 2012-13	% age increase/ decrease in RE over BE 2012-13	BE 2013-14	% age increase/ decrease over BE 2012-13	RE 2013-14	Actual 2013-14	% age increase/ decrease in RE over BE 2013-14	BE 2014-15	% age increase/ decrease over BE 2013-14
1		2	3	4	5	6	7	8	9	10	11	12	13
I.	MH – 3451												
	1.	Secretariat - Economic Services	20.00	20.22	19.13	1.1%	22.02	10.10%	20.45	20.12	-7.12%	23.26	5.63%
II.	MH – 2852												
	2.	Development Commissioner for Iron and Steel, Kolkata	0.61	0.576	0.49	-5.57%	0.60	-1.64%	0.50	0.48	-16.66%	0.14	-76.66%
	3.	Awards to Distinguished Metallurgists.	0.14	0.12	0.12	-14.28%	0.14	0.00%	0.22	0.22	57.14%	0.23	64.28%
	4.	Interest Subsidy											
		(i) Subsidy to Hindustan Steelworks Construction Ltd. (HSCL) for payment of interest on loans raised from Banks for implementation of VRS	46.90	44.11	44.05	-5.95%	44.11	-5.95%	44.11	44.05	0.00%	44.11	0.00%
		(ii) Subsidy to MECON Ltd. for payment of interest on loans raised from commercial banks for implementation of VRS	1.64	0.00		-100%	—	—	—	—	—	—	—

1		2	3	4	5	6	7	8	9	10	11	12	13
		(iii) Subsidy to MECON Ltd. for waiver of guarantee fees for the guarantee given by Government of India	0.50	0.00		-100%	—	—	—	—	—	—	—
		(iv) Bisra Stone Lime Company Limited	0.00	149.45	149.45	—	—	—	—	0.00	—	—	—
	5.	Waiver of guarantee fee (Non-cash transaction)											
		(i) HSCL – Waiver of guarantee fee in respect of Government Guarantee for Cash Credit (CC) limit, Bank Guarantee (BG) and VRS loans	6.10	6.10	5.18	0.00%	6.10	0.00%	5.18	5.18	-15.08%	5.18	-15.08%
		Less – Receipts netted [5(i)]#	-6.10	-6.10	-5.18	0.00%	-6.10	0.00%	-5.18	-5.18	-15.08%	-5.18	-15.08%
		Total : Non-Plan Expenditure (Net of receipts)	69.79	214.476	213.24	207.31%	66.87	-4.18%	65.28	64.87	-2.37%	67.74	1.30%
		Total : Non-Plan Expenditure (Gross)	75.89	220.576	218.42	190.65%	72.97	-3.85%	70.46	70.05	-3.43%	72.92	-0.06%

As per the advice of Ministry of Finance, in cases where there are no cash transactions, the provisions are to be netted.

2.8 According to the Ministry of Steel, the Non-Plan provision (BE) 2013-14 was decreased at the RE 2013-14 mainly because of the provision of Rs. 0.92 crore for subsidy to Hindustan Steelworks Construction Ltd. for waiver of Guarantee Fee for the guarantee given by the Government of India was not released due to subsequent decisions of Ministry of Finance. As against Non-Plan provision of Rs. 72.97 crore in BE 2013-14, a provision of Rs. 72.92 crore has been made in 2014-15 at BE stage.

CHAPTER III

ANNUAL PLAN INVESTMENT OF PSUs

Plan Outlay and Actual Expenditure during 2013-14

For the financial year 2013-14, the Planning Commission approved an outlay of Rs. 19730.77 crore (Rs. 19684.77 crore as IEBR and Rs. 46.00 crore as GBS). The source-wise details of approved outlay for 2013-14 (BE) and actual expenditure upto March, 2014 are given in the table below:—

(Rs. in crore)

No.	Name of the PSUs	2013-14 (BE)			2013-14 (RE)			2013-14 Actual expenditure		
		I&EBR	B.S.	Total	I&EBR	B.S.	Total	I&EBR	B.S.	Total
1	2	3	4	5	6	7	8	9	10	11
A.	Central Sector Scheme									
1.	SAIL	13000.00	0.00	13000.00	11500.00	0.00	11500.00	9890.00	0.00	9890.00
2.	RINL^	2216.14	0.00	2216.14	1548.72	0.00	1548.72	1516.98	0.00	1516.98
3.	HSCL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	MECON Ltd.	5.00	0.00	5.00	5.00	0.00	5.00	5.98	0.00	5.98
5.	MSTC Ltd.	65.00	0.00	65.00	10.00	0.00	10.00	0.00	0.00	0.00
6.	FSNL	12.00	0.00	12.00	12.00	0.00	12.00	7.60	0.00	7.60
7.	NMDC Ltd.	4084.00	0.00	4084.00	2720.00	0.00	2720.00	2518.14	0.00	2518.14
8.	KIOCL Ltd.	95.00	0.00	95.00	10.00	0.00	10.00	0.77	0.00	0.77
9.	MOIL Ltd.	207.63	0.00	207.63	133.32	0.00	133.32	85.65	0.00	85.65
B.	Centrally Sponsored Scheme									
10.	Scheme for promotion of R&D in Iron and Steel sector									
(i)	On-going R&D projects	0.00	12.00	12.00	0.00	8.00	8.00	—	8.00	8.00
(ii)	Development of Technology for Cold Rolled	—	32.00	32.00	0.00	0.00	0.00	—	0.00	—

1	2	3	4	5	6	7	8	9	10	11
	Grain Oriented (CRGO) Steel sheets and other value added innovative steel products (new component)									
(iii)	Development of innovative Iron/Steel making Process/ Technology (new projects under existing scheme)	—	2.00	2.00	0.00	0.00	0.00	—	0.00	—
	Grand Total (A+B)	19684.77	46.00	19730.77	15939.04	8.00	15947.04	14025.12	8.00	14033.12

^OMDC Ltd. and BSLC Ltd. were constituents of erstwhile Bird Group of Companies, which have become subsidiary PSUs of RINL and their figures have been clubbed with RINL.

3.2 The total Plan outlay of the Ministry of Steel for BE 2014-15 is Rs. 15393.22 crore which will be financed through approved gross budgetary support of Rs. 20.00 crore and IEBR of Rs. 15373.22 crore. Out of the budgetary support of Rs. 20.00 crore, provision of Rs. 12.00 crore has been made for a new component of R&D scheme for Development of Technology for Cold Rolled Grain Oriented (CRGO) Steel Sheets and other value added innovative steel products. Provision of Rs. 2.00 crore for new projects under existing objectives of the R&D scheme and provision of Rs. 6.00 crore has been made for ongoing projects.

Brief description of the PSU-wise outlays provided in BE 2014-2015 for various schemes of the PSUs are given below:—

(i) Out of the total outlay of Rs. 15393.22 crore in Annual Plan 2014-15 (BE), an amount of Rs. 9000.00 crore has been provided for Steel Authority of India Limited (SAIL), for various ongoing and new schemes/projects and research work.

(ii) Outlay of Rs. 1724.17 crore has been provided for Rashtriya Ispat Nigam Ltd. (RINL). Major portion is earmarked for expansion of RINL's production capacity. Balance outlay is for Additions, Modifications and Replacements (AMR) schemes. RINL's outlay includes the outlays of two subsidiary PSUs *viz*., OMDC Ltd. and BSLC Ltd., which were constituents of erstwhile Bird Group of Companies.

(iii) Outlay of Rs. 4345.00 crore, has been provided for NMDC Ltd. for 3 MTPA Steel Plant at Nagarnar in Chhattisgarh. Balance outlay is for AMR/Township and R&D scheme.

(iv) Outlay of Rs. 50.00 crore has been provided for KIOCL Ltd., for AMR schemes and for Development of Ananthapuramu Mine and setting up of pelletisation and beneficiation plant at Ananthapuramu. Remaining outlay is for various ongoing schemes and R&D/feasibility studies.

(v) Outlay of Rs. 192.05 crore has been provided for MOIL Ltd. for investment in joint venture for Ferro Manganese/Silico Manganese Plant with RINL and SAIL and AMR schemes, township, R&D/feasibility studies etc.

(vi) Outlay of Rs. 5.00 crore has been provided for MECON Ltd. for expansion, modification and augmentation of office space/ guest house at various locations.

(vii) Outlay of Rs. 45.00 crore, to be met out of I&EBR of the company has been provided for MSTC Ltd. for setting up of Shredding Plant.

(viii) Outlay of Rs. 12.00 crore has been provided for Ferro Scrap Nigam Ltd., for AMR schemes.

(ix) Provision of Rs. 20.00 crore has been made for Scheme for Promotion of Research and Development in Iron and Steel Sector, provision of Rs. 12.00 crore has been made for new component of R&D scheme for Development of Technology for Cold Rolled Grain Oriented (CRGO) Steel Sheets and other value added innovative steel products and provision of Rs. 2.00 crore has been made for new projects under existing R&D scheme for Development of Innovative Iron/Steel making Process/Technology and Rs. 6.00 crore for ongoing projects.

Annual Plan Outlay for 2014-15 (BE) Proposed by the Ministry and Approved by the Planning Commission

3.3 Based on the Annual Plan, 2014-15 proposals of the PSUs under the administrative control of Ministry of Steel and the discussions held with the Planning Commission, and within the overall context of the

12th Five Year Plan (2012-2017), the following Plan outlay for 2014-15 (BE) for Ministry of Steel has been approved by the Planning Commission:—

(Rs. in crore)

No.	Name of the PSUs	2014-15 (BE) (Proposed by M/o Steel)			2014-15 (BE) (Approved by Planning Commission)		
		I&EBR	B.S.	Total	I&EBR	B.S.	Total
A.	Schemes of PSUs						
1.	Steel Authority of India Ltd.	9000.00	0.00	9000.00	9000.00	0.00	9000.00
2.	Rashtriya Ispat Nigam Ltd.	1724.17	0.00	1724.17	1724.17	0.00	1724.17
3.	Hindustan Steelworks Construction Ltd.	0.00	0.00	0.00	0.00	0.00	0.00
4.	MECON Ltd.	5.00	0.00	5.00	5.00	0.00	5.00
5.	MSTC Ltd.	45.00	0.00	45.00	45.00	0.00	45.00
6.	Ferro Scrap Nigam Ltd.**	12.00	0.00	12.00	12.00	0.00	12.00
7.	NMDC Ltd.	4345.00	0.00	4345.00	4345.00	0.00	4345.00
8.	KIOCL Ltd.	50.00	0.00	50.00	50.00	0.00	50.00
9.	MOIL Ltd.	192.05	0.00	192.05	192.05	0.00	192.05
10.	Scheme for promotion of R&D in Iron and Steel sector						
	(i) Scheme for promotion of R&D in Iron and Steel sector-ongoing R&D projects	0.00	6.00	6.00	0.00	6.00	6.00
	(ii) Development of Technology for Cold Rolled Grain Oriented (CRGO) Steel Sheets and other value added innovative steel products (new component)	0.00	12.00	12.00	0.00	12.00	12.00
	(iii) Development of innovative iron/ steel making process/technology (new project under the existing scheme)	0.00	2.00	2.00	0.00	2.00	2.00
	Total (A)	15373.22	20.00	15393.22	15373.22	20.00	15393.22
B	Centrally Sponsored Schemes (CSS)	0.00	0.00	0.00	0.00	0.00	0.00
	Total (B)	0.00	0.00	0.00	0.00	0.00	0.00
	Grand Total (A+B)	15373.22	20.00	15393.22	15373.22	20.00	15393.22

^OMDC Ltd. and BSLC Ltd. were constituents of erstwhile Bird Group of Companies, which have become subsidiary PSUs of RINL and their figures have been clubbed with RINL.

