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STANDING COMMITTEE ON
COAL AND STEEL
(2014-2015)

SIXTEENTH LOK SABHA

MINISTRY OF STEEL

[Action Taken by the Government on the Observations/Recommendations contained in the Fifty-second Report of Standing Committee on Coal and Steel (Fifteenth Lok Sabha) on the subject "Marketing and Transportation of Steel by Public Sector Steel Companies"]

SIXTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2014/Pausha, 1936 (Saka)

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(SIXTEENTH LOK SABHA)

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contained in the Fifty-second Report of Standing Committee on
Coal and Steel (Fifteenth Lok Sabha) on the subject
“Marketing and Transportation of Steel by
Public Sector Steel Companies”]*

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



LOK SABHA SECRETARIAT
NEW DELHI

December, 2014/Pausha, 1936 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON
COAL AND STEEL (2014-15)

Shri Rakesh Singh* — *Chairperson*

MEMBERS

Lok Sabha

2. Shri A. Arunmozhihevan
3. Shri Kalyan Banerjee
4. Shrimati Jyoti Dhurve
5. Shri Faggan Singh Kulaste
6. Shri Shailesh Kumar
7. Dr. Banshilal Mahato
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12. Dr. Ravindra Kumar Ray
13. Shri Neiphiu Rio
14. Shri Tamradhwaj Sahu
15. Shri Tathagata Satpathy
16. Shri Janardan Singh “Sigriwal”
17. Shri Pashupati Nath Singh
18. Shri Sunil Kumar Singh
19. Shri Sushil Kumar Singh
20. Shri Rama Kishore Singh
21. Shri Krupal Balaji Tumane

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

Rajya Sabha

22. Shri Ali Anwar Ansari
23. Dr. Pradeep Kumar Balmuchu
24. Shri Srinjoy Bose
25. Shri B.K. Hariprasad
26. Shri Jugul Kishore
27. Shri Avinash Pande
28. Dr. Satyanarayan Jatiya*
29. Shri Sanjay Raut
30. Shri Nand Kumar Sai
31. Shri Dilip Kumar Tirkey

SECRETARIAT

- | | | |
|---------------------------|---|--------------------------------|
| 1. Shri Shiv Singh | — | <i>Joint Secretary</i> |
| 2. Shri Arvind Sharma | — | <i>Additional Director</i> |
| 3. Ms. Vandana P. Guleria | — | <i>Sr. Executive Assistant</i> |

*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 authorised by the Committee to present the Report on their behalf, present this Sixth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Fifty-second Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha) on “Marketing and Transportation of Steel by Public Sector Steel Companies” pertaining to the Ministry of Steel.

2. The Fifty-second Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 18.02.2014. Replies of the Government to all the observations/recommendations contained in the Report were received on 14th July, 2014.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 19.12.2014.

4. An analysis on the Action Taken by the Government on the observations/recommendations contained in the Fifty-second Report (Fifteenth Lok Sabha) of the Committee is given at **Annexure-II**.

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

NEW DELHI;
19 December, 2014

28 Agraphayana, 1936 (Saka)

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

CHAPTER I

REPORT

This Report of the Standing Committee on Coal and Steel deals with Action Taken by the Government on the Observations/Recommendations contained in the Fifty Second Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel on “Marketing and Transportation of Steel by Public Sector Steel Companies” of the Ministry of Steel which was presented to Lok Sabha/laid in Rajya Sabha on 18.02.2014.

2. The Report contained 14 Observations/Recommendations. Action Taken Replies have been received from the Ministry of Steel in respect of all the Observations/Recommendations contained in the Report on 14th July, 2014. These have been categorized as follows:—

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

Sl. Nos. 1, 2, 3, 4, 5, 6, 7, and 11

Total – 08
(Chapter II)

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

-Nil-

Total – 00
(Chapter III)

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

Sl. Nos. 8, 9, 10, 12, 13, and 14

Total – 06
(Chapter IV)

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

-Nil-

Total-00
(Chapter V)

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

4. The Committee will now deal with the Action Taken by the Ministry on some of their observations/recommendations made in the Fifty-Second Report.

CALENDAR FOR CUSTOMER MEETS

Recommendation (Serial No. 8)

5. The Ministry had informed the Committee that RINL has a Calendar for Customer Meets at various levels like CMD, Director (Commercial), General Manager (Mktg.) and Regional Managers. Through these Customer Meets, the needs and expectations are captured and efforts are made to meet their requirements. The Committee desired that SAIL should also prepare a Calendar for Customer Meets at different levels so as to ensure maximum customer satisfaction.

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

"I. Steel Authority of India Limited (SAIL)

Interactions at Branch, Region, HQ and Corporate level take place on a regular basis. However, cross functional teams for Plants, Research and Development Centre (RDCIS) for Iron and Steel and Marketing have been created to apprise customers about new product, its application and cost benefit analysis.

II. Rashtriya Ispat Nigam Limited (RINL)

RINL follows Calendar for Customer Meets.”

7. While appreciating the endeavour of RINL for maintaining a calendar for customer meets conducted at the various levels of officials, the Committee note that the reply of the Ministry is silent about preparing a calendar for consumer meets by SAIL. Having a calendar would ensure that the events are evenly spread out throughout the year. It would also be helpful in ensuring that all the districts are covered in a given time period and no undue weightage is given to some particular regions. Moreover, the frequency of conducting such programmes can also be maintained district-wise. A clear vision can be had about how many areas have been covered and those which have been left out. The Committee, therefore, reiterate that SAIL should also opt for maintaining a yearly calendar clearly mentioning the dates on which customer meets would be held during a year in the country. The said calendar can be used as an instrument for making the customer aware of promotional activities of SAIL throughout the year. The Committee also recommend that SAIL and RINL should ensure the publicity of calendar of customer meet through print and electronic media.

STEEL DEMAND IN RURAL AREAS

Recommendation (Serial No. 9)

8. The Committee noted that a Rural Dealership Scheme to meet requirements of rural consumers at Block, Tehsil and Taluka level was introduced by SAIL in 2011-12. At present the dealer network of SAIL consist of 855 rural dealers out of a total 2774 dealers, covering almost all districts of the country. Since RINL also has a strength of 231 rural dealers in different parts of the country, the Committee felt that there is a vast scope of increasing the strength of rural dealers by both the PSUs as per capita steel consumption in rural India is estimated at only 9.8 kg. compared to an average of 57 kg. per person in the country. As per SAIL Dealership Policy and Rural Dealership Policy, dealers are required to stock TMT Bars, GP/GC Sheets and other items required by common man and sell to small/retail customers at prices fixed by SAIL. The Committee were however, dismayed to note that although SAIL is delivering steel in interiors under its dealership scheme at dealers' doorstep, there are not enough transporters vying for dealer supplies in view of insufficient volumes and inconsistency in buying by the dealers

in the hinterland. At times, inadequate infrastructure slows down supplies during monsoons. The Committee, therefore, recommended that SAIL and RINL should not only increase the Rural Dealership in the country but also take desired steps to make available suitable types of transport to carry small bundles of lower sizes of Rebars and other items like TMT bars, GI sheets, HR/CR sheets, etc. to meet the demand of rural areas.

