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# STANDING COMMITTEE ON COAL AND STEEL (2019-2020)

# SEVENTEENTH LOK SABHA

**MINISTRY OF STEEL**

**DEMANDS FOR GRANTS**

**(2019-20)**

**FIFTH REPORT**

**LOK SABHA SECRETARIAT**
**NEW DELHI**
**DECEMBER, 2019/AGRAHAYANA, 1941(Saka)**

**FIFTH REPORT**

# STANDING COMMITTEE ON COAL AND STEEL (2019-20)

**SEVENTEENTH LOK SABHA**

**MINISTRY OF STEEL**

**DEMANDS FOR GRANTS (2019-20)**

**Presented to Lok Sabha on 06.12.2019**

**Laid in Rajya Sabha on 06.12.2019**

**LOK SABHA SECRETARIAT**
**NEW DELHI**
**DECEMBER, 2019/AGRAHAYANA, 1941(Saka)**

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## COMPOSITION OF THE STANDING COMMITTEE

## ON COAL AND STEEL(2019-20)

**Chairperson - Shri Rakesh Singh**

**Lok Sabha**

2. Shri Balubhau Dhanorkar alias Suresh Narayan
3. Shri Vijay Kumar Hansdak
4. Shri Kunar Hembram
5. Shri Raghurama Krishnaraju Kanumuru
6. Shri C. Lalrosanga
7. Shri S. Muniswamy
8. Shri Ajay Nishad
9. Shri Basanta Kumar Panda
10. Smt. Riti Pathak
11. Shri Komati Reddy Venkat Reddy
12. Shri Chunni Lal Sahu
13. Shri Arun Sao
14. Dr. Beesetti Venkata Satyavathi
15. Shri Sushil Kumar Singh
16. Shri Pashupati Nath Singh
17. Shri Sunil Kumar Singh
18. Dr. Alok Kumar Suman
19. Dr. Thirumaavalavan Thol
20. Shri Shyam Singh Yadav
21. Shri Tokheho Yepthomi

**Rajya Sabha**

22. Dr. Vikas Mahatme
23. Shri Mukut Mithi
24. Shri Prashanta Nanda
25. Shri Ram Vichar Netam
26. Shri Samir Oraon
27. Shri Dhiraj Prasad Sahu
28. Shri Prabhakar Reddy Vemireddy
29. Vacant
30. Vacant
31. Vacant

## SECRETARIAT

| | | |
|---|---|---|
| 1. Shri Manoj K. Arora | - | OSD |
| 2. Shri Arvind Sharma | - | Director |
| 3. Smt. Geeta Parmar | - | Additional Director 4. |
| 4.Smt. Vandana Pathania Guleria | - | Executive Officer |

## 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 Fifth Report (Seventeenth Lok Sabha) on Demands for Grants (2019-20) 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 17.07.2019. 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.

3. The Committee took evidence of the representatives of the Ministry of Steel on 11th November, 2019.

4. The Report was considered and adopted by the Committee at their sitting held on 04.12.2019.

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;** | **RAKESH SINGH** |
| **04 December, 2019** | **Chairperson** |
| **13 Agrahayana, 1941(Saka)** | **Standing Committee on Coal and Steel** |

# REPORT

# PART-I

## CHAPTER-I

## INTRODUCTORY

The Ministry of Steel is 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. Key functions of the Ministry of Steel are as under:

(i) Facilitate increase in steel usage in country to create demand of Steel and thereby to facilitate increase in steel making capacity.

(ii) Facilitate growth in steel production to meet increased steel consumption/demand.

(iii) Facilitate adequate availability of raw materials for steel industry particularly iron ore and coal for PSUs.

(iv) To strive for improvement in performance of Iron & Steel industry including R&D and Technology interventions, Quality Control Orders and improvements in techno-economic parameters.

(v) Policy Initiatives needed for steel sector.

(vi) Monitoring performance of CPSEs: Against MOU targets, CAPEX and Implementation of large projects.

(vii) Safety in steel industry.

(viii) Coordination with Department of Commerce on issues concerning: export/import & trade matters relating to iron ore/manganese/chromium; taxation and policy for import and export duty on steel products and International Trade issues (anti-dumping duty, safeguards, countervailing etc.)

1.2 Indian Steel sector has brought a new hope in Indian economy considering production of steel products as well as employment generation. From the fledgling one million tonne capacity status at the time of independence, India has now risen to be the second largest crude steel producer in the world and the largest producer of sponge iron. In line with increase in demand, production of steel products has also increased leading to expansion of steel use in different sectors.

1.3 The steel sector has been an important sector linking economies throughout the world through its central position in global value chains. Excess steelmaking capacity is a global challenge which continues to plague this sector and creates significant difficulties for steel producers in advanced, emerging and developing economies alike. Alleviating excess capacity becomes a necessary condition for more stable, profitable & sustainable business and employment conditions. This would also help the industry to face a number of long term challenges more effectively.