** FSNL is a subsidiary of MSTC Ltd.

12th Five Year Plan 2012-17 (Approved) and Amount Actually Spent, Target Fixed *vis-a-vis* Actual Expenditure

3.4 For the 12th five year plan (2012-17), Planning Commission had approved total outlay of Rs. 91174.64 crore (*i.e.* I&EBR of Rs. 90974.64 crore and Gross Budgetary Support (GBS) of Rs. 200.00 crore). The outlay for 12th plan (approved) and the cumulative actual expenditure (upto March, 2012) are given in the table below:—

(Rs. in crore)

Sl. No.	Name of the PSUs	12th Plan (2012-17) Approved Outlay			Actual expenditure (upto March, 14)		
		I&EBR	B.S.	Total	I&EBR	B.S.	Total
A.	Schemes of PSUs						
1.	Steel Authority of India Ltd.	45000.00	0.00	45000.00	19621.00	0.00	19621.00
2.	Rashtriya Ispat Nigam Ltd.^	13373.00	0.00	13373.00	2811.67	0.00	2811.67
3.	Hindustan Steelworks Con. Ltd.	0.00	0.00	0.00	0.00	0.00	0.00
4.	MECON Ltd.	25.00	0.00	25.00	10.99	0.00	10.99
5.	MSTC Ltd.	105.00	0.00	105.00	0.35	0.00	0.35
6.	Ferro Scrap Nigam Ltd.*	60.00	0.00	60.00	19.60	0.00	19.60
7.	NMDC Ltd.	27872.17	0.00	27872.17	4125.38	0.00	4125.38
8.	KIOCL Ltd.	3080.00	0.00	3080.00	17.27	0.00	17.27
9.	MOIL Ltd.	1459.47	0.00	1459.47	142.58	0.00	142.58
10.	Scheme for promotion of R&D in Iron and Steel sector						
	(i) On-going R&D projects	0.00	48.00	48.00	0.00	32.90	32.90
	(ii) Development of Technology for Cold Rolled Grain Oriented (CRGO) Steel Sheets and other value added innovative steel products (new component under the existing scheme)	0.00	150.00	150.00	0.00	0.00	0.00
	(iii)Development of innovative iron/steel making process/technology (new project under the existing scheme)	0.00	2.00	2.00	0.00	0.00	0.00
	Total (A)	90974.64	200.00	91174.64	26748.84	32.90	26781.74
	Centrally Sponsored Schemes	0.00	0.00	0.00	0.00	0.00	0.00
	Total (B)	0.00	0.00	0.00	0.00	0.00	0.00
	Grand Total (A+B)	90974.64	200.00	91174.64	26748.84	32.90	26781.74

^OMDC Ltd. and BSLC Ltd. were constituents of erstwhile Bird Group of Companies, which have become subsidiary PSUs of RINL and their figures have been clubbed with RINL.

* FSNL is a subsidiary of MSTC Ltd.

CHAPTER IV

PRODUCTION, CONSUMPTION AND GROWTH OF STEEL

The table below shows the trend in production for sale, import, export and real consumption of total finished steel (alloy + non-alloy) in the country for last five years:—

(Million Tonnes or MT.)

Year	Finished Steel (alloy + non-alloy)			
	Production of Sale	Import	Export	Real Consumption
2009-10	60.62	7.38	3.25	59.34
2010-11	68.62	6.66	3.64	66.42
2011-12	75.69	6.86	4.59	71.02
2012-13	81.68	7.93	5.37	73.48
2013-14*	85.05	5.45	5.59	73.89

Source: JPC; *provisional

4.2 Crude steel production has shown a sustained rise since 2009-10 along with capacity. Data on crude steel production, capacity and capacity utilization during the last five years is given in the table below:—

Year	Crude Steel		
	Capacity (Million Tonnes)	Production (Million Tonnes)	Capacity Utilization (%)
2009-10	75.00	65.84	88
2010-11	80.36	70.67	88
2011-12	90.87	74.29	82
2012-13	97.02	78.42	81
2013-14*	99.57	81.54	82

Source: JPC; *provisional

- Crude steel production grew at a compounded annual growth rate (CAGR) of 7 per cent during the last five years ending 2013-14. Such growth in production was driven by capacity

expansion from 75 million tonnes in 2009-10 to 99.57 million tonnes in 2013-14, a growth of 9 per cent (on a CAGR basis).

- Production for sale of total finished steel stood at 85.05 million tonnes during 2013-14 as against 60.62 million tonnes in 2009-10 growing at an average annual growth rate of 8 per cent in CAGR terms during this five-year period while real consumption at 73.89 million tonnes during 2013-14 grew by 7.1 per cent on CAGR basis during this period.

- India, a net importer of total finished steel since 2007-08, turned into a net exporter in 2013-14, with total exports of 5.59 million tonnes exceeding total imports of 5.45 million tonnes. Exports grew by 4.7 per cent while imports fell by 1.4 per cent during the last five year period, both on a CAGR basis.

4.3 The above crude steel performance has been contributed largely by the strong trends in growth of the electric route of steel making, particularly the induction furnace route, which accounted for 34 per cent of total crude steel production in the country during 2013-14 and has emerged as a key driver of crude steel production.

4.4 During oral evidence, the representatives of the Ministry of Steel were asked about the targets for production of steel in the country and how does the Ministry propose to remove scarcity of steel in the country. The Ministry in a post evidence reply have informed the Committee as under:—

- "There is no specific target for production of steel in India. The steel industry hopes to achieve a working capacity of 140-150 million tonnes for Crude Steel by 2016-17. Also, the Government has set the target of steel production capacity to 300 million tonnes by 2025.

- The working capacity during 2013-14 was reported to be 101 million tonnes as compared to 97 million tonnes during 2012-13, an increase of 4.1%.

- The production of crude steel increased to 81.69 million tonnes in 2013-14 from 78.42 million tonnes during 2012-13, notching up an increase of 4.2%.

- The lack of cheap and easy finance, problems in land acquisition, power problems and raw material shortages are plaguing the steel industry. But the fact that there are plenty

of iron ore reserves, comparatively low wages, a growing market, HR resources and a strategic location for exports are working in the favour of the steel industry. The proposed target for steel production capacity is envisaged by investing in new technology to cut down the cost of production in the long run.

- There is no such scarcity of steel in the market as of yet. The total production for sale of Finished Steel in India was 87.675 million tonnes during 2013-14. The increase was 7.3% as compared to the figure for 2012-13, which was 81.681 million tonnes. The consumption of Finished Steel was 74.09 million tonnes during 2013-14 as compared to 73.491 million tonnes during 2012-13. This shows that the increase in steel consumption was a meagre 0.82%."

Global Ranking of Indian Steel

4.5 World crude steel production stood at 1607 million tones during 2013, an increase of 3.5 per cent over 2012. During 2013, Chinese crude steel production reached 779 mt, a growth of 7.5 per cent over 2012. China remained the largest crude steel producer in the world, accounting for 72 per cent of Asian and 48 per cent of world crude steel production during 2013. India was the 4th largest producer during this period and recorded a growth of 5.1 per cent over 2012.

World Crude Steel Production: 2013

Rank	Country	Qty. (million tonne)	% change over 2012
1.	China	779	7.5
2.	Japan	111	3.1
3.	United States	87	-2.0
4.	India	81	5.1
5.	Russia	69	-1.5
6.	South Korea	66	-4.4
7.	Germany	43	0.0
8.	Turkey	35	-3.4
9.	Brazil	34	-1.0
10.	Ukraine	33	-0.5
	World	1607	3.5

Source: World Steel Association, JPC; *provisional

4.6 Besides achieving the rank of the 4th largest global crude steel producer in 2013 (provisional), India has also made a mark globally in the production of sponge iron/direct reduced iron (DRI). Courtesy a mushrooming growth of coal-based sponge iron units in key mineral-rich pockets of the country, domestic production of sponge iron increased rapidly, enabling the country to achieve and maintain the number one position in the global market. With a series of mega projects, either being implemented or at the proposal stage, which once operational will re-write the structure of the steel industry and its dynamics; and a domestic economy carrying forward the reform process further, the future of the Indian steel industry is definitely optimistic.

Indian Steel Scene: 2013-14*

Total Finished Steel (alloy+non-alloy)	Qty. (million tonne)	% change over same period last year
Production for sale	85.05	4.1
Import	5.45	-31.3
Export	5.59	4.2
Real Consumption	73.89	0.6
Crude Steel		
Produciton	81.54	4.0
Capacity Utilization (%)	82	-

Source: JPC; *provisional

Trends in Production, Private/Public Sector

4.7 The following table highlights the total as also the contribution of the private and public sector in crude steel production in the country during the last five years:—

Indian Crude Steel Production

	2009-10	2010-11	2011-12	2012-13	2013-14*
Public Sector	1671	16.99	16.48	16.48	16.78
Private Sector	49.13	53.68	57.81	61.94	64.76
Total Production	65.84	70.67	74.29	78.42	81.54
Share of Public Sector (%)	25	24	22	21	21

Source: JPC; *provisional

Promotion of Domestic Steel Consumption

4.8 Institute for Steel Development and Growth (INSDAG), promoted by the Ministry of Steel and Major Steel Producers of India, is operating for more than a decade towards promotion of steel intensive structures in Indian construction and infrastructural sectors. In pursuance to this objective the Institute disseminates steel related information/ knowledge through seminars, workshops, publications, etc., to professionals and academics, organize award competitions, explores and innovates new and better avenues of steel usage and provides specialized consultancy.

Study for Assessment of Steel Demand in Rural India

4.9 The current per capita consumption of steel is 60 kg. in India compared to the world average of estimated 222 kg. The Ministry of Steel carried out a survey/study through the Joint Plant Committee (JPC) to assess the demand for steel in rural India. The JPC has submitted the final Report of this survey in July, 2011. The survey has come out with findings regarding average per capita consumption of finished steel in rural areas, trends of consumption of steel and future projections of steel in rural India. The survey collected the data for the purpose of analysis for the three years *i.e.* 2006-07, 2007-08 and 2008-09 and assessment of rural steel demand for the periods 2011-12, 2016-17 and 2019-20. The average per capita consumption of finished steel in rural India has been assessed at 9.78 kg. during the period 2007 to 2009, which is estimated to increase to around 12 kg. in 2020 based on increased penetration of steel products.

CHAPTER V

PERFORMANCE OF PUBLIC SECTOR UNDERTAKINGS

The PSUs under the administrative control of the Ministry formulate and implement various schemes/programmes related to their respective area of operations. The schemes of the PSUs are components of their respective annual or long term plans. Each PSU has several schemes, most of which are related to the normal day to day functioning as well as MoU linked operations of the company. Most PSUs meet the capital expenditure on the schemes from their Internal and Extra Budgetary Resources (IEBR).

I. STEEL AUTHORITY OF INDIA LTD. (SAIL):

5.2 The Steel Authority of India Limited (SAIL) is a company registered under the Indian Companies Act, 1956 and is an enterprise of the Government of India. It has five integrated steel plants at Bhilai (Chhattisgarh), Rourkela (Odisha), Durgapur (West Bengal), Bokaro (Jharkhand) and Burnpur (West Bengal). SAIL has three special and alloy steels plants *viz*. Alloy Steels Plant at Durgapur (West Bengal), Salem Steel Plant at Salem (Tamil Nadu) and Visveswaraya Iron and Steel Plant at Bhadravati (Karnataka).

Financial Performance

(Rs. in crore)

No	Item	2011-12	2012-13	2013-14			2014-15
		(Actual)	(Actual)	BE	RE	Actual	BE
(i)	Income	54017	53009	57237	52847	53569	57279
(ii)	Operating Cost	46359	47388	51947	48141	47660	50972
(iii)	Gross Margin	7658	5621	5291	4706	5909	6307
(iv)	Profit (Loss) before Tax	5151	3214	2237	3002	3225	2375
(v)	Profit (Loss) after Tax	3543	2170	1511	2492	2616	1971
(vi)	Dividend proposed* of which:	826	826	826	826	834	826
	Dividend proposed to the Government of India	709	699	661	661	667	661

* Excluding dividend tax.