9. The Ministry of Steel in their action taken replies have furnished as follows:—

“I. Steel Authority of India Limited (SAIL)

Presently, SAIL has a wide network of marketing outlets consisting of 37 Branch Sales Offices, 27 Customer Contact Offices and 67 Warehouses across the country. SAIL's dealer network was further expanded during the financial year 2013-14. Under the new “SAIL Rural Dealership Scheme” which was launched in 2011-12, SAIL has appointed 1004 Rural Dealers (including LOI) up to 01.04.2014 with an objective to meet the steel demand of the small rural consumers at block, tehsil and taluka level. As on 01.04.2014, SAIL has an extensive Dealer network of 2948 Dealers (including 1004 Rural Dealers), spread across length and breadth of the country.

The recommendations related to the transport needs in order to meet rural demand will be examined.

II. Rashtriya Ispat Nigam Limited (RINL)

RINL is taking steps for ensuring availability steel to Rural Dealers by supplying steel as per the requirement of Rural Dealers. RINL made FOR (Free On Road) contract for supplying steel to the customers' premises, as a part of Consignment Agency Contracts also.”

10. The Committee are unhappy to observe that the Rural Dealership Scheme introduced with a view to popularize usage of steel in rural areas has failed to achieve the desired success in the absence of dedicated fleet of transporters to deliver products in interiors. The Committee had recommended that SAIL and RINL should increase Rural Dealership in the country and also take steps to make

available suitable types of transport to carry those products which have a market in the rural areas. Although, RINL is supplying steel to the customer's premises on FOR (Free On Road) basis, SAIL is reportedly examining the transport needs of customers. The Committee would like SAIL to give utmost priority to the issue of transportation of steel and would like to be apprised of the steps initiated by SAIL in this regard.

SALES PERFORMANCE OF SAIL AND RINL

Recommendation (Serial No. 10)

11. The Committee had observed that product-wise/category-wise performance of sales in respect of SAIL since 2009-10 indicate that there was decline in sale of pig iron from 1,97,000 tonnes in 2009-10 to 67,000 tonnes in 2011-12. Similarly, there was decline in sales of long products from 49,42,000 tonnes to 43,88,000 tonnes, 66,84,000 tonnes to 6,05,000 tonnes for flat products and 1,57,000 tonnes to 1,11,000 tonnes in case of PET products during 2009-10 and 2011-12 respectively. The product wise performance of RINL was however, reported to have improved as sale of Rebars increased from 1,20,2000 tonnes in 2009-10 to 13,61,000 tonnes in 2011-12. Similarly, sale of wire rod coils and structural have also increased during 2011-12 as compared to 2009-10. The sale performance of RINL also indicated that against a total sale of 31,14,000 tonnes of steel products during 2010-11, the company could sell only 28,02,000 tonnes during 2012-13. In view of the poor overall sales performance of steel products by SAIL and RINL, the Committee were of the view that CMO (SAIL) and marketing wing of RINL have failed to increase their market share of steel products inspite of increased production capacity of saleable steel after the completion of current phase of their ongoing modernization and expansion plan. The Committee, therefore, strongly recommended that SAIL and RINL should take necessary steps so that the companies compete with other major domestic producers of steel.

12. The Ministry of Steel in their action taken replies have furnished as follows:—

“I. Steel Authority of India Limited (SAIL)

The reason for reduction of market share of SAIL is that the volume of production of SAIL has been constant. On the

other hand, competitors have increased their capacity because of which the total availability of steel in the country has increased. Market share of SAIL will improve once the new mills at SAIL plants are commissioned and enhanced production capacity of SAIL is in place at different plants.

II. Rashtriya Ispat Nigam Limited (RINL)

Against sales of 2.802 million tonnes of saleable steel in 2012-13, RINL sold 3.035 million tonnes of saleable steel, representing a growth of over 8%. Sales of saleable steel are also higher than the production of 3.016 million tonnes during the year, *i.e.* the differential quantity has been sold from inventory.”

13. Taking note of poor product/category-wise performance of sales in-respect of SAIL, the Committee had recommended that the Government/Steel companies should take necessary steps to increase their market share after completion of current phase of their ongoing modernization and expansion plan. The Ministry of Steel in their Action Taken Reply have informed the Committee that reduction of market share of SAIL is due to volume of production being constant and increase in capacity of competitors resulting in more availability of steel in the market. As regards RINL, the Committee were informed that as against sales of 2.802 million tonnes in 2012-13, RINL sold 3.035 million tonnes of saleable steel in 2013-14, which amounts to an increase of over 8%. The Committee, expect that the market share of SAIL should increase after completion of modernization and expansion plan in different plants of SAIL. Needless to say that SAIL and RINL should take necessary steps to ensure increase in their market share during the current financial year 2014-15 and the Committee be apprised of the action plan of the Government/Steel PSUs in this regard.

TRANSPORTATION OF STEEL

Recommendation (Serial No. 12)

14. The Committee had observed that delivery of Steel products to customers is either directly dispatched from steel plants or through network of stockyards located all over the country. Steel products are

transported from SAIL plants to its warehouses mainly by Rail. Similarly, RINL also uses both Rail and Road modes of transportation for movement of iron and steel from its plant at Visakhapatnam to various stockyards across the country. While comparing the figures for modes of transportation, the Committee noted that dependence on rail is much more as compared to that by Road. The Committee, felt that dependence on a single mode of transportation should be substantially reduced and to ease burden on Rail, other modes of transportation like road and coastal transportation should also be explored. Regarding challenges faced during transportation, the Committee noted that ensuring adequate and timely availability of rakes is a major concern which needs to be overcome by taking suitable and timely action. The Committee desired that the matter of allowing/providing 2 point destination rakes need to be taken up by Ministry of Steel with Ministry of Railways at the highest level on priority basis as after modernization and expansion programme of both SAIL and RINL, the requirement of rakes would grow further. The Committee also desired that adequate attention should be given by steel PSUs for ensuring the quality of the product during loading/unloading and transportation of steel goods as degree of damages to a finished product, are more as compared to transportation of raw material.