1.4 As regards Government's vision to achieve a $5 trillion economy by 2024, the Ministry have informed that this entails investments in several steel intensive sectors which includes 100% electrification, Housing for all, piped water for every household, 60,000 km of additional highways, Dedicated freight corridors, 100 functional airports, Doubling of port capacity and Metro network in 50 cities and steps are being taken to ensure that this demand is served through a robust domestic steel industry.

1.5 The Government has introduced two national landmark policies

(i) National Steel Policy 2017: and
(ii) Policy on Preference to Domestically Manufactured Iron & Steel Products.

**(i) National Steel Policy 2017**

1.6 NSP 2017 aims to increase focus on expansion of MSME sector, improve raw material security, enhance R&D activities, reduce import dependency and cost of production, and thus develop a "technologically advanced and globally competitive steel industry that promotes economic growth" eyeing self-sufficiency in production, developing globally economical steel manufacturing capabilities by facilitating investments and cost efficient productions with adequate availability of raw materials.

1.7 With focus on R&D through establishment like Steel Research Technology Mission of India (SRTMI), the technology would be of utmost focus over the next decade and MSME steel plants would be the key drivers to achieve the additional capacity required for the India's consumption led growth and improvement in the overall productivity and quality.

### (ii) Policy on Preference to Domestically Manufactured Iron & Steel Products (DMI&SP):

1.8 The Government has introduced the Policy on preference to DMI&SP in Government tenders. The policy mandates for domestic value addition of 15% on the imported input steel to be eligible for big ticket public procurement in steel. The policy encourages the downstream companies to set up capacities for steel products which were otherwise getting directly imported in the past, leading to substantial outflow of valuable Forex. Objective of this policy is to provide a level playing field for the domestic manufacturers and not to encourage inefficient practices.

- The policy mandates to provide preference to DMI&SP in government procurement for its own use and not with a view to commercial resale.
- The policy is applicable to all such projects and procurements, where the aggregated estimated value of the "iron & steel products" is either Rs. 50 crores or more.
- DMI&SP has been defined as those iron and steel products, in which a minimum value addition of 15% has taken place domestically.

1.9 The policy is envisaged to promote growth and development of domestic steel Industry and reduce the inclination to use low quality and low cost (unfairly traded) imported steel in Government funded projects.

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

1. Steel Authority of India Limited, (SAIL), New Delhi
2. Rashtriya Ispat Nigam Limited, (RINL), Visakhapatnam
3. NMDC Limited, Hyderabad
4. MOIL Limited, Nagpur
5. MSTC Limited, Kolkata
6. MECON Limited, Ranchi
7. KIOCL Limited, Bangalore

**Note:** Bird Group of Companies (OMDC, BSLC, and EIL) are subsidiary of RINL; FSNL is a subsidiary of MSTC; and SRCL is a subsidiary of SAIL.

1.11 For the fiscal year 2019-20, Demand No. 95 which covers the expenditure of the Ministry of Steel was presented to the Parliament on 17.07.2019. Various points arising out of the scrutiny of Demands of Grants (2019-20) and performance of the Ministry and PSUs are discussed in the subsequent chapters.

## CHAPTER II

## ANALYSIS OF DEMANDS FOR GRANTS

### Demands for Grants (2019-20)

The Demand for Grants of Ministry of Steel includes provisions for Revenue expenditure of the Ministry. The Demand includes Rs. 36.25 crore for secretariat expenditure; Rs. 15 crore for Central Sector Scheme; and Rs. 190.04 crore for Other Central Sector Expenditure for Upgradation of Ispat General Hospital, Rourkela to a Super Specialty Hospital as grant. The total financial requirements covered in Demand No. 95 for BE 2019-20, are summarized as follows:-

| Demand No. 95 for 2019-20 | BE 2019-20 | | | |
|---|---|---|---|---|
| | **Scheme** | **Non-Scheme** | **Other Central Sector Expenditure** | **Total** |
| **REVENUE SECTION** | 15.00 | 36.25 | 190.04 | ***241.29*** |
| **CAPITAL SECTION** | 0.00 | 0.00 | 0.00 | ***0.00*** |
| **Total (Gross)** | **15.00** | **36.25** | **190.04** | ***241.29*** |