In 2013-14 compared to previous year, the profit of SAIL has increased mainly on account of higher production and sales volume of saleable steel and realisation of compassion from M/s. Vale Australia Pty. Limited. The other factors giving improvement in profit are lower energy consumption, lower usage of external BF coke, lower price of imported coking coal and external BF Coke, reduction in consumption of furnace oil/LSHS, lower loss due to foreign exchange fluctuation, improvement in value added production, etc. During 2011-12, SAIL earned a Profit After Tax (PAT) of Rs. 3543 crore which was reduced to Rs. 2170 crore in 2012-13. In 2013-14 SAIL managed to earn a PAT of Rs. 2616 crore, still the BE (2014-15) for PAT is only Rs. 1971 crore.

5.3 When asked about the reasons for showing lower profit by the company during 2014-15, the Ministry in their reply have furnished as under:—

> "The estimated Profit After Tax (PAT) during 2014-15 (MoU L-II) was finalized at Rs. 1971 crore, which is lower by Rs. 645 crore *w.r.t* 2013-14. It may be seen that the projected Gross Margin during FY 2014-15 (MoU L-II) is higher by Rs. 398 crore over 2013-14. Despite higher production and sales planned during 2014-15, the projected profit is lower mainly on account of higher salary and wages due to wage revision of Non-Executive Employees and higher interest and depreciation cost due to capitalization of modernized facilities."

Modernisation and Expansion Programme of SAIL

5.4 SAIL has been implementing Modernisation and Expansion Programme of its five integrated Steel Plants at Bhilai, Bokaro, Rourkela, Durgapur and Burnpur and Special Steel Plant at Salem to increase steel production capacity of crude steel from 12.84 million tonnes per annum to 21.4 million tonnes per annum.

5.5 On being asked about current status of Modernisation and Expansion of SAIL, the Ministry in their reply have furnished as under:—

> "Year-wise allocation and utilization of funds for Modernisation and Expansion Plan of SAIL since inception is given below:—

(Rs. in crore)

Year	Allocation	Actual Utilisation
1	2	3
2006-07	-	101
2007-08	380	680

1	2	3
2008-09	2790	4575
2009-10	7757	9495
2010-11	10103	10210
2011-12	10878	10059
2012-13	10730	8993
2013-14	9760	9157

Details regarding the amount of work left, plant-wise, and the estimated expenditure yet to be incurred to complete the Modernisation and Expansion Plan:—

(Rs. in crore)

Plant	Gross Estimated Cost (Cost Net of Cenvat)	Ordered Cost	Cumulative Expenditure Till Aug., 14	Status of Work Left
BSP	17,265	16658	13243	Under Implementation/ Completion planned by Sep., 15
RSP	11,812	11578	11398	Major facilities completed. Balance Plate Mill Finishing Facilities completion planned by Mar., 15
DSP	2,875	2590	2298	Under Implementation. Completion planned by Mar., 15
BSL	6,325	5594	4832	Rolling in New CRM started in Aug., 14. Balance facilities planned by Dec., 14.
ISP	16,408	15611	16227	Major facilities along with BOF-CC Route (one line) completed. Balance facilities planned by Dec., 14

5.6 Major projects/facilities including the packages under Modernization and Expansion Plan installed/completed at various Plants/

Units of SAIL during last three years are given below:—

BSP	RSP	BSL	ISP	DSP
• Rebuilding of COB-6	• New Sinter Plant-3	• Turbo Blower-8 in Turbo Blower Station	• Rebuilding of COB-10	• Rebuilding of COB-2
• 700 TPD ASU-4 in Oxygen Plant-II	• New Ore Bedding and Blending Plant	• Rebuilding COB 1 and 2	• Raw Material Handling Plant	• Ladle Furnace
• Ore handling Plant Part-A	• COB-6 complex	• Upgradation Blast Furnace-5 Stoves	• New Coke Oven Battery	
• 2nd Sinter Machine in Sinter Plant-3	• New Blast Furnace-5 Complex	• Pickling line and Tandem Cold Mill, Coil Packaging Line, Skin Pass Mill, New Compressed Air Station, Water supply system of CRM-III	• New Sinter Plant	
• Coke Oven Battery-11	• 3rd Slab Caster	• Steel Processing Unit at Bettiah	• Coke Dry Cooling Plant	
	• 3rd Basic Oxygen Furnace		• By Product Plant	
	• Plate Mill Rolling Facilities		• Power and Blowing Station	
			• Wire Rod Mill	
			• BOF-CC Route (One line)	

5.7 While elaborating on the implementation of Modernisation and Expansion Programme of SAIL it was informed that energy inefficient processes like open hearth and ingot route of production of steel would be eliminated once the expansion programme is completed. When asked to furnish the present status of elimination of above referred inefficient processes of steel production from all plants of SAIL, the Ministry of Steel in their written reply have provided the following information:—

> "Introduction of latest state-of-the-art technologies as well as modernization/upgradation of existing facilities are needed on continuous basis for improving efficiency of the plants. In view of this, SAIL has undertaken modernization and expansion plan at its five integrated steel plants at Bhilai (Chhattisgarh), Bokaro (Jharkhand), Rourkela (Odisha), Durgapur and Burnpur (West Bengal) and special steel plant at Salem (Tamil Nadu) to enhance its crude steel production capacity from 12.8 Mtpa to 21.4 Mtpa in the current phase. Besides capacity enhancement, the plan adequately addresses the need of SAIL Plants towards eliminating technological obsolescence, energy saving, enriching product mix, pollution control, developing mines and collieries to meet higher requirement of key inputs, introduce customer centric processes and have matching infrastructure facilities in the Plant to support higher production volumes. After implementation of current Modernisation and Expansion Plan, about 3 Mtpa obsolete Twin Hearth Furnaces (THF)/Open Hearth Furnace (OHF) steel making furnace will be eliminated/phased out.
>
> Under current phase of modernization and expansion plan, SAIL is implementing latest state-of-the-art technologies like coke dry quenching facilities in new coke ovens, high volume new blast furnaces with top-gas-pressure recovery turbines, auxiliary fuel injection like coal dust injection and cast house slag granulation plants, steel melting shops with latest steel making, refining and casting technology, coupled pickling and tandem mill for cold rolled products, rail welding plant for longer rails etc."

5.8 The Steel Authority of India (SAIL) had requested the Government to set up a dedicated institution to finance capacity expansion in the steel sector on the lines of Power Finance Corporation (PFC) in the Power Sector which is committed to the integrated development of power and its associated sectors. On being asked whether SAIL has sent

any concrete proposal to the Government in this regard, the Ministry of Steel in their reply have furnished as under:—

> "During a meeting taken by Cabinet Secretary on 07th November, 2012 with Chief Executives of Coal and Power Sector, Oil and Gas Sector and Iron, Steel and Commerce Sector, Steel Authority of India Limited (SAIL) advocated the need for a separate financial institution dedicated for the steel sector. The idea floated by SAIL was examined at length by the Ministry. Steel is one of the most vital sectors for infrastructure growth of the country and there is a need for constant capacity addition to meet the additional requirements. Although, this sector is steadily growing, it has been facing enormous problems of land, water and linkage to mineral resources in its pursuit of growth. These problems besetting the steel sector far outweigh the issue regarding lack of finance. Credit has mostly been available for this deregulated sector and therefore, intervention on behalf of the Government for arranging preferential/ cheaper credit was not favoured."

2. RASHTRIYA ISPAT NIGAM LIMITED (RINL)

5.9 Rashtriya Ispat Nigam Limited (RINL), a Navratna PSE, is the corporate entity of Visakhapatnam Steel Plant – the country's first shore based integrated steel plant at Visakhapatnam, Andhra Pradesh. Visakhapatnam Steel Plant, which was fully commissioned in 1992 with a capacity of 3 Mtpa liquid steel, is now on the verge of completing and stabilizing its 6.3 Mtpa facilities.

Financial Performance

(Rs. in crore)

No	Item	2011-12	2012-13	2013-14			2014-15
		(Actual)	(Actual)	BE	RE@	Actual	BE
(i)	Income	14898.58	14020.70	15934.58	13491.25	13739.34	18339.31
(ii)	Operating Cost	13253.11	12948.10	14833.31	12526.25	12582.77	16766.55
(iii)	Gross Margin	1645.47	1072.60	1101.27	965.00	1156.57	1572.76
(iv)	Profit (Loss) before Tax	1110.01	526.47	148.45	305.01	538.32	442.75
(v)	Profit (Loss) after Tax	751.46	352.83	97.99	201.34	359.18	292.26
(vi)	Dividend paid	271.47	270.79	0.00	0.00	101.65	00.00

@ As per MoU 2014-15 submitted to Ministry of Steel.

5.10 There has been a constant decline in the Income and PAT (Profit After Tax) of RINL during the last 3 years. During 2011-12 the income of RINL was Rs. 14898.58 crore which got reduced to Rs. 14020.70 crore in 2012-13. Again during 2013-14 the Income was only 13739.34 crores. Similarly the PAT of RINL was Rs. 751.46 crore in 2011-12 and got reduced to a dismal Rs. 352.83 crore in 2012-13 which is even less than half of the earlier profit. Though during 2013-14 there was a slight increase and the profit was Rs. 359.18 crore, yet the profit target for the year 2014-15 is again set at Rs. 292.26 crore. On being asked to furnish the reasons for constant decline in profit of the company during the last 3 years, the Ministry of Steel in their reply have stated as under:—

> "For Expansion of capacity to 6.3 Mtpa, an amount of Rs. 10,792 crore was invested up to 2013-14, mostly from Internal Resources. The major unit, Blast Furnace-3 was commissioned in April 2012. However, during the hot trial runs of Convertor at SMS-2 on 13/06/12, there was an unfortunate incident of explosion at new Pressure Reducing Station pushing back the commissioning schedules of whole Expansion. Due to immediate steps taken by the company, the Convertor could be commissioned on 31st October 2013, In the meantime, the Blast Furnaces had to be operated under throttled condition to matching the available offtake capacity. While the capex related expenditure in the form of Interest and Depreciation increased the efficiency of operations was impacted by throttled operation.
>
> Financial performance during 2013-14 improved marginally over previous year, in spite of other unfavorable conditions such as:—
>
> - Fall in Net Sale Realization due to market conditions.
> - Increase in Iron Ore prices. Even though there is a reduction in imported coal prices the same was offset by rupee depreciation against US Dollar.
> - Fall in Interest Income on deposits due ongoing capex investments and repayment of preference share capital.
> - As some of the expansion units are commissioned during the year 2012-13 and 2013-14, this has the impact of higher depreciation.

- Increase Railway Freight without commensurate increase in price.

- Increase in power tariff and imposition of penalties even within Contracted Demand Load by State Power Distribution Companies."

5.11 On being asked about the efforts made by RINL to curb this downward trend in profit during the last 3 years, the Ministry of Steel in their reply have stated as under:—

"RINL is making continuous efforts to improve its financial performance which include:

- Expansion and Modernization of existing facilities to bring down the operational cost and achieve economies of scale by increase in production.

- Focus on production of Value Added Steel which gives higher margins.

- Efforts are being continually made to take up the matter to MoS and several State Governments to allot Iron Ore and Coking Coal Mines to RINL to reduce its raw material cost.

- Austerity Measure and Controls have been put in place to reduce the Administrative Expenditure. To achieve this, budgets have been cut for revenue and Capital Expenditure. Non-Plan expenditure is permitted only when it is utmost urgent for the functioning of the Company."