15. The Ministry of Steel in their action taken replies have furnished as follows:—

“I. Steel Authority of India Limited (SAIL)

Steel being bulk commodity, preference for despatch by steel plants is primarily by rail. Railways also look for higher rail share of steel despatches from steel plants. At SAIL steel despatches by rail are at a level of about 91% currently. Road despatches are being undertaken as per customer requirement to cater to small order or to nearby destination or to places where rail connectivity is a problem.

In future also, despatches of steel from SAIL plants will continue primarily by rail. Therefore, logistics facilities under expansion schemes for handling the various commodities inside plants have been designed in consultation and approvals from railways. Accordingly, railway needs to augment its rolling stock *viz* wagons/locomotives to meet enhanced demand of

steel despatches by rail. It may be mentioned that rail is an eco-friendly mode of transport, which should be encouraged for bulk transportation requirements of steel industry.

The issues of ensuring adequate wagon availability for steel despatches are taken up regularly with railways at various levels *viz* by SAIL at Divisional/Zonal/Railway board. A monthly meeting is also convened by ED (Rail Movement), Railway Board, Kolkata with steel industry, where wagon availability issues are also discussed and resolved. Further, if required, such issues are also taken in Joint Consultative Mechanism (JCM) meetings conducted by Ministry of steel periodically with representatives of railway and steel industry.

As regards 2-point despatches, currently it is around 30% of total steel despatched from SAIL plants, which shall continue, after expansion in SAIL. Railway to consider continuing this facility to SAIL in future as well considering small quantity of variety of products demanded by customers located at various destinations along the length and breadth of the country.

Cranes and handling equipment constitute the backbone of efficient and damage free handling at all warehouses. At present Electric Overhead Transport (EOT) cranes are in operation at Dankuni, Kanpur, Delhi, Faridabad, Kalamboli, Chennai, Hyderabad and Bangalore. Rubber Tyred Gantrys (RTGs) at Faridabad, Ghaziabad, Chennai and Dankuni are working efficiently and yielding good results. In addition, to enhance the level of operational efficiency post modernization, it has been proposed to install EOT cranes at Bokaro, Guwahati and Rourkela and RTGs at various locations like Bhilai, Kalamboli, Ghaziabad, Faridabad, Kanpur, Bokaro, Durgapur, Guwahati, Rourkela, Bangalore, Hyderabad and Vizag in a phased manner depending on sustained demand. In addition, the Handling Contractors are also deploying Original Equipment Manufacturer (OEM) Cranes at both Departmental and CA WHs as per tender terms.

II. Rashtriya Ispat Nigam Limited (RINL)

RINL has been taking up with Railways to allocate adequate number of rakes on continuous basis. The issue of allowing 2 point destination rakes has also been taken up with railways. Further, RINL has been taking initiatives for improving packaging, reducing damages during handling of products at the time of loading and unloading.”

16. Regarding Committee’s recommendation for allowing/ providing 2 point destination rakes by Ministry of Railways and ensuring the quality of product while loading/unloading during transportation of steel goods, the Committee are unhappy to note that at present only 30% of total steel dispatched from SAIL plants is dispatched through 2 point destination dispatches undertaken by Railways. Further, RINL is also reported to have been continuously taking up the matter of non-availability of adequate rakes with the Ministry of Railways. Considering the importance of the matter, the Committee again stress that the Ministry of Steel should take up the matter with Ministry of Railways on priority basis to resolve all contentious issues between the steel PSUs and Railways so that adequate number of rakes are made available at 2 point destinations.

Recommendation (Serial No. 13)

17. The Committee noted that RINL wants to source its requirement of Dolomite and Limestone produced by its subsidiary M/s Bisra Stone Lime Company (BSLC) based in Birmiltrapur. However, due to freight disadvantage, obtaining material from BSLC was becoming unviable since freight from Birmiltrapur to Visakhapatnam is more than Rs. 1000 per tonne compared to the cost of material which is Rs. 650/-per tonne. The Committee further noted that RINL is a major customer of Indian Railways and contributes considerable revenue. The revenue contribution to Indian Railways from RINL for 2012-13 was about Rs. 1300 crore, which is likely to go up substantially after expansion. In view of this, it had been suggested to the Committee that reduction of freight by at least Rs. 250 per tonne for transportation of Dolomite and Limestone from Birmiltrapur to Visakhapatnam is required. The Committee had been further informed by the Ministry that RINL had also pleaded that Railway should give freight concession during peak season which is levying 15% of surcharge for movement of goods during October to June. RINL had

also sought freight concession for Granulated PF Slag which is by-product of steel production. The Committee strongly felt that the concern expressed by RINL merited consideration and therefore, desired that these matters be taken by the Ministry of Steel on behalf of RINL with the Ministry of Railways on priority basis.

18. The Ministry of Steel in their action taken replies have furnished as follows:—

“Rashtriya Ispat Nigam Limited (RINL)

RINL would like to express its sincere gratitude to the Parliamentary Standing Committee on Coal and Steel for recommending reduction in transportation rates for Dolomite and Limestone from M/s BSLC from Birmatrapur to Visakhapatnam and transportation of granulated BF slag and reduction in peak season surcharge. Implementation of these is going to improve the performance of RINL. Ministry of Steel have also taken up these issues with Railways for consideration.”

19. Keeping in view the freight disadvantage in obtaining material from M/s Bisra Stone Lime Corporation (BSLC) becoming unviable to RINL, the Committee had desired that this issue may be taken up by the Ministry with the Ministry of Railway on priority basis. Though, the Ministry of Steel have reportedly taken up the matter with Railways, the Ministry have not come out with categorical reply indicating the progress made in this direction. The Committee would like the Ministry to take up the cause of RINL with the Railways forcefully and they may be apprised about the outcome.

DELIVERY PERIOD OF STEEL GOODS

Recommendation (Serial No. 14)

20. The Ministry of steel had submitted before the Committee that there should be norms on number of days for delivery of various products like pig iron, steel and by-products to various destinations within the country. In case delivery was delayed beyond the stipulated number of days, Railways have to pay compensation for inventory carrying cost of the material. The Committee were of the strong view that delivery of various steel products to various destinations within the country needed

to be transported by Railways within a time schedule, in order to protect the interest of dealers and end-users. They, therefore would like steel companies to include this condition while entering into an MoU/Contract with the Railways.

21. The Ministry of Steel in their action taken replies have furnished as follows:—

I. “Steel Authority of India Limited (SAIL)

Presently there is no scheduled running of freight trains like passenger trains. The freight trains get delayed as these trains get frequently stabled en route on account of movement priority accorded to passenger trains, which run on same track. This results in delayed arrivals and sometimes bunched arrivals of freight trains at their destination. It is therefore, necessary that construction of dedicated freight corridors of railways should be completed early for reducing transit time of freight trains and facilitating running of freight trains within schedule.

II. Rashtriya Ispat Nigam Limited (RINL)

Ministry of Steel have advised to RINL (VSP) to explore ways and means to enter an MoU/contract with the Railways that in case delivery of materials is delayed beyond the stipulated number of days by Railways, they have to pay compensation for inventory carrying cost of the material.”

22. The Committee had recommended that the steel companies should include penalty clause while signing an MoU/contract with the Railways for late delivery of various products like pig iron, steel and by-products to various destinations within the country. The contract should clearly indicate that if delivery has been delayed beyond the stipulated number of days, Railways should pay compensation for inventory carrying cost of the material. The Ministry of Steel in their action taken reply have informed the Committee that as there is no schedule running of freight trains like passenger trains, the delivery of goods get delayed frequently. In view of the reply of the Government, the Committee desire the Ministry of Steel to take up the issue with Ministry of Railways for preparing a fix running schedule for freight trains and the steel PSUs should also

include a clause in the MoU/contract whereby Railways should pay compensation beyond a specific period in case of delay in delivery of goods. The Committee also stress that construction of goods train corridors be pursued by Ministry of Steel more vigorously with Ministry of Railways.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No. 1)

Introductory

The Committee observe that the Indian iron and steel industry has undergone a sea change during the last decade and the industry have become one of the foremost sectors with substantial investments flowed in for the interplay or free market enterprise in this vital sector. At the consumer or demand end, the market for steel has been transformed from a seller to a buyer market. Control and regulation have been replaced by competition. The Committee also note that administered prices have been replaced by supply and demand determined market prices. The Committee expect the steel PSUs to channelize their marketing strategies towards maximizing their market share in order to increase their profitability.

Action Taken

I. Steel Authority of India Limited (SAIL)

The observation of the Committee regarding channelizing SAIL's marketing strategies towards maximizing its market share in order to increase profitability has been noted. Suitable marketing strategies are being drawn up by SAIL and shall be employed for marketing products from the new mills as and when these are commissioned for maximizing the market share of SAIL.

II. Rashtriya Ispat Nigam Limited (RINL)

RINL is enhancing its production capacity to cater to the increasing demand for steel in the country. This strategy is going to help in improving market share. Various marketing strategies are taken on continuous basis for improving sales, increasing market share, improving realizations, increasing exports etc.

[Ministry of Steel, O.M. No. 11013(20)/2013, dated 14th July, 2014]

Recommendation (Serial No. 2)

Marketing network of SAIL and RINL

The Committee observe that Central Marketing Organization (CMO) of SAIL is marketing steel produced by the 5 Integrated Steel Plants of SAIL located at Bokaro, Bhilai, Durgapur, Burnpur and Rourkela and 3 Special Steel Plants at Salem, Bhadravati and Durgapur in both domestic as well as foreign markets. Headquartered in Kolkata, it transacts business through its network of 37 Branch Sales Offices spread across the four Regions, 25 Departmental Warehouses equipped with mechanised handling systems, 42 Consignment Agents and 27 Customer Contract Offices. CMO's domestic marketing efforts is supplemented by its ever widening network of dealers who meet the demands for the smallest customers in the remotest corners of the country. As on 1st January, 2014 SAIL's dealer network consists of 2774 dealers (including 855 Rural dealers) covering almost all districts of the country. The Organization headed by Director (Commercial) consists of the major operating divisions, *viz.* Flat Products Group, Long Products Group, Retail Marketing Group, Warehousing Group, International Trade Division and for marketing of products of Special Steel Plants. As regards the distribution Network of RINL, the Committee note that the network spread across the country consist of 5 Regional offices located at Delhi (North), Mumbai (West), Chennai (South), Kolkata (East) and Visakhapatnam (Andhra) and 23 Branch Sales Offices and Stockyards. Further, Consignment Sales Agents have been appointed at 5 locations where RINL does not have its outlets. These are Bhopal, Jabalpur, Varanasi, Guwahati and Agartala. In order to improve distribution of steel and to ensure availability of steel production in every nook and corner of the country the Committee recommend that RINL should also create similar marketing division on the lines of SAIL and create a dedicated cadre of workers who should be resourcefully engaged to increase the customer contact programmes at every level. The Committee further desire that both SAIL and RINL should increase the number of sales offices and stockyards in the country in line with the increased steel production after modernization and expansion programme of existing steel plant(s) and new capacity addition.

Recommendation (Serial No. 3)

The Committee observe that Central Marketing Organisation of SAIL in addition to its main function of overall sales strategy of the company to achieve sales target in terms of sales turnover, market share

and profitability, to oversee the supply also attend to various service and support functions such as the Marketing Analyst Group looking into market research function, Application Engineering Group for advising customer on appropriate usages and monitoring of quality in consultation and coordination with the Plants and IT groups. The Committee while emphasizing that CMO should not deviate from its core function of overall strategy of improving the sales target, would also like to be apprised of the study, if any, on the marketing strategy of SAIL undertaken by CMO.

Action Taken

I. Steel Authority of India Limited (SAIL)

Appointing new Consignment Agents at different locations of the country is being examined so that the same can be utilized as the Hub for catering to the smaller/retail customers. Moreover, in each of the plant locations the warehousing capacities are being added so that they may be treated as an extension of the plant facilitating additional storage space for movement of material to different destinations. While the capacity of the existing stockyards at Durgapur, Bokaro and Bhilai is being expanded, at other plant locations *viz.* Rourkela and Burnpur, Greenfield warehouses are being planned.

The Market Analysis Group of SAIL/CMO from time to time takes up different studies with respect to segment-wise analysis, competitor's activity, market dynamics with regard to domestic and export activities. These reports help in focusing on the segments to be catered to by the SAIL Marketing team as also draw appropriate strategies based on competitors' activities.

II. Rashtriya Ispat Nigam Limited (RINL)

Keeping in view of the increased production, RINL is enhancing its marketing distribution network to meet the increasing sales. In addition to Regional Offices, Branch Sales Offices and Marketing Contact Offices, RINL has 114 Retailers and 697 Dealers for distribution of its products to various customers in urban, semi-urban and rural areas. In due course, new branches as per existing pattern will be started as per requirement. Marketing Contact Officers also will be appointed in addition to 7 appointed in 2013-14, wherever required.