Modernisation and Expansion Programme of RINL

5.12 The installed capacity and capacity utilisation of RINL for the last three years is given below:—

Year	Saleable Steel Installed Capacity (Mt)	Capacity Utilisation
2011-12	2.66	113%
2012-13	2.66	109%
2013-14	Existing: 2.66	Existing: 112%
	Expansion: 0.56*	Expansion: 7%

* Prorata capacity of expansion units considering commissioning of Converter-E on 30th October 2013 and Converter-D on 28th March 2014 in SMS-2, which are under stabilization.

1. Current status of 6.3 Mtpa Expansion Project

RINL has almost completed the first phase of 6.3 Mtpa expansion, with many units already operational for over an year. The Blast Furnace which was commissioned under this phase has already produced more than 3.6 Mt of hot metal. Other major units which have been commissioned and put into operation include the Oxygen Plant, Turbo Blower-4, Raw Material Handling Plant, Sinter Plant, Steel Melt Shop-2, Wire Rod Mill-2 and several auxiliary systems, *viz*. water, power and utility systems. The last major unit under Stage-1 *i.e.*, Calcining and Refractory Material Plant (CRMP) is planned to be commissioned by October 2014.

Stage-2 of 6.3 Mtpa Expansion includes installation of Special Bar Mill (SBM) and Structural Mill (STM). In both the mills, major equipment erection has been completed. Testing and Commissioning of Auxiliary units *viz*., water system, power system, Cranes etc. have also been completed. STM furnace and SBM furnace have been lighted up on 16.09.14 and 22.09.14 respectively. In both the Mills, trial runs of various drive units are under progress. Automation, interlocks checking, final hydraulic checking etc. are under progress. Rolling in both SBM and STM is likely to commence from December 2014/January 2015.

Expenditure Details

Approved Project Cost	:	Rs. 12291 crore
Expenditure	:	Rs. 10,976 crore (till September 14)

Balance amount pertains mainly to last 10% payment against PAC, FAC, performance guarantee, liquidation of defects etc. which is taking time mainly in completion of finishing works and also kept on hold to keep pressure on agencies to show 100% capacity utilization. Part of balance amount also pertains to execution of Stage-2 units.

2. Current status of Modernization and Revamping

Modernization programme envisages Category-1 capital repairs of Blast Furnaces, revamping and up-gradation of Sinter Machines, revamping and up-gradation of LD converters of Steel Melt Shop-1 which are under various stages as detailed below:—

Blast Furnaces—1 and 2

- BF-1: Furnace was "Blown in" on 30th July 2014 after completion of Category-1 Capital Repairs and the unit is

under regular operation. With the revamp, the capacity of the Blast Furnace-1 has gone up from 2.0 Mtpa to 2.5 Mtpa.

- BF-2: All major packages have been awarded and balance packages are under finalization. The Furnace is planned to be taken for shut down in 3rd quarter of 2015-16. With the revamp, the capacity of the Blast Furnace-2 would go up from 2.0 Mtpa to 2.5 Mtpa.

Revamp of Converters of SMS-1

The Revamping package has been ordered and supplies are under progress. Civil works are also in progress. The 1st Converter revamping is planned to be commenced in 3rd quarter of 2015-16 along with BF-2 Cat-1 Capital repair.

Sinter Machines—1 and 2

The main package has been awarded and Engineering is under progress. The revamp of both the machines is planned to be completed progressively by October 2016 as per contractual schedule. With the revamp, the production capacity would increase from 5.7 to 6.7 Mtpa. Besides the capacity enhancement, it would also meet pollution control norms.

Revamp and up-gradation of LMMM Furnaces

Project report has been received. Specification is under finalization for engagement of consultant. The revamp is planned to be completed in 29 months form order placement. The revamp would increase the production and productivity of the furnaces from 165 T/hr to 200 T/hr as well as energy efficiency.

Expenditure Details

The Targeted cost for ordered packages *i.e.* BF-1 and 2 Capital Repair, Revamping of SMS -1 and Revamping of Sinter Machines is around Rs. 2484 crore.

The total expenditure incurred so far by RINL-VSP on modernization is around Rs. 535 crore.

2. 7.3 Mtpa Liquid Steel Facilities

- **Installation of 3rd Converter**

  The main package has already been ordered and balance related packages are under finalization. Detailed Engineering is under progress and equipment supplies have commenced. The unit is scheduled for completion by July 2015, as per contract.

- **Installation of 4th Caster**

  The main package has been awarded and agreement has been concluded for installation of Caster progressively by June 2016.

- **Installation of 5th Turbo Blower**

  The package has been ordered and scheduled for completion by September 2016.

  The new steam based Turbo Blower would be a standby Blower to meet the additional requirement of cold blast required for 7.3 Mtpa liquid steel production.

Expenditure Details

The Targeted cost for ordered packages *i.e.* Installation of 3rd Converter and 4th Caster and Turbo Blower-5 is around Rs. 1106 crore.

The total expenditure incurred so far by RINL-VSP on modernization is around Rs. 13 crore.

Raw Material Security

The Expansion up to 7.3 Mtpa is planned to be commissioned by 2016-17. However, the plans of RINL for further expansion in stages up to 20 Mtpa, considering the positive attributes available, are hampered by lack of raw material security, especially for Iron Ore. RINL is the only Public Sector Steel Plant without captive Iron Ore mines. As a result, RINL has been incurring more 60% of expenditure on raw material while other major producers are incurring 31-44% on raw material.

Considering the above, RINL has been making all efforts to secure raw material assets. Help of Central and State Governments is requested in this regard.

However, all inputs have been made available to major units for its commissioning without any delays which is a major achievement. The progress of Expansion project including modernization and other ongoing projects is being reviewed by a High Power Steering Committee comprising of CMD, Government Officials and Independent Directors. Though some of these packages were delayed, to bring them on track several contracts were foreclosed and ordered on other agencies, nullifying overall impact on integrated commissioning. For delayed packages milestone penalties, liquidated damages etc. also imposed in many projects and for balance also will be done, based on detailed analysis.

The progress of work on all fronts in various units of ongoing expansion/modernization is being reviewed regularly at the highest management level at RINL-VSP. Also, on a day-to-day basis, various activities are closely monitored in the Projects at the levels of various in-charges to step up the pace of work.

ALLOTMENT OF COAL BLOCKS TO RINL

5.13 When asked about the present status of allotment of coal blocks to RINL, the Ministry of Steel in their reply have stated as under:—

"Coking Coal: Though 4 Coking Coal blocks have been identified by Ministry of Coal, GoI for allocation to Public Sector Steel Industries under MoS and Secretary (Steel) had written to Secretary (Coal) for allotment of Aluara and Parbatpur North mines preferably to RINL, not much progress is made so far. Ministry of Coal is yet to finalise modalities for the same.

Thermal Coal: RINL made applications for Thermal Coal mines also, without much success, so far, as per the details below:—

Applications filed	Status
Three (3) Thermal Coal Blocks on 28.10.2005 in Punukuluchilka, Anisettipalli and Penugadapa Blocks respectively, in State of **Andhra Pradesh**.	Three (3) nos. of Coal Blocks have been allocated to **Andhra Pradesh Power Generation Corpn. Ltd** in the year 2007 and subsequently De-allocated on 30.05.2011.
Three (3) Non Coking Coal Blocks one each in the States of Odisha, Jharkhand and Chhattisgarh on 30.01.2013	These 3 areas have been recommended for OMDC, JSMDC and CMDCL respectively.
Four (4) more Thermal Coal blocks on 09-01-2014 in Angul, Talcher Coalfields, Odisha *i.e.* Brahmanbil, Karadabahal, Phulajhari East and Phulajhari West.	Matter is being pursued.

Brahmani Coal block in Odisha was allotted to Orissa Minerals Development Company Ltd., a Bird Group company, acquired by RINL."

NATIONAL MINERAL DEVELOPMENT CORPORATION (NMDC)

5.14 NMDC Limited is a "Navratna" public sector company under the Ministry of Steel, Government of India, primarily engaged in the business of exploring minerals and developing mines to produce raw materials for the industry. It is also expanding its activities towards steel making and other value added products. NMDC operates the large mechanized iron ore mines in the country at Bailadila (Chhattisgarh) and Donimalai (Karnataka). The Diamond Mine of NMDC is situated at Panna (Madhya Pradesh).

Physical Performance

(Rs. in crore)

No.	Item	2011-12	2012-13	2013-14			2014-15
		(Actual)	(Actual)	BE	RE	Actual	BE
(i)	PRODUCTION						
	IRON ORE (LAC Metric Tonnes)	272.60	271.84	278.00	274.00	300.25	290.00
	DIAMONDS (CARATS)	18043.44	31533.00	24700.00	30000.00	37082.00	35000.00
	SPONGE IRON (Metric Tonnes)	37237.40	36289.00	44600.00	42000.00	29734.00	30000.00
(ii)	SALES						
	IRON ORE (LAC Metric Tonnes)	273.01	262.74	278.00	274.00	305.00	300.00
	DIAMONDS (CARATS)	8085.16	17863.00	24700.00	30000.00	43488.00	35000.00
	SPONGE IRON (Metric Tonnes)	33731.79	37600.00	44600.00	40000.00	30572.00	30000.00

While reviewing the physical performance of NMDC it was observed that there is a decline in the production and sale of sponge iron during 2013-14. 37237.40 MTs of sponge iron was produced in 2011-12 which got reduced to 36289 MTs in 2012-13. During 2013-14, the production further declined to 29734 MTs. Similarly 33731.79 MTs of sponge iron was sold during 2011-12 and 37600 MTs was sold in 2012-13. During 2013-14 only 30572 MTs of sponge iron was produced.

5.15 On being asked to furnish reasons for declining trend of production of sponge iron, the Ministry of Steel provided the following information to the Committee:—

"The reasons for declining trend of sponge iron are as given below:—

- The DR plant were not operated for many days during 2011-12 and 2012-13 due to subdued market demand, imposition of power restrictions and lack of sufficient stock of raw materials.

- DR plants were not operated most of the days during April 2013 to October, 2013 due to subdued market demand and imposition of power restrictions etc.

- Direct reduction Plant-1 was taken for long shut down from 17.01.2014 to 31.03.2014 for attending to major maintenance works pending for long time."

Financial performance

(Rs. in crore)

No.	Item	2011-12	2012-13	2013-14			2014-15
		(Actual)	(Actual)	BE	RE	Actual	BE
(i)	Income	13278.38	12943.00	13972.00	13069.00	14153.00	13871.00
(ii)	Operating Cost	2385.28	3324.00	3497.00	4195.00	4242.00	4376.00
(iii)	Gross Margin (1-2)	10893.10	9619.00	10475.00	8874.00	9911.00	9495.00
(iv)	Depreciation/DRE	133.63	154.00	193.00	160.0	152.00	166.00
(v)	Profit (Loss) before Tax	10759.47	9465.00	10282.00	8714.00	9759.00	9329.00
(vi)	Profit (Loss) after Tax	7265.39	6342.00	6946.00	5752.00	6420.00	6158.00
(vii)	Dividend paid/ Proposed*	1784.12	2775.00	0.00	0.00	3370.00	0.00
	Of which :						
	Dividend paid/ proposed to the Government of India	1605.78	2300.00	0.00	0.00	2696.00	0.00

*Balance sheet figure for the year.

5.16 During 2011-12 NMDC earned a profit (PAT) of Rs. 7265.39 crore, which was reduced to Rs. 6342 crore during 2012-13. During 2013-14 the PAT was Rs. 6420 crore against R.E of Rs. 5752 crore. On being asked to furnish the reasons for reduction in profit during

the last 2 years and also furnish the sources of increased profit during the 2013-14 against the R.E. of Rs. 5752 crore, Ministry have furnished the reply as given below:—

"2012-13 *Vs* 2011-12

1. The weighted average sales realisation of iron ore has reduced from Rs. 4091/- per ton to Rs. 4019/- per ton.

2. The quantity of iron ore sold has also reduced from 273.01 LMT to 262.74 LMT.

3. As per Hon'ble Supreme Court's judgement, the company's expenditure was increased by Rs. 337.13 crore being 10% of the sale proceeds at Donimalai Sector towards contribution to SPV to be formed in Karnataka.

4. Also the Iron Ore Export—Domestic Mix got increased to 6:94 in 2012-13 from 1:99 in 2011-12

2013-14 *Vs* 2011-12

1. Though the quantity of iron ore sold has also increased from 273.01 LMT to 305.00 LMT, the weighted average sales realisation of iron ore has reduced from Rs. 4091/- per ton to Rs. 3901/- per ton.

2. As per Hon'ble Supreme Court's judgement, the company's expenditure was increased by Rs. 285.46 Cr. being 10% of the sale proceeds at Donimalai Sector towards contribution to SPV to be formed in Karnataka.

3. Also the Iron Ore Export—Domestic Mix got increased to 7:93 in 2013-14 from 1:99 in 2011-12.

Iron ore sales was anticipated for 274 LMT in RE, whereas the actual achievement went upto 305.00 LMT due to the re-start of the ESSAR Pipeline at Kirandul Unit in Bailadila sector. This has resulted in increase in sales by Rs. 1008 crore and in turn increase in PAT by Rs. 668 crore "

5.17 NMDC Ltd: NMDC Ltd. plans to increase the production of iron ore from the present level of about 24 million tonnes to 31 millon tonnes by 2014-15. Works for development of two mining projects of 7 mtpa capacity each are under progress at Bailadila, Chhattisgarh and Kumaraswamy, Karnataka. NMDC is also taking steps for forward

integration by value addition into sponge iron, pellets and steel. NMDC has started execution of a project at Nagarnar in Chhatishgarh for production of 3 mtpa capacity steel. NMDC is also setting up a 1.2 million tonnes as per annum capacity pellet plant at Donimalai, Karnataka. The project is being executed through 6 packages. All major packages have been ordered and works have commenced at site. Further, NMDC is in the process of expanding its business through forward integration in both Greenfield and Brownfield projects by setting up (a) 1.2 mtpa Pellet Plan at Donimalai in Karnataka, (b) 0.36 mtpa BHJ ore beneficiation plant at Donimalai, (c) 2 mtpa Pellet Plant at Nagarnar along with 2 mtpa Beneficiation Plant at Bacheli interconnected by a Slurry Pipeline between Bacheli and Nagarnar in Chhattisgarh.

KIOCL LTD.

5.18 KIOCL Ltd. is a fully owned Government Company with registered office in Bangalore, was formed in April, 1976 for development of the Iron Ore deposits in Karnataka State for sale of iron ore concentrates produced therefrom.

Physical Performance

(In million tonnes)

No.	Item	2011-12	2012-13	2013-14			2014-15
		(Actual)	(Actual)	BE	RE	Actual	BE
(i)	Production (Pellets)	1.710	1.265	1.700	1.700	1.710	1.800
(ii)	Dispatches (Pellets)	1.716	1.236	1.700	1.700	1.615	1.800

2011-12 about 1.710 million tonne of pellets were produced by KIOCL. During 2012-13 there was a decline in the production and only 1.265 million tonne of pellets were produced. The Actual production of pellets during 2013-14 were 1.710 million tonne and for 2014-15, the production target is 1.8 million tonne.

Financial Performance

(Rs. in crore)

No.	Item	2011-12	2012-13	2013-14			2014-15
		(Actual)	(Actual)	BE	RE	Actual	BE
1	2	3	4	5	6	7	8
(i)	Income	1560.62	1181.47	1413.00	1521.13	1456.70	1712.00
(ii)	Operating Cost	1392.95	1105.90	1340.44	1441.57	1343.61	1604.17
(iii)	Gross Margin	167.67	75.56	72.55	79.56	113.08	107.82
(iv)	Profit (Loss) before Tax	115.39	32.34	38.24	47.37	70.76	65.25

1	2	3	4	5	6	7	8
(v)	Profit (Loss) after Tax	94.30	31.04	25.54	31.63	39.93	43.57
(vi)	Dividend paid/ proposed	19.03	6.34	0.00	0.00	8.24	0.00
	Of which :						
	Dividend paid/proposed to the Government of India	18.84	6.28	0.00	0.00	8.16	0.00

5.19 The PAT of KIOCL has been steadily declining during the last 3 years even though the decline in production of pellets is not so drastic. From Rs. 94.30 crore in 2011-12, the PAT reduced to a drastic Rs. 31.04 crore in 2012-13 which is about one third of the profit in 2011-12. The PAT for 2013-14 is Rs. 39.93 crore and Rs. 43.57 crore is targeted for 2014-15. On being asked to furnish reasons for decline in profit of the Company during the last 3 years, the Ministry of Steel in their reply have furnished as below:—

> "Pellet production capacity in country is continuously on rise, and is likely to exceed 80 million tonnes, whereas demand is only 50% of capacity, leading to low margin. Most of the pellet producers either possess captive mine or are located near mine head. Hence these manufacturers are able to price their pellets much below KIOCL pellets.
>
> Non-availability of captive Iron Ore mines and banning of mining operations in the State of Karnataka has forced the Company to source Iron Ore from NMDC Bailadila, Bacheli mines in Chhattisgarh. As a result, the Company has incurred huge logistics cost. Further, levy of distance based charge (DBC) by Railways has made the export unviable thus depriving it from exporting pellets. Major customers of KIOCL during last few years were Integrated steel plants like JSW Ispat, ESSAR, Bhushan, RINL etc., all these plants, except the PSUs, have their own captive pellet plant. M/s.JSW Ispat which accounted for 70% of sales of KIOCL in 2013-14, has commenced its own captive pellet plant. PSU's have stopped lifting Pellets from KIOCL due to higher landed cost. The only other market available for KIOCL pellets is sponge iron units which can move only small volumes."

5.20 When asked about the diversification plan for its sustainability, the Ministry of Steel in their reply have furnished as below:—

> "The Company has been gliding through difficult time ever since the closure of captive mine. The Company has been making earnest

efforts for acquiring an alternate mine to provide itself a new lease of life. The situation has aggravated further with the changing Government policies and imposition of new and varied types of duties and taxes, which make the products uncompetitive and thus losing foothold in the course of time.

However, as a diversification plan the company proposes the following new business initiatives:—

i. Bagged the operation and maintenance contract from M/s NMDC for running their 1.89 mtpa Beneficiation and 1.2 mtpa Pellet Plant at Donimalai for an initial period of 3 years. This is a new revenue generating portal for KIOCL.

ii. KIOCL also bagged another O&M contract from M/s MRPL, Mangalore for Coke Handling System (Crusher Conveyors) of phase III delayed Coker Uniot comprising of Belt Feeder Coke Crusher, Belt Conveyors, Shuttle Conveyors, Silos, Hot Vulcanizing, Pulley Logging, Truck Loading system and other auxiliaries.

iii. KIOCL pursued with M/s Mysore Minerals Ltd. (MML) (A Government of Karnataka Undertaking) for mine raising work of 2.6 MT of iron ore at Subbarayanahalli iron ore mine in Karnataka in the 1st phase.

iv. Government of India has cleared KIOCL's proposal for exporting of Pellets through third parties so as to reach un-served markets like Iran, Turkey etc. this is expected to open up new set of opportunities for meeting annual demand of about 5 lakh tons at a price which is higher *w.r.t*. international price by about $30 per ton.

v. KIOCL has already signed tripartite MoU with M/s APMDC and M/s RINL for exploration and exploitation of Nemkal Deposits in the State of Seemandhra and for setting up of value addition plants in the State.

vi. With an objective to make use of KIOCL's domain knowledge in establishing and operating Pellet Plants so as to conserve natural resources, KIOCL has submitted a plan to M/s SAIL to set up 2.0 mtpa capacity Pellet Plant at the Bokaro Steel Plant on Built-Own-Operate (BOO) basis in the BSL premises of SAIL."

5.21 Regarding the proposed Joint Venture between KSIDC and KIOCL and the possible joint Venture between KIOCL, KSIDC and KEMDEL to take up the Titanium Dioxide separation plant, the Ministry of Steel have furnished as under:—

> "A MoU between KIOCL and Kerala State Industrial Development Corporation Limited (KSIDC) for iron ore mining, setting up of beneficiation and Pelletisation Plant in the Kasargod/Kozhikode Dist. in the State of Kerala was signed on 22.09.2011. The MoU was signed initially for a period of one year and shall be renewed thereafter, upon mutual consent. In pursuance to the aforesaid MoU, an Apex Level Steering Committee was constituted representing from both the organization and first meeting of Steering Committee was conducted on 09.11.2011 at Thiruvananthapuram. In the said meeting it was firmed up that KSIDC shall approach Director, Mines and Geology, Government of Kerala to identify the freehold iron ore deposits in the District of Kozhikode for grant of PL/Mining Lease and thereafter to take up jointly the exploration and development of iron ore deposit for mining and setting up of beneficiation, Pelletisation plant. As a part of KIOCL obligation, we also sent time schedule to KSIDC to take up the JV activity forward. KSIDC informed KIOCL that in Kozhikode Dist., no iron ore bearing area is available for exploitation and KSIDC in consultation with State Directorate of Mines and Geology exploring possibilities to identify the iron ore bearing area in Kasargod Dist. In view of this, KSIDC would search alternate iron ore deposit in Kasargod dist for the project. Since the matter is under persuading we have requested M/s KSIDC to extend the validity of MoU till the formation of Joint Venture. However, reply from M/s KSIDC is awaited. Besides, the above project KIOCL also evinced interest for a possible a joint venture with M/s Kerala State Industrial Development Corporation (KSIDC) and M/s Kerala State Mineral Development Corporation Limited (KEMDEL) for setting up of Titanium Mineral Complex. A formal request letter from KIOCL has been sent to Government of Kerala. Response from Government of Kerala is awaited."

MECON

5.22 The company is one of the leading multi disciplinary design, engineering, consultancy and contracting organization in the field of iron and steel, chemicals, refineries and petrochemicals, power, roads and

highways, railways, water management, ports and harbours, gas and oil, pipelines, non ferrous mining, general engineering, environmental engineering and other related/diversified areas with extensive overseas experience.

Financial Performance

(Rs. in crore)

No	Item	2011-12	2012-13	2013-14			2014-15
		(Actual)	(Actual)	BE	RE	Actual	BE
(i)	Income	790.90	648.86	841.00	443.19	469.52	497.00
(ii)	Operating Cost	580.54	486.85	594.39	408.64	433.76	471.20
(iii)	Gross Margin	210.36	162.01	246.61	34.55	35.76	25.80
(iv)	Profit (Loss) before Tax	201.54	150.72	240.23	28.06	28.44	20.10
(v)	Profit (Loss) after Tax	136.36	101.02	162.29	18.52	18.77	13.27
(vi)	Dividend paid/proposed	10.98	10.35	33.72	9.72	1.68	8.94
	Of which :						
	Dividend paid/proposed to the Government of India	10.98	10.35	33.72	9.72	1.68	8.94

5.23 While reviewing the financial performance of MECON it was observed that there is a continuous reduction in Income and Profit of the company since 2011-12 and the reduction has been very drastic in 2013-14. The Income of the company was Rs. 790.90 crore in 2011-12 which got reduced to Rs. 648.86 crore in 2012-13. Finally, during 2013-14, the Income generated was only Rs. 469.52 crore. Similarly, a profit of Rs. 136.36 crore was generated during 2011-12 which got reduced to Rs. 101.02 crore in 2012-13. But during 2013-14 only Rs. 18.77 crore was registered as profit which got reduced by 7 times the profit in 2011-12 and is only 1/5 of the profit during 2012-13. For MECON, the BE 2013-14 for the Head PAT was to the tune of Rs. 162.29 crore which was later drastically reduced to 18.52 at RE stage. Similarly for BE 2014-15 an amount of only Rs. 13.27 has been projected under PAT.