[Ministry of Steel, O.M. No. 11013(20)/2013, dated 14th July, 2014]

Recommendation (Serial No. 4)

Customer Contact Offices of SAIL

The Committee note that per capita consumption of steel in India is abysmally low at 57 Kg. against a global average of around 217 Kg. The Committee feel that this gives a huge opportunity to the PSUs as not only there is an ever increasing demand but it also presents huge scope and potential for Indian Steel Industry to grow. The Committee feel that the number of Customer Contact Offices of SAIL which at present are 27 is very less. The Committee feel that country being so large and diverse, to penetrate deep into the market and to enable easy access to the consumers, the number of Customers Contact Offices should be suitably increased so that awareness amongst consumers could be generated about the products. The Committee would like to be apprised of the steps taken/being taken by SAIL and RINL to tap the huge market of consumers of steel which is lying untapped both in urban and rural areas.

Reply of the Government

I. Steel Authority of India Limited (SAIL)

Customer Contact Offices (CCOs) augment order booking activity of the Branch Sales Offices (BSOs) of SAIL, and are attached to a nearby BSO from where the requirements collected by the CCO are serviced. CCOs and BSO executives regularly undertake visits to customers to identify the existing as well as potential customers/projects in their area including the large number of small scale units which may be presently being serviced by SSI Corporations/traders or competitors and analyse competitors' activities in their area and send the requisite feedback on market intelligence to help increase SAIL's share. Other steps being taken by SAIL to tap the huge market of consumers of steel lying untapped both in the urban and rural areas are:—

- (a) Enhancement of rural dealership network.
- (b) Opening of Consignment Agency Yards to increase storage space and to improve the reach of the material.
- (c) Door delivery of material to customers.

II. Rashtriya Ispat Nigam Limited (RINL)

RINL is expanding its distribution network with a view to ensuring availability of steel in the nook and corner of the country. The Rural Distribution Network, presently at 697 is planned to be enhanced to 1000 in due course. Marketing Contact Officers also will be appointed, wherever required, in addition to the 7 appointed in 2013-14.

[Ministry of Steel, O.M. No. 11013(20)/2013, dated 14th July, 2014]

Recommendation (Serial No. 5)

Quality Control Order

Another major aspect of customer satisfaction is to improve quality of product. To ensure quality control of steel, certain items (galvanized sheet, steel wire for pre stressed concrete etc.) have been brought under quality control order issued by the Government. The Committee find that some of the major new products developed to meet the customers requirement and enhance market share are End Forged Thick Web Asymmetric Rail for Indian Railways, Atmospheric corrosion resistance steel plates for use in Delhi Metro Project, ASTM A 537 class 1 plates with impact test in transverse direction for petro-chemical industry, SAIL-TMT Fe 550 EQR/IS 1786 Fe 550 D- High Strength Earth Quake Resistance Quality Bars for construction of tall towers, BSEN 10025-2 S 275J2+N- Moderate strength with low temperate impact toughness for railway passenger bogie, DIN EN 10028-3:P355 NL1- Weldable, fine grain Pressure Vessel Plates for manufacturing of light wagon, 5 mm thick 2 Pie Grade Steel Plates for defense application, etc. A large number of innovations are also carried out in Plants for process improvements and cost competitiveness. The Committee would like to emphasize on various measures to improve marketability of products through improved packaging. The Committee feel that there is a need to bring more items under this order to ensure high production of special quality and value added products in the market by Steel PSUs which would easily sustain competition from other players in the market.

Reply of the Government

Ministry of Steel has notified 16 steel products having direct bearing on human safety and critical to housing and infrastructure under the

Steel and Steel Products (Quality Control) Order in March, 2012. If necessary, this Ministry will take steps to bring more products under this order whenever required.

I. Steel Authority of India Limited (SAIL)

Packaging of products is being given due importance to ensure quality. The new mills coming in current phase of modernization are equipped with state of the art packaging facilities.

With the expansion and modernization of SAIL plants, SAIL shall be adding new products to its product-mix; special quality and value added products shall be produced from modernized mills. The quantum of value added products shall increase to 50% from the current level of 40%. Special steel production during 2013-14 has been highest ever at 5.42 million ton with a growth of 6% over 2012-13.

II. Rashtriya Ispat Nigam Limited (RINL)

RINL appoints an external agency every year for carrying out Customer Satisfaction Survey. Further, Ministry of Steel also commissions an external agency for carrying out Customer Satisfaction Survey every year as a part of the assessment of Prime Minister's Trophy for the best Integrated Steel Plant in the country. Based on the recommendations in the Survey, actions are initiated on continuous basis for improving customer satisfaction. In the past actions were taken on improving compacting and packing of bundles of wire rod coils. In case of export orders packaging is done as per the stipulation of the customers.

RINL is implementing the Quality Control Order introduced by GoI so as to serve its customers at their satisfaction in terms of quality and value added products to sustain stiff competition in the market.

[Ministry of Steel, O.M. No. 11013(20)/2013, dated 14th July, 2014]

Recommendation (Serial No. 6)

Customer Satisfaction

The Committee note that SAIL and RINL enter into MoU with its major customers for their annual requirements. Supplies against the same

are regularly monitored and requirements of the customers are discussed while booking orders on monthly basis. The major customers of SAIL are NTPC, NHPC, BHEL and L&T. The Committee have been given to understand that though there has been steady improvement in the Customer Satisfaction Index by customers contact programme where customers needs and expectations are captured and efforts are made to meet their requirement by sending various functional teams to customers, they observe that customer satisfaction in case of RINL is 80.8% as per the latest customer satisfaction survey. The Committee, thus feel that the steel companies structured mechanism for customer satisfaction is not up to the desired level as even for permanent and bulk customers with whom they entered into MoU for annual supplies. While recommending that more customers meets should be held to improve customer satisfaction level, the Committee also desire that quality of product be monitored at various levels before dispatch to different parts of the country to further improve the customers satisfaction index. Taking note of the fact that the SAIL is supplying steel to Government Departments/PSU customers (13.6%), private projects (15.1%), SSIC (3.2%), others (40%) and Trade (including dealer sales) (27.9%), the Committee would like the Ministry/ SAIL to also focus on satisfaction of other consumers' and dealers besides Government Departments in order to increase their sale proceeds.

Reply of the Government

I. Steel Authority of India Limited (SAIL)

In order to improve customer satisfaction and also to ensure supply of quality products, pre-despatch inspection by customers at the stockyard is being encouraged. Further in order to witness the production process, customers are encouraged to visit SAIL plants. Plant visits are regularly organized for domestic as well as foreign customers desiring to visit plants.

Sales to other consumers apart from Government departments and PSUs form a large share in total sales of SAIL. During 2013-14 sales to consumers other than Government Deptts./PSUs and Private Projects was 39.5% of the total domestic sales. Customer Satisfaction Index of private consumers who comprise of Tube makers, Cold Reducers, LPG Cylinder Manufacturers, Material Handling Equipment Manufacturers, Auto Component Manufacturers etc., is also captured and monitored on monthly basis and corrective and preventive steps are taken to improve the same.

II. Rashtriya Ispat Nigam Limited (RINL)

RINL markets its products to three main customer segments. These are Industrial, Projects and Traders. In addition, RINL also supplies its steel products to NSIC, SSICs and Rural Dealers. MOUs are entered into with regular customers of all three main segments.

The Customer Satisfaction Index of RINL has improved to 83.25 as per the Survey conducted by Business and Industrial Division, IMRB International, against 80.8 in the previous survey.

[Ministry of Steel, O.M. No. 11013(20)/2013, dated 14th July, 2014]

Recommendation (Serial No. 7)

The Committee feel that customer satisfaction is the first and foremost requirement for any marketing endeavour to succeed. This aspect should be given due importance as the satisfaction of the end user would determine success or failure of any product. For this it is very essential to obtain periodic feedback from the customers and building brand awareness so as to remain popular among customers and to remain afloat in the market. The Committee desire that PSUs should participate and hold frequent fairs, exhibitions etc. in different locations for regular interface with the customers.

Reply of the Government

I. Steel Authority of India Limited (SAIL)

In the Financial Year 2014-15, it is planned that Cross Functional Groups from Plants, RDCIS and Marketing shall visit customers in various regions to apprise them about new products, its application and cost benefit analysis. Similar meetings shall also be held with designers, consultants etc.

Further, SAIL has been promoting Corporate and Product branding through various modes of public relations, namely, by advertising in print/electronic media, participating in various exhibitions, outdoor advertising, sponsorships of various events, etc. while taking into account overall commercial viability. These include the prestigious India International Trade Fair (IITF) held every year

from 14-27 November at Pragati Maidan, New Delhi. SAIL participates under the aegis of the Ministry of Steel, Government of India. Also, recently, a set of new radio spots on SAIL products, namely, SAIL TMT, SAIL Jyoti GP/GC sheets, and Salem Stainless have been aired on All India Radio. Both print advertisements and radio spots are also being released in different Indian languages to reach out to the wider Indian customers.

Regular interaction by SAIL with the media through press meets/ visits/releases leading to publication of articles/stories in various media plays an important role in enhancing the positive image of the Company.

II. Rashtriya Ispat Nigam Limited (RINL)

RINL participates in Trade Fairs and Exhibitions and puts up its stall with a view to popularizing its products in the market. Customer feedback is obtained from periodic customer meets at HQ, Region and Branch level, visits of Cross Function Teams (CFTs), consisting of members from Rolling Mills, Quality Assurance and Technology Development Deptt., Production Planning and Monitoring Deptt. and Marketing, visits of various customer groups to RINL etc. Further product promotion activities are also taken up for improving awareness of customers.

[Ministry of Steel, O.M. No. 11013(20)/2013, dated 14th July, 2014]

Recommendation (Serial No. 11)

Export of Steel

With regard to export of saleable steel, the Committee observe that SAIL maintains a strategic presence in foreign markets and has been exporting around 3-5% of its saleable steel production during last few years. With higher production capacities of SAIL plants post expansion and modernization, share of exports is likely to go up in future. The Committee further note that RINL products are well accepted in international market. In order to tap new market, RINL is proposing to open its first international market office at World Trade Centre at Colombo, Sri Lanka. The Committee would also like SAIL to explore the possibility of opening such International marketing office in order to increase their presence in the International market.

Reply of the Government

I. Steel Authority of India Limited (SAIL)

SAIL along with RINL are in discussion for jointly opening international marketing offices in order to improve their presence in the export market.

II. Rashtriya Ispat Nigam Limited (RINL)

RINL maintains its presence in the export market by exporting iron and steel products. During 2013-14, export turnover of RINL stood at Rs. 747 cr against Rs. 598 cr in the previous year, representing a growth of 25%.

International Marketing Office (IMO): RINL's application to Registrar General of Companies (RGoC), Sri Lanka has been accepted and all necessary formalities have been completed for opening Office at WTC, Colombo, Sri Lanka. The operation of Office is expected to start in due course.

Leveraging port based location of the plant, RINL has been making efforts for improving exports. A Team of officials from Marketing visited Sri Lanka, Ethiopia and Dubai, Kenya etc. for exploring new markets. During the year, Iron and Steel products were exported to Indonesia, Taiwan, South Korea, Nepal, Thailand, Ethiopia, Kenya and Tanzania.

[Ministry of Steel, O.M. No. 11013(20)/2013, dated 14th July, 2014]

CHAPTER III

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

-Nil-

CHAPTER IV

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

Recommendation (Serial No. 8)

Modernisation and Expansion Programme of SAIL

The Ministry have informed the Committee that RINL has a Calendar for Customer Meets at various levels like CMD, Director (Commercial), General Manager (Mktg.) and Regional Managers. Through these Customer Meets, the needs and expectations are captured and efforts are made to meet their requirements. The Committee desire that SAIL should also prepare a Calendar for Customer Meets at different levels so as to ensure maximum customer satisfaction.

Reply of the Government

I. Steel Authority of India Limited (SAIL)

Interactions at Branch, Region, HQ and Corporate level take place on a regular basis. However, as indicated at para 7, cross functional teams have been created to apprise customers about new product, its application and cost benefit analysis.

II. Rashtriya Ispat Nigam Limited (RINL)

RINL follows Calendar for Customer Meets.

[Ministry of Steel, O.M. No. 11013(20)/2013, dated 14th July, 2014]

Comments of the Committee

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

Recommendation (Serial No. 9)

Steel Demand in Rural Areas

The Committee note that a Rural Dealership Scheme to meet requirements of rural consumers at Block, Tehsil and Taluka level was introduced by SAIL in 2011-12. At present the dealer network of SAIL consist of 855 rural dealers out of a total 2774 dealers, covering almost all districts of the country. Since RINL also has a strength of 231 rural dealers in different parts of the country, the Committee feel that there is a vast scope of increasing the strength of rural dealers by both the PSUs as per capita steel consumption in rural India is estimated at only 9.8 Kg. compared to an average of 57 Kg per person in the country. As per SAIL Dealership Policy and Rural Dealership Policy, dealers are required to stock TMT Bars, GP/GC Sheets and other items required by common man and sell to small/retail customers at prices fixed by SAIL. The Committee are however, dismayed to note that although SAIL is delivering steel in interiors under its dealership scheme at dealers' doorstep, there are not enough transporters vying for dealer supplies in view of insufficient volumes and inconsistency in buying by the dealers in the hinterland. At times, inadequate infrastructure slows down supplies during monsoons. The Committee, therefore, recommend that SAIL and RINL should not only increase the Rural Dealership in the country but also take desired steps to make available suitable types of transport to carry small bundles of lower sizes of Rebars and other items like TMT bars, GI sheets, HR/CR sheets, etc. to meet the demand of rural areas.