5.24 When asked to furnish the reasons for such drastic reduction in income and profit of MECON during the last 3 years and particularly in 2013-14, the Ministry in their reply have furnished as below:—

"The company's turnover has been increasing since 2004-05 to 2011-12. Consequently PAT had also increased steadily upto the

FY 2011-12. However, MECON's profit went to a downtrend again in the year 2012-13. During the FY 2013-14 MECON booked a turnover of Rs. 341.29 crore (prov.) against a PAT of Rs. 49.48 crore (prov). This was due to the economic slowdown that affected the country as a whole. Further ban on iron ore mining resulted in either delay in implementation of projects or even non materializing of expected projects. Again uncertainty in availability of coal in the country also had an adverse effect in our order booking/project execution."

MSTC LTD.

5.25 The company is a trading concern of Government of India previously designated as the canalising agency of the Government for import of carbon steel melting scrap for distribution to mini-steel plants. Its head office is located at Kolkata. The company undertakes trading activities, e-commerce, disposal of ferrous and non-ferrous scrap and surplus stores mostly from Public Sector Undertakings and Government Departments, including Ministry of Defence. MSTC is the Holding Company of Ferro Scrap Nigam Ltd. (FSNL) whose 100% paid up equity shares are held by MSTC.

Financial Performance

(Rs. in crore)

No	Item	2011-12	2012-13	2013-14			2014-15
		(Actual)	(Actual)	BE	RE	Actual	BE
(i)	Income	2695.92	6455.25	1893.15	4422.76	5129.30	5074.50
(ii)	Operating Cost	2517.69	6259.40	1803.35	4270.76	4976.77	4956.00
(iii)	Gross Margin	178.23	195.85	89.80	152.00	152.53	118.50
(iv)	Profit (Loss) before Tax	176.15	193.40	85.80	148.00	150.03	114.50
(v)	Profit (Loss) after Tax	118.39	130.73	57.80	97.68	99.04	75.57
(vi)	Dividend paid/proposed	23.69	26.40	-	-	-	-
	Of which :						
	Dividend paid/proposed to the Government of India	21.29	23.73	-	-	-	-

5.26 PAT for MSTC during 2011-12 was Rs. 118.39 crore. During 2012-13, the PAT was Rs. 130.73 crore and it got reduced to a mere

Rs. 99.04 crore during 2013-14. Rs. 75.57 crore is the targeted PAT during 2014-15. When asked about the reasons for declining profits of MSTC Ltd. during 2013-14 and again a lower sum been projected as profit during 2014-15, the Ministry of Steel in their reply have furnished as follows:—

> "Profit Before Tax (PBT) during 2013-14 was (-)Rs. 107.37 crore after making an exceptional provisions of Rs. 226.78 crore on account of unrealized dues for export of gold jewellery during 2008-09. Before considering the exceptional items, PBT is Rs. 119.41 crore which is also much less than Rs. 193.40 crore during 2012-13. The main reason for decrease in PBT is significant reduction (around 28%) in the volume of trading business where profit margin is comparatively high and also provisioning against certain old dues.
>
> The reason for decrease in target of PBT during financial year 2014-15 is that a significant portion of trading business will be done under steam coal supply to power utilities where the profit margin is very low, as compared with other trading business and also the service charge on e-commerce will decrease to some extent due to intensive bargaining by Principals."

5.27 During the oral evidence of the representatives of the Ministry of Steel the issue of merger of small units (PSUs) came up for discussion. In this regard, the Committee were informed as under:—

> "Our Secretary has directed to study the feasibility of merger of MSTC and FSNL. A discussion is going on in the Ministry regarding smaller units".

5.28 In a post evidence reply, the Ministry have further informed the Committee as under:—

> "The Public Sector Undertakings under the Ministry of Steel were set up for a specialized nature of work and they continue to perform such work. The suggestions/observations of the Committee have been taken note of and would be examined taking into account the desirability, shareholding pattern, functions and other aspects of the larger entities companies."

CHAPTER VI

IMPLEMENTATION STATUS OF THE RECOMMENDATIONS CONTAINED IN 35TH REPORT OF THE COMMITTEE

The Thirty-fifth Report (15th Lok Sabha) of the Committee on Coal and Steel on "Demands for Grants (2013-14)" of the Ministry of Steel was presented to Lok Sabha and laid on the Table of Rajya Sabha on 2nd May, 2013. The Report contained 21 Recommendations.

6.2 On the basis of Action Taken Notes furnished by the Ministry of Steel in respect of the recommendations contained in the Thirty-fifth Report, the Committee prepared their Forty-sixth Report on Action Taken by the Government on recommendations/observations contained in Thirty-fifth Report on DFG (2013-14). The Forty-sixth Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 6th February, 2014. After analyzing the Action Taken Notes furnished by the Ministry, the Committee commented on the action taken by the Government in the context of recommendations at serial no. 4, 5, 7, 11, 12 and 20 of the Thirty-fifth Report. The Analysis further revealed that out of 21 recommendations contained in the Thirty-fifth Report of the Committee, 12 recommendations (57%) have been accepted by the Committee, replies in respect of 6 recommendations (29%) have not been accepted by the Committee. For the remaining 3 recommendations (8%) the final replies of the Government were awaited.

PART II

OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

BUDGET ALLOCATION

1. The Committee observe that a provision of Rs. 14 crore has been made in BE 2014-15 for two new components of 'Development of Technology for Cold Rolled Grain Oriented (CRGO) Steel Sheets and other value added innovative steel products' (Rs. 12 crore) and 'Development of innovative iron/steel making process/technology (Rs. 2 crore-new project under the existing scheme)'. These two components have been added under the scheme 'Promotion of R&D in Iron and Steel Sector'. Earlier two schemes on 'Promotion of beneficiation and agglomeration of low grade iron ores and ore fines' and 'Improving energy efficiency of secondary steel sector' on Promotion of R&D in steel sector were proposed to be implemented in the 12th Five Year Plan. A sum of Rs. 2417 crore was proposed for 'Promotion of beneficiation and agglomeration of low grade iron ore and ore fines' in the 12th Plan Period and Rs. 1693 crore in the 13th Plan Period. Similarly, for 'Improving energy efficiency of secondary steel sector' a sum of Rs. 272 crore was proposed in 12th Plan Period and Rs. 191 crore in the 13th Plan Period. About the reason for discontinuing the earlier schemes, the Committee were informed that Planning Commission has not provided substantial funds to pursue those schemes. Further, the Government in their Action Taken Replies (46th Report, 15th Lok Sabha) had informed the Committee that off late a large number of Beneficiation and Pelletisation plants have been/are being set up. Also, the Ministry of Steel is supporting two high value R&D projects in this regard.

Further an Energy Efficiency Improvement Programme in steel Re-rolling mills in India is already being pursued by the Ministry of Steel and a new project with financial assistance from UNDP (United Nations Development Programme) for addressing the issue of energy efficiency in steel re-rolling mills and related sub-sector has been

already approved by the Ministry of Steel. The Committee are unhappy to note that though they have time and again emphasized the need for proper allocation of budgetary funds by the Government which are integral to the growth and development of any sector yet during the time of allocation of funds due care has not been taken to ensure that there is no overlap of schemes/projects. The Committee cannot but deplore the way the schemes were launched/introduced without proper follow up and left midway for want of approvals or other overlapping schemes. The Committee therefore, recommend that proper study and analysis of the purpose/objective of the schemes should be done before allocation. The Committee expect that the provision of Rs. 14 crore allocated during 2014-15 for 'Development of Technology for Cold Rolled Grain Oriented (CRGO) Steel Sheets and other value added innovative steel products' (Rs. 12 crore) and 'Development of innovative iron/steel making process/technology (Rs. 2 crore-new project under the existing scheme)' be fully utilized.

UNDER-UTILIZATION OF OUTLAYS EARMARKED FOR 12TH FIVE YEAR PLAN

2. The Committee are dismayed to observe that though massive outlays had been approved by the Planning Commission for the 12th Five Year Plan (2012-17), yet even after the passage of 2 years of the Plan Period, insignificant amount has been utilized so far for schemes by the PSUs. This is evident from the dismal figures of expenditure by all PSUs especially NMDC, KIOCL, MOIL and MSTC. Total Internal and Extra Budgetary Resources (IEBR) for MSTC for the 12th Plan is Rs. 105 crore out of which only Rs. 0.35 crore have been spent so far. Out of an approved IEBR of Rs. 27872.17 crore of NMDC for 12th Plan, only Rs. 4125.38 crore has been spent so far. Similarly, KIOCL has spent only Rs. 17.27 crore out of total IEBR of Rs. 3080 crore and against the outlay of Rs. 1459.47 crore for MOIL, only Rs. 142.58 crore have been spent so far. The Committee desire that PSUs should come out of their laxity mode and make serious efforts to utilize the unspent amount during the remaining 3 years of the plan. The Committee feel that adequate and extensive financial planning is required in the matter and PSUs should make advance action plans to fix the priority areas and allocate the funds judiciously. The Committee would like to be apprised of the efforts made in this regard.

3. The Committee observe that during 2013 India was the 4th largest producer of crude steel and recorded a growth of 5.1 per cent over 2012. Though India is reported to be amongst top 5 countries in production of steel but the fact is that the current per capita consumption of steel in the country is awfully 60 kg compared to the world average of estimated 222 kg.

The Committee further observe that per capita consumption of steel has not grown much in the rural areas and is currently 9.78 kg only. The Committee were informed that the Joint Plant Committee (JPC) constituted to assess the demand for steel in rural India has assessed an increase of only about 3 kg by 2020 *i.e.* the steel consumption in rural India is pegged at only 12 kg by then. A mere 3 kg per capita increase in about six years is a disappointing scenario. The Committee observe that Institute for Steel Development and Growth (INSDAG), promoted by the Ministry of Steel and Major Steel Producers of India has been operating for more than a decade towards promotion of steel intensive structures in Indian construction and infrastructural sectors. The Committee also note that the Institute disseminates steel related information/knowledge through seminars, workshops, publications, etc., to professionals and academics, organize award competitions, explores and innovates new and better avenues of steel usage and provides specialized consultancy. The Committee, however, observe that despite various efforts made by INSDAG to popularize steel consumption, no significant increase is discernible in steel consumption in rural areas and recommend that the Institute needs to step up its work and relocate the target areas by focussing more on the rural areas where there is huge growth potential. The Committee would like to be apprised of the necessary steps taken by the Ministry of Steel/INSDAG to enhance steel consumption in rural areas as enhancing the production and being the 4th in world steel production would be futile as the per capita steel consumption is only 1/3rd of the world consumption of 222 kg.

4. As regards the Rural Dealership Programme of SAIL and RINL, the Committee feel that instead of operating individual Rural Dealership programmes both the companies should take up rural dealership programmes as a Joint Venture and make combined efforts

to make deep inroads into the rural area in the entire country. The Committee also recommend that a Joint Committee consisting of Directors from both PSUs should be appointed to look into this aspect. The Committee feel that a joint effort would go a long way in revising the projected per capita rural consumption of 12 kg to atleast 25 kg by 2020. The Committee would like to be apprised of the joint effort made by SAIL and RINL to target coverage of rural areas in the entire country.