Reply of the Government

I. Steel Authority of India Limited (SAIL)

Presently, SAIL has a wide network of marketing outlets consisting of 37 Branch Sales Offices, 27 Customer Contact Offices and 67 Warehouses across the country. SAIL's dealer network was further expanded during the financial year 2013-14. Under the new "SAIL rural Dealership Scheme" which was launched in 2011-12, SAIL has appointed 1004 Rural Dealers (including LOI) up to 01-04-2014 with an objective to meet the steel demand of the small rural consumers at block, tehsil and taluka level. **As on 01.04.2014, SAIL has an extensive Dealer network of 2948 Dealers (including 1004 Rural Dealers), spread across length and breadth of the Country.**

The recommendations related to the transport needs in order to meet rural demand will be examined.

II. Rashtriya Ispat Nigam Limited (RINL)

RINL is taking steps for ensuring availability of steel to Rural Dealers by supplying steel as per the requirement of Rural Dealers. RINL made FOR contract for supplying steel to the customers' premises, as a part of Consignment Agency Contracts also.

[Ministry of Steel, O.M. No. 11013(20)/2013, dated 14th July, 2014]

Comments of the Committee

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

Recommendation (Serial No. 10)

Sales performance of SAIL and RINL

The Committee observe that product wise/category wise performance of sales in respect of SAIL since 2009-10 indicate that there is decline in sale of pig iron from 1,97,000 tonnes in 2009-10 to 67,000 tonnes in 2011-12. Similarly, there is decline in sales of long products from 4,94,2000 tonnes to 43,88,000 tonnes, 66,84000 tonnes to 6,05000 tonnes for flat products and 1,57,000 tonnes to 1,11,000 tonnes in case of PET products during 2009-10 and 2011-12 respectively. The product wise performance of RINL is however, reported to have improved as sale of Rebars increased from 1,20,2000 tonnes in 2009-10 to 13,61,000 tonnes in 2011-12. Similarly, sale of wire rod coils and structural have also increased during 2011-12 as compared to 2009-10. The sale performance of RINL also indicate that against a total sale of 31,14,000 tonnes of steel products during 2010-11, the company could sell only 28,02000 tonnes during 2012-13. In view of the poor overall sales performance of steel products by SAIL and RINL, the Committee are of the view that CMO(SAIL) and marketing wing of RINL have failed to increase their market share of steel products inspite of increased production capacity of saleable steel after the completion of current phase of their ongoing modernization and expansion plan. The Committee, therefore, strongly recommend that SAIL and RINL should take necessary steps so that the companies compete with other major domestic producers of steel.

Reply of the Government

I. Steel Authority of India Limited (SAIL)

The reason for reduction of market share of SAIL is that the volume of production of SAIL has been constant. On the other hand, competitors have increased their capacity because of which the total availability of steel in the country has increased. Market share of SAIL will improve once the new mills at SAIL plants are commissioned and enhanced production capacity of SAIL is in place at different plants.

II. Rashtriya Ispat Nigam Limited (RINL)

Against sales of 2.802 million tonnes of saleable steel in 2012-13, RINL sold 3.035 million tonnes of saleable steel, representing a growth of over 8%. Sales of saleable steel are also higher than the production of 3.016 million tonnes during the year, *i.e.* the differential quantity has been sold from inventory.

[Ministry of Steel, O.M. No. 11013(20)/2013, dated 14th July, 2014]

Comments of the Committee

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

Recommendation (Serial No. 12)

Transportation of Steel

The Committee observe that delivery of Steel products to customers is either directly dispatched from steel plants or through network of stockyards located all over the country. Steel products are transported from SAIL plants to its warehouses mainly by Rail. Similarly, RINL also uses both Rail and Road modes of transportation for movement of iron and steel from its plant at Visakhapatnam to various stockyards across the country. While comparing the figures for modes of transportation, the Committee note that dependence on rail is much more as compared to that by Road. The Committee, feel that dependence on a single mode of transportation should be substantially reduced and to ease burden on Rail, other modes of transportation like road and coastal transportation should also be explored. Regarding challenges faced during transportation, the Committee note that ensuring adequate and timely availability of rakes is a major concern which needs to be overcome by taking suitable

and timely action. The Committee desire that the matter of allowing/ providing 2 point destination rakes need to be taken up by Ministry of Steel with Ministry of Railways at the highest level on priority basis as after modernization and expansion programme of both SAIL and RINL, the requirement of rakes would grow further. The Committee also desire that adequate attention should be given by steel PSUs for ensuring the quality of the product during loading/unloading and transportation of steel goods as degree of damages to a finished product, are more as compared to transportation of raw material.

Action Taken

I. Steel Authority of India Limited (SAIL)

Steel being bulk commodity, preference for despatch by steel plants is primarily by rail. Railways also look for higher rail share of steel despatches from steel plants. At SAIL steel despatches by rail are at a level of about 91% currently. Road despatches are being undertaken as per customer requirement to cater to small order or to nearby destination or to places where rail connectivity is a problem.

In future also, despatches of steel from SAIL plants will continue primarily by rail. Therefore, logistics facilities under expansion schemes for handling the various commodities inside plants have been designed in consultation and approvals from railways. Accordingly, railway needs to augment its rolling stock *viz* wagons/locomotives to meet enhanced demand of steel despatches by rail. It may be mentioned that rail is an eco-friendly mode of transport, which should be encouraged for bulk transportation requirements of steel industry.

The issues of ensuring adequate wagon availability for steel despatches are taken up regularly with railways at various levels *viz* by SAIL at Divisional/Zonal/Railway board. A monthly meeting is also convened by ED (Rail Movement), Railway Board, Kolkata with steel industry, where wagon availability issues are also discussed and resolved. Further, if required, such issues are also taken in Joint Consultative Mechanism (JCM) meetings conducted by Ministry of steel periodically with representatives of railway and steel industry.

As regards 2-point despatches, currently it is around 30 % of total steel despatched from SAIL plants, which shall continue, after expansion in SAIL. Railway to consider continuing this facility to SAIL in future

as well considering small quantity of variety of products demanded by customers located at various destinations along the length and breadth of the country.

Cranes and handling equipment constitute the backbone of efficient and damage free handling at all warehouses. At present Electric Overhead Transport (EOT) cranes are in operation at Dankuni, Kanpur, Delhi, Faridabad, Kalamboli, Chennai, Hyderabad and Bangalore. Rubber Tyred Gantrys (RTGs) at Faridabad, Ghaziabad, Chennai and Dankuni are working efficiently and yielding good results. In addition, to enhance the level of operational efficiency post modernization, it has been proposed to install EOT cranes at Bokaro, Guwahati and Rourkela and RTGs at various locations like Bhilai, Kalamboli, Ghaziabad, Faridabad, Kanpur, Bokaro, Durgapur, Guwahati, Rourkela, Bangalore, Hyderabad and Vizag in a phased manner depending on sustained demand. In addition, the Handling Contractors are also deploying Original Equipment Manufacturer (OEM) Cranes at both Departmental and CA WHs as per tender terms.

II. Rashtriya Ispat Nigam Limited (RINL)

RINL has been taking up with Railways to allocate adequate number of rakes on continuous basis. The issue of allowing 2 point destination rakes has also been taken up with railways. Further, RINL has been taking initiatives for improving packaging, reducing damages during handling of products at the time of loading and unloading.

[Ministry of Steel, O.M. No. 11013(20)/2013, dated 14th July, 2014]

Comments of the Committee

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

Recommendation (Serial No. 13)

The Committee note that RINL wants to source its requirement of Dolomite and Limestone produced by its subsidiary M/s Birsa Stone Lime Company (BSLC) based in Birmittapur. However, due to freight disadvantage, obtaining material from BSLC is becoming unviable since freight from Birmittapur to Visakhapatnam is more than Rs. 1000 per tonne compared to the cost of material which is Rs. 650/- per tonne. The Committee further note that RINL is a major customer of Indian Railways and contributes considerable revenue. The revenue contribution to Indian

Railways from RINL for 2012-13 was about Rs. 1300 crore, which is likely to go up substantially after expansion. In view of this, it has been suggested to the Committee that reduction of freight by at least Rs. 250 per tonne for transportation of Dolomite and Limestone from Birmatrapur to Visakhapatnam is required. The Committee have been further informed by the Ministry that RINL has also pleaded that Railway should give freight concession during peak season which is levying 15% of surcharge for movement of goods during October to June. RINL has also sought freight concession for Granulated PF Slag which is by-product of steel production. The Committee strongly feel that the concern expressed by RINL merits consideration and therefore, desire that these matters be taken by the Ministry of Steel on behalf of RINL with the Ministry of Railways on priority basis.

Reply of the Government

Rashtriya Ispat Nigam Limited (RINL)

RINL would like to express its sincere gratitude to the Parliamentary Standing Committee on Coal and Steel for recommending reduction in transportation rates for Dolomite and Limestone from M/s BSLC from Birmatrapur to Visakhapatnam and transportation of granulated BF slag and reduction in peak season surcharge. Implementation of these is going to improve the performance of RINL. Ministry of Steel have also taken up these issues with Railways for consideration.

[Ministry of Steel, O.M. No. 11013(20)/2013, dated 14th July, 2014]

Comments of the Committee

(Please see para 19 of Chapter-I of the Report)

Recommendation (Serial No. 14)

Delivery Period of Steel Goods

The Ministry of Steel have submitted before the Committee that there should be norms on number of days for delivery of various products like pig iron, steel and by-products to various destinations within the country. In case delivery is delayed beyond the stipulated number of days, Railways have to pay compensation for inventory carrying cost of the material. The Committee are of the strong view that delivery of various steel products to various destinations within the country needs to be

transported by Railways within a time schedule, in order to protect the interest of dealers and end-users. They, therefore, would like steel companies to include this condition while entering into an MoU/Contract with the Railways.

Reply of the Government

I. Steel Authority of India Limited (SAIL)

Presently there is no scheduled running of freight trains like passenger trains. The freight trains get delayed as these trains get frequently stalled en route on account of movement priority accorded to passenger trains, which run on same track. This results in delayed arrivals and sometimes bunched arrivals of freight trains at their destination. It is therefore, necessary that construction of dedicated freight corridors of railways should be completed early for reducing transit time of freight trains and facilitating running of freight trains within schedule.

II. Rashtriya Ispat Nigam Limited (RINL)

Ministry of Steel have advised to RINL (VSP) to explore ways and means to enter an MoU/Contract with the Railways that in case delivery of materials is delayed beyond the stipulated number of days by Railways, they have to pay compensation for inventory carrying cost of the material.

[Ministry of Steel, O.M. No. 11013(20)/2013, dated 14th July, 2014]

Comments of the Committee

(Please see para 22 of Chapter-I of the Report)

CHAPTER V

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

-Nil-

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 19 DECEMBER, 2014 IN
COMMITTEE ROOM 'C', GROUND FLOOR, PARLIAMENT
HOUSE ANNEXE, NEW DELHI

The Committee sat from 1500 hrs. to 1600 hrs.

PRESENT

Shri Rakesh Singh—*Chairperson*

MEMBERS

Lok Sabha

2. Shri A. Arunmozhihevan
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

Rajya Sabha

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) | *** | *** | *** | *** | *** |
| (iv) | *** | *** | *** | *** | *** |
| (v) | *** | *** | *** | *** | *** |
| (vi) | Draft Action Taken Report on 52nd Report (15th Lok Sabha) on the subject “Marketing and Transportation of Steel by Public Sector Steel Companies” of the Ministry of Steel. | | | | |

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

The Committee then adjourned.

*** Do not pertain to this Report.

ANNEXURE II

(Vide Para IV of Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE
FIFTY-SECOND REPORT OF THE STANDING
COMMITTEE ON COAL AND STEEL

- I. Total No. of Recommendations made 14
- II. Recommendations that have been accepted by the Government:
(vide Recommendation at Sl. Nos. 1, 2, 3, 4, 5, 6, 7 and 11)
Total : 08
Percentage : 57.2%
- III. Recommendation which the Committee do not desire to pursue in
view of the Government's replies:
-Nil-
Total : 00
Percentage : 00%
- IV. Recommendations in respect of which replies of the Government
have not been accepted by the Committee:
(vide Recommendation at Sl. Nos. 8, 9, 10, 12, 13 and 14)
Total : 06
Percentage : 42.8%
- V. Recommendations in respect of which final replies of the
Government are still awaited:
-Nil-
Total : 00
Percentage : 00%

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The Souvenir Items with logo of Parliament are also available at Sales Counter, Reception, Parliament House, New Delhi. The Souvenir items with Parliament Museum logo are available for sale at Souvenir Shop (Tel. No. 23035323), Parliament Museum, Parliament Library Building, New Delhi. List of these items are available on the website mentioned above.”