DECLINE IN PROFIT OF SAIL

5. The Committee are concerned to note the continuous declining trend in the profitability of SAIL year after year since 2009. From 2009-10 to 2013-14, the Profit After Tax (PAT) of SAIL was Rs. 6754 crore (2009-10), Rs. 4905 crore (2010-11), Rs. 3543 crore (2011-12), Rs. 2170 crore (2012-13) and Rs. 2616 crore (2013-14). The Committee are unhappy to note the decline in profit by more than Rs. 4000 crore in 2013-14 as compared to that in 2009-10. Though, in 2013-14 there has been a marginal increase in PAT as compared to that in 2012-13, the Committee feel that a serious brain storming is required on the part of SAIL management. Even the massive capacity addition through Modernization and Expansion Programme of SAIL has not been translated into increase in the profits of the company. The Committee feel that SAIL management needs to rebuild a strategy to improve production, efficiency by giving attention to proper maintenance/repair and upkeep of equipments, introduction of new technology and cost cutting measures. The Committee feel that SAIL being a premier Steel PSU of the Government, immediate steps should be taken to reverse this declining trend of profitability. The Committee would like to be apprised of the steps taken by the Government/SAIL to increase the profitability of the company.

MODERNIZATION AND EXPANSION PROGRAMME OF SAIL

6. In order to maintain predominance in the steel sector and to remain globally competitive, SAIL had drawn up a Modernisation and Expansion Plan for its five integrated steel plants and special steels plants including raw material resources and other related facilities. The Committee note that the modernization and expansion programme of plants of Steel Authority

of India Ltd. (SAIL) *viz*. IISCO Steel Plant (ISP), Salem Steel Plant (SSP), Bokaro Steel Plant (BSL), Bhilai Steel Plant (BSP) and Rourkela Steel Plant (RSP) was approved in principle by SAIL Board between June, 2006 to July, 2007. Apart from increasing the production capacity, the plan envisaged to address the vital issues of elimination of technological obsolescence, installing energy efficient and environment friendly technologies, value addition/product–mix improvement/ sustenance of existing assets of the plants and introduction of customer–centric processes such as Enterprise Resource Planning (ERP) and Manufacturing Execution System (MES). The Committee have been informed that upgradation of existing facilities at steel plants was necessary to meet the stringent quality requirements of the customers and to remain cost competitive. SAIL had planned a expenditure of about Rs. 70,000 crore for modernization/expansion and sustenance schemes of existing Plants/Units, including Rs. 10,000 crore for development of raw material facilities. The source of funding of modernization and expansion plan of SAIL was to be done through a combination of debt and equity (including internal resources) while maintaining debt-equity ratio of 1:1. The Committee note that till date an amount of Rs. 53270 crore has been spent on 'Modernization and Expansion Programme' of SAIL. The original target for completion of modernization and expansion of plants of SAIL was between June, 2010 to March, 2013. Owing to buoyancy in the steel industry, the timeline for implementation of different packages was initially compressed to 2010. However, as per the revised targets, the plants of SAIL were to be commissioned between August, 2010 to December, 2012. The Committee note that these targets have been revised many times and fresh targets were set. Though the Committee feel that there may be unforeseen factors which are beyond the control of SAIL management which have led to this delay, but the management cannot altogether absolve itself for the delay. On review of the progress of individual units, the Committee come across various constraints such as dismal performance of civil contractors leading to fresh order placement, slow progress of work, high prices offered by the only bidder, delay in supply of equipment, delay in design engineering, civil and structural works, retendering of balance work, inadequate resource mobilization etc. As each SAIL unit is reportedly facing some or the other major problems, the Committee recommend that Ministry/SAIL should take immediate corrective measures and overcome all the major constraints and would also like to be apprised

of the present target fixed for completion of modernization and expansion of plants by the company.

DEDICATED FINANCIAL INSTITUTIONS FOR THE STEEL SECTOR

7. As regards setting up a dedicated institution to finance capacity expansion in the steel sector on the lines of Power Finance Corporation (PFC) which is committed to the integrated development of power and its associated sectors, the Committee were informed that the idea floated by SAIL was examined at length by the Ministry and they felt that the enormous problems of land, water and linkage to mineral resources are affecting the expansion programme of steel sector rather than the issue of lack of finance. While emphasizing the need that the Government should take all out steps to remove the bottlenecks like non-availability of land, water and mineral linkage, the Committee recommend that the proposal mooted by SAIL should be given a fresh look by the Government for arranging preferential/cheaper credit to the steel sector so as to enhance national steel production.

PERFORMANCE OF RINL

8. The Committee observe a continuous decline in the income and profit of RINL during the last 3 years. During 2011-12, the income of RINL was Rs. 14898.58 crore which got reduced to Rs. 14020.70 crore in 2012-13. Again, during 2013-14, the income further declined to Rs. 13739.34 crore. Similarly, the Profit After Tax of RINL which was Rs. 751.46 crore in 2011-12 got reduced to Rs. 352.83 crore in 2012-13 which is even less than half of the earlier profit. Though, during 2013-14 there was a slight increase in company profit which was Rs. 359.18 crore, the Committee are concerned to note the lower profit target set at Rs. 292.26 crore by RINL for the year 2014-15. With the completion of capacity expansion plan of RINL, the Committee expect that the company should have fixed higher target of profitability during 2014-15. The Committee would also like to be apprised of the steps taken by the Government/RINL to overcome the problems faced like fall in net sale realization due to market conditions, increase in iron ore prices, fall in prices of imported coal which was offset by rupee depreciation, increase in railway freight without commensurate increase in prices, etc.

9. The Committee note that RINL has almost completed the first phase of 6.3 mtpa expansion, with many units already operational for over a year. The Committee have been informed that Blast Furnace commissioned under this phase has already produced more than 3.6 Mt of hot metal and other major units commissioned and put into operation include the Oxygen Plant, Turbo Blower-4, Raw Material Handling Plant, Sinter Plant, Steel Melt Shop-2, Wire Rod Mill-2 and several auxiliary systems, *viz*. water, power and utility systems. The last major unit under Stage-1 *i.e.*, Calcining and Refractory Material Plant (CRMP) was planned to be commissioned by October, 2014. Stage-2 of 6.3 mtpa Expansion includes installation of Special Bar Mill (SBM) and Structural Mill (STM). In both the mills, major equipment erection has been completed. Rolling in both SBM and STM was likely to commence from December, 2014/January, 2015. The Committee also note that RINL had received a setback during the hot trial runs of Convertor at SMS-2 on 13/06/12 as there was an unfortunate incident of explosion at new Pressure Reducing Station resulting in 19 fatal cases. Furthermore, two engineers of a private agency died while carrying out inspection job in a container laboratory at the RINL Plant pushing back the commissioning schedules of Expansion plan of the Company. The Committee are concerned to note such accidents at RINL Plant in 2012 and 2014 and recommend that the Government/RINL should take necessary steps for ensuring adequate safety of the workforce and apprise them of the action taken thereon on the recommendations of enquiry reports on these accidents.

10. The Committee while acknowledging another unfortunate incident faced by RINL during recent cyclone resulting in stoppage of electricity supply to RINL Plant by AP TRANSCO (Transmission Corporation of Andhra Pradesh). This had led to decrease in temperature of Coke Oven Battery and Blast Furnace. During evidence on 16.10.2014, the Committee were informed that electricity to the plant would be restored after 2-3 days and the Plant would be functional to its original capacity after about 3-4 weeks of restoration of power. The Committee desire that all out efforts should be made to bring the plant back to its original capacity as soon as possible and thereafter, RINL should resume with its plan of enhancement of capacity.

CONSTRAINTS FACED BY RINL

11. The Committee observe that the issue of allotment of coal blocks to RINL has been pending since long and they have time and again recommended for allotment of coal blocks to RINL. The Committee are, however, unhappy to note that not much progress has been made in the matter so far. The Committee have now been informed that 4 Coking Coal blocks have been identified by Ministry of Coal, for allocation to Public Sector Steel Industries. Secretary, Ministry of Steel had written to Secretary (Coal) for allotment of Aluara and Parbatpur North mines preferably to RINL, but Ministry of Coal is yet to finalise modalities for the same. The Committee have also been given to understand that besides coking coal mines, RINL had also applied for coal mines for thermal power generation. Applications have been filed for 3 thermal coal blocks in Andhra Pradesh on 28.10.2005, 3 non-coking coal blocks, one each in Odisha, Jharkhand and Chhattisgarh on 30.01.2013 and 4 more thermal coal blocks on 09.01.2014 in Angul, Talcher Coalfields, Odisha *i.e.* Brahmanbil, Karadabahal, Phulajhari East and Phulajhari West Coal Mines. The Committee are apprehensive of allocation of these coal blocks to RINL after the recent orders of Hon'ble Supreme Court for de-allocation of coal blocks. The Committee would like to be apprised of the new initiatives taken and present status of allocation of the above referred coal blocks to RINL.

12. The Committee also acknowledge that the plan of RINL for expansion of its capacity upto 20 Million Tonnes is being hampered due to lack of raw material security. Being the only Public Sector Steel Plant without captive iron ore mines till now, RINL has been incurring about 60% of expenditure on raw material while other major producers are incurring 31-44% cost on raw material. The Committee are, however, happy to note that RINL will soon start work on developing its low grade iron ore mines in Bhilwara district of Rajasthan. In this regard, a letter of intent (LoI) has already been received from the Rajasthan Government. This will be the first captive mine for RINL as so far the company has sourced iron ore from NMDC. The Committee have been further informed that Phase-I exploration of Banera Iron ore Block by M/s. MECL is in progress and is scheduled to be completed by June, 2015. Government of Rajasthan is being followed up to obtain various

clearances in respect of Banera iron ore block and for providing infrastructure facilities for the project. In the meantime, the Committee recommend that RINL should continue to pursue allotment of more iron ore blocks to ensure that it gets raw material for its expanded capacity of 20 Million Tonnes.

PERFORMANCE OF NMDC

13. The Committee note that after merger of Sponge Iron India Limited with NMDC in the year 2010-11, NMDC has entered in the field of manufacturing "Sponge iron". While reviewing the physical performance of NMDC, the Committee observe that there has been a continuous decline in the production and sale of sponge iron. Against 37237.40 MTs of sponge iron produced in 2011-12 production got reduced to 36289 MTs in 2012-13. During 2013-14, the production further declined to 29734 MTs. Similarly, against the sale of 33731.79 MTs and 37600 MTs of sponge iron in 2011-12 and 2012-13 respectively, only 30572 MTs of sponge iron was sold during 2013-14. Regarding this, the Committee were informed that there were major problems with the DR (Direct Reduction) Plant, and it was not operational for many days during 2011-12, 2012-13 and was shut down for about 3 months during 2014 due to major maintenance works. Moreover, the declining trend of sponge iron production was also reported to be due to subdued market demand, lack of sufficient raw materials, etc. In view of the foregoing, the Committee would like to be apprised of the current demand of sponge iron in the country *vis-à-vis* the total production and the steps taken to make available sufficient raw material for sponge iron production.

14. The Committee also note that the original date of commissioning of the 3.0 Mtpa Integrated Steel Plant at Nagarnar, Chhattisgarh which was approved in March, 2011 was February, 2015. This was later rescheduled for May, 2015. Now, the Committee have been informed that the likely date of commissioning of the plant is December, 2016 as the environmental clearance for the construction of steel plant from the Ministry of Environment and Forests has been received, stage II Forest Clearance for certain matters is still pending. Out of the approved project cost of Rs. 15525 crore, Rs. 4230.52 crore has already been expended. The Committee desire that though the date of completion of the project has been rescheduled

twice, Ministry of Steel/NMDC should ensure that no further delay occurs in the matter and environmental clearance for the same be obtained expeditiously.

15. The Committee also note that NMDC is also in the process of expanding its business through integration in both Greenfield and Brownfield projects by setting up a 2 Mtpa pellet plant in Chhattisgarh, a 1.2 Mtpa pellet plant at Donimalai in Karnataka and a 0.36 Mtpa Bended Haematite Jeshpar (BHJ) ore beneficiation plant at Donimalai. NMDC has also signed a Memorandum of Understanding (MoU) with RINL for setting up a joint venture project under which a pellet plant of 6 Mtpa capacity would be set up at Visakhapatnam and an underground pipeline of 336 kms would be laid from Nagarnar to Visakhapatnam. The Committee has also been informed that NMDC is contemplating a major expansion to meet the demand of iron ore. The Committee would like NMDC to prepare an action plan for the early commissioning of the Greenfield and Brownfield projects and they may be apprised in this regard.

KIOCL

16. While reviewing the performance of KIOCL, the Committee note that during 2011-12 about 1.710 million tonne of pellets were produced by KIOCL. During 2012-13, there was a decline in the pellet production and only 1.265 million tonne of pellets were produced. Also the Profit After Tax (PAT) of KIOCL has been steadily declining during the last 3 years even though the decline in production of pellets is not so drastic. From Rs. 94.30 crore in 2011-12, the PAT reduced to Rs. 31.04 crore in 2012-13 which is about one third of the profit in 2011-12. The PAT for 2013-14 is Rs. 39.93 crore and Rs. 43.57 crore is targeted for 2014-15. The Committee acknowledge that the mining activity at KIOCL Ltd. was stopped *w.e.f.* 1.1.2006 as per the Hon'ble Supreme Court Order. At present, KIOCL is mainly operating the pellet plant at Mangalore by sourcing Iron Ore from the market. The Committee have been informed that demand for pellets in the country is only 50% of what is produced, leading to lower margin. In the absence of captive iron ore mines, KIOCL is forced to source iron ore from NMDC incurring huge logistics cost. Moreover, M/s JSW Ispat which accounted for 70% of sales of KIOCL in 2013-14 has commenced its own captive pellet plant. Even PSUs have

stopped lifting pellets from KIOCL due to huge landed cost. The Committee have been apprised that due to all these factors there is a major impact on the profitability of the company. The Committee feel that Ministry of Steel/KIOCL should make concerted efforts to acquire mines for its sustainability and M/s KSIDC (Kerala State Industrial Development Corporation) be pursued to identify iron ore bearing area in Kasaragod district of Kerala. For this purpose, Ministry of Steel/KIOCL should also consider formation of Joint Venture between KIOCL, KSIDC and Kerala State Mineral Development (KEMDEL) Corporation Ltd. The Committee would like to be apprised of the progress made in this regard.

DECLINE IN PROFITABILITY OF MECON AND MSTC LTD.

17. The Committee observe a decline in profit of both MECON and MSTC Ltd. during the last 3 years. As regards MECON, the company recorded a profit of Rs. 136.36 crore during 2011-12 which got reduced to Rs. 101.02 crore in 2012-13. The Committee are dismayed to note that during 2013-14, only Rs. 18.77 crore was registered as profit by MECON which got reduced by 7 times the profit in 2011-12 and is only about 1/5 of the profit during 2012-13. Similarly, in case of MSTC Ltd., Profit After Tax (PAT) for 2011-12 was Rs. 118.39 crore. During 2012-13, PAT was Rs. 130.73 crore and it got reduced to a mere Rs. 99.04 crore during 2013-14. For the year 2014-15, Rs. 75.57 crore is the targeted PAT. The major reasons furnished by MECON for slump in profit are economic slowdown, ban on iron ore mining which resulted in delay in implementation of projects, non-materializing of expected projects and uncertainty in availability of coal, etc. Similarly, MSTC Ltd. has also given reasons of unrealized dues for gold jewellery export during 2008-09 and a significant reduction in volume of trading business. The Committee are not satisfied with the reasons put forward by the two companies and believe that they have to strive hard to remain competitive in the market to ensure their survival. The Committee, therefore, strongly urge both the companies to step up efforts to increase their profitability and they be apprised of the same.

MERGER OF SMALL COMPANIES

18. The Committee observe that there are 8 PSUs *viz.* SAIL, RINL, NMDC Ltd., MOIL Ltd., KIOCL Ltd., HSCL, MECON Ltd. and MSTC

Ltd. under the administrative control of Ministry of Steel. Out of these 8 PSUs, SAIL, RINL and NMDC are the major PSUs and are engaged in development of iron ore mines and production of steel. Taking note of the fact that most PSUs profit has been declining, the Committee are concerned to observe that at times the issue regarding chances of survival of smaller companies crops up. The Committee also feel that due to smaller units, a lot of expenditure is incurred under the Non-Plan Head as all provisions like infrastructure, salary, bonus, incentives, etc. have to be provided to the staff employed. The Committee are of the opinion that the functions of these companies are inter-related in major ways. The Secretary, Ministry of Steel, was candid enough to admit during evidence that a study has already been conducted to look into the matter of repositioning of MSTC and FSNL. MSTC is the holding company of Ferro Scrap Nigam Ltd. (FSNL) whose 100% paid up equity shares are held by MSTC. FSNL is into selling of scrap whereas MSTC is in the business of e-commerce. In a post-evidence reply, the Ministry have informed the Committee that feasibility of merger of smaller PSUs would be examined taking into account the desirability, shareholding pattern, functions and other aspects of the larger entities companies. The Committee recommend that an extensive study for this should be undertaken regarding other PSUs under administrative control of Ministry of Steel within the next three months and the Committee be apprised of the outcome of this study.

IMPLEMENTATION STATUS OF THE RECOMMENDATIONS CONTAINED IN 35TH REPORT(15TH LOK SABHA) OF THE COMMITTEE

19. The Committee have analyzed the implementation of the observations/recommendations contained in their Thirty-Fifth Report (15th Lok Sabha) on Demands for Grants for the year 2013-14 of the Ministry of Steel. The analysis of the Committee shows that out of the 21 recommendations pertaining to the Ministry of Steel contained in their Report, 2 recommendations (Recommendation Sl. Nos. 11, 16) have been implemented by the Government. 14 recommendations (Recommendation Sl. Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10, 12, 13, 15, 17 and 21) are under the process of being implemented by the Ministry, the reply in respect of 2 recommendations (Recommendation Sl. Nos. 5 and 20) has not been accepted by the Committee and 3 recommendations (Recommendation Sl. Nos. 14, 18 and 19) are yet to be implemented

by the Government. The Committee would review the implementation of recommendations by the Ministry in due course. The Committee, therefore, wish that the process of implementation of the recommendations under process be also expedited at the earliest and they be apprised of the same.

NEW DELHI;
19 *December,* 2014
28 *Agrahayana,* 1936 *(Saka)*

RAKESH SINGH,
Chairperson,
Standing Committee on Coal and Steel.

ANNEXURE I

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 16TH OCTOBER, 2014 IN COMMITTEE ROOM 'G-074', PARLIAMENT LIBRARY BUILDING, NEW DELHI

The Committee sat from 1100 hrs. to 1400 hrs.

PRESENT

Shri Hansraj G. Ahir—*Chairperson*

MEMBERS

Lok Sabha

2. Shri A. Arunmozhithevan
3. Shri Kalyan Banerjee
4. Shrimati Jyoti Dhurve
5. Shri Shailesh Kumar
6. Dr. Banshilal Mahato
7. Shri Godam Nagesh
8. Shri Devji M. Patel
9. Shrimati Riti Pathak
10. Shrimati Ranjit Ranjan
11. Shri Tamradhwaj Sahu
12. Shri Tathagata Satpathy
13. Shri Janardan Singh "Sigriwal"
14. Shri Pashupati Nath Singh

15. Shri Sushil Kumar Singh
16. Shri Rama Kishore Singh

Rajya Sabha

17. Shri Ali Anwar Ansari
18. Dr. Pradeep Kumar Balmuchu
19. Shri B.K Hariprasad
20. Shri Jugul Kishore
21. Shri Avinash Pande
22. Dr. Satyanarayan Jatiya
23. Shri Sanjay Raut
24. Shri Nand Kumar Sai
25. Shri Dilip Kumar Tirkey

SECRETARIAT

1. Shri Abhijit Kumar — *Joint Secretary*
2. Shri Shiv Singh — *Director*
3. Shri Arvind Sharma — *Additional Director*

WITNESSES

Ministry of Steel and Its PSU's

1.	Shri Rakesh Singh	Secretary
2.	Shri Vinod Kumar Thakral	Additional Secretary and FA
3.	Shri Syedain Abbasi	Joint Secretary
4.	Mrs. Urvilla Khati	Joint Secretary
5.	Shri C.S. Verma	Chairman, SAIL
6.	Shri S.S. Mohanty	Director, SAIL
7.	Shri T.S. Suresh	Director, SAIL
8.	Shri H.S. Pati	Director, SAIL
9.	Shri Malay Chatterjee	CMD, KIOCL
10.	Shri Laxminarayanan	Director, KIOCL

11.	Shri Narendra Kothari	CMD, NMDC
12.	Shri N.K. Nanda	Director, NMDC
13.	Shri S. Thiagarajan	Director, NMDC
14.	Shri Rabindra Singh	Director, NMDC
15.	Shri G.P. Kundargi	CMD, MOIL
16.	Shri M.P. Chaudhari	Director, MOIL
17.	Shri P. K. Sinha	Director, Bird Group of Companies
18.	Shri S.K. Tripathi	CMD, MSTC
19.	Shri A.K. Tyagi	CMD, MECON
20.	Shri S. Chattopadhyay	Director, MECON Ltd.
21.	Shri Moyukh Bhaduri	CMD, HSCL
22.	Shri A.K. Jha	Director (Finance), MOIL
23.	Shri T.K. Chand	Director (Commercial), RINL

2. At the outset, the Chairperson welcomed the Secretary and other representatives of the Ministry of Steel and Steel PSUs to the sitting of the Committee convened in connection with examination of "Demands for Grants (2014-15)" of the Ministry of Steel.

3. Thereafter, the Secretary, Ministry of Steel briefed the Committee about the Plan Outlays *vis-à-vis* actual utilization by the Ministry and PSUs under its administrative control and the physical achievements during 2013-14. In a visual presentation, the Secretary also explained the financial and physical targets set and achieved for these organizations during 2013-14 and the major thrust areas envisaged for the development of Steel sector during XIIth Plan.

4. The Committee during the sitting discussed the issues relating to the detailed plan outlays and expenditure by Steel PSUs, utilization of funds by Steel PSUs, steel production, physical and financial performance of Steel PSUs, intended steel capacity enhancement, modernization and expansion of PSUs, etc.

5. The Members then raised their concerns on the above issues and sought clarifications from the representatives of the Ministry of Steel. The Chairperson directed the representatives of the Ministry of Steel to

furnish written replies to the queries raised by the Members which could not be responded to.

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

The Committee then adjourned.

ANNEXURE II

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 19 DECEMBER, 2014 IN ROOM 'C', GROUND FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1500 hrs. to 1530 hrs.

PRESENT

Shri Rakesh Singh—*Chairperson*

MEMBERS

Lok Sabha

2. Shri A. Arunmozhithevan
3. Shri Kalyan Banerjee
4. Smt. Jyoti Dhurve
5. Shri Faggan Singh Kulaste
6. Shri Godam Nagesh
7. Shri Devji M. Patel
8. Smt. Riti Pathak
9. Smt. Ranjit Ranjan
10. Shri Neiphiu Rio
11. Shri Tathagata Satpathy
12. Shri Janardan Singh "Sigriwal"
13. Shri Pashupati Nath Singh
14. Shri Rama Kishore Singh

15. Shri Sanjay Raut

16. Shri Nand Kumar Sai

SECRETARIAT

1. Shri Shiv Singh — *Joint Secretary*
2. Shri Arvind Sharma — *Additional Director*
3. Ms. Miranda Ingudam — *Under Secretary*

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

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

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

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

(iii) Draft Report on "Demands for Grants (2014-15)" of the Ministry of Steel;

(iv) *** *** *** *** ***

(v) *** *** *** *** ***

(vi) *** *** *** *** ***

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

The Committee then adjourned.

*** Do not pertain to this Report.

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