**The analysis of Demand for Grants i.e. percentage increase in various heads over the last three years of Ministry of Steel is given as under:-**

| No. | Major Head & Item of Expenditure | BE 2017-18 | RE 2017-18 | % age increase/ decrease in RE over BE 2017-18 | BE 2018-19 | % age increase/ Decrease in BE-2018-19 over BE 2017-18 | RE 2018-19 | %age increase/ decrease in RE 2018-19 over BE 2018-19 | BE 2019-20 | % age increase/ decrease over BE 2018-19 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Secretariat** | | | | | | | | | | |
| I. | MH – 3451 | | | | | | | | | |
| 1. | Secretariat - Economic Services | 28.49 | 29.49 | 3.51% | 31.83 | 11.72% | 32.92 | 3.42% | 34.54 | 8.51% |
| II. | MH – 2852 | | | | | | | | | |
| 2. | Development Commissioner for Iron & Steel, Kolkata | 0.29 | 0.29 | 0.00% | 0.30 | 3.44% | 0.19 | -36.6% | 0.00 | 100% |
| 3. | Awards to Distinguished Metallurgists. | 0.26 | 0.26 | 0.00% | 0.26 | 0.00% | 0.26 | 0.00 | 0.26 | 0.00% |
| 4. | Membership/Observer Status in Steel committee of OECD and GFEC | 0.00 | 0.00 | -- | 0.41 | -- | 0.51 | 24.39% | 0.45 | 9.76% |
| 5. | Advertisement and Publicity (IEC) | 0.10 | 0.10 | 0.00% | 0.10 | 0.00 | 0.26 | 160% | 1.00 | 900% |
| | **Total** | **29.14** | **30.14** | **3.43%** | **32.90** | **12.90%** | **34.14** | **3.77%** | **36.25** | **10.18%** |
| **Centre Sector Schemes** | | | | | | | | | | |
| 1. | Scheme for Promotion of Research and Development in Iron and Steel Sector | 15.00 | 14.00 | -6.66% | 15.00 | 0.00% | 15.00 | 0.00% | 15.00 | 0.00% |
| **Other Central Sector Expenditure** | | | | | | | | | | |
| 1. | Upgradation of Ispat General Hospital, Rourkela to a Super Specialty Hospital | 0.00 | 0.00 | -- | 0.00 | -- | 105.75 | -- | 190.04 | -- |
| **Grand Total** | | **44.14** | **44.14** | **0.00%** | **47.90** | **8.52%** | **154.89** | **223.36%** | **241.29** | **403.74%** |

**PROVISION FOR CENTRAL SECTOR SCHEMES**

2.2 It has been informed that based on the recommendation of the Working Group on Steel Industry for 11th Plan (2007-12), a new scheme i.e. 'Scheme for Promotion of R&D in Iron and Steel Sector was included in the 11th Five Year Plan with an outlay of Rs. 118.00 crore. The objective of the scheme was to promote and accelerate R&D activities in development of innovative/path breaking technologies, utilizing Indian iron ore fines and non-coking coal, improvement of quality of steel produced through induction furnace route and beneficiation of raw materials like iron ore, coal etc. and agglomeration (e.g. pelletization). The Scheme was approved on 23.01.2009 for implementation from Financial Year 2009-10 (w.e.f. 01.04.2009). The Scheme was continued in the 12th Five Year Plan and has been further extended for the remaining period of 14th Finance Commission with the approval of Steel Fabricator Certification (SFC) on advice of Ministry of Finance. The Gross Budgetary Support for scheme in BE 2019-20 is Rs. 15.00 crore for Promotion of R&D in Iron & Steel Sector.

2.3 On being asked whether the Ministry is satisfied with the R&D works performed under this Scheme since inception, it has been stated that the scheme has helped in pursuing R&D by the industry, research labs and academia to address the needs of iron & steel sector. Further, R&D Scheme was evaluated by IIPA, New Delhi in 2013-14. The IIPA had recommended for the continuation of the scheme at that time.

2.4 The major achievements under this scheme are stated to be as under:-

(i) Four R&D projects successfully completed. Two projects have been successfully completed in laboratory/ pilot scale. These are, a) Development of cost effective refractory lining materials for induction melting furnace suitable for production of quality steel by Central Glass and Ceramic Research Institute (CSIR-CGCROREI) Kolkata & National Institute of Secondary Steel Technology: Magnesia based refractory mass was developed and series of laboratory scale induction furnace trials were conducted to evaluate the performance of the ramming mass during refining of steel; b) Development of Pilot Scale Pelletisation Technology for Indian Goethitic/ Hematite Ores with varying degrees of fineness by Research & Development Centre for Iron & Steel (RDCIS) at Ranchi: An automated Pellet Heat Hardening System has been commissioned and trials successfully carried out. It was demonstrated by suitably changing the variable parameters, all types of low grade ores with high LOI content can be agglomerated to pellet form for further use in steel industry.

(ii) Two projects have been successfully commercialized i.e. a) Production of highly metalized directly reduced iron from mill scale and lean grade coal in tunnel kiln by National Metallurgical Laboratory (CSIR-NML) Jamshedpur: Process technology has been developed for production of highly metalized DRI. Commercial scale trials were successfully carried out and 100 tons of DRI produced in a continuous manner. b) Development of infrared camera based torpedo ladle car condition monitoring system by MECON Ranchi: The infrared camera based torpedo car condition monitoring system has been successfully commissioned in SMS-II of RSP, Rourkela.

(iii) Projects have also led to publications in national/ international journals and contributed in generation of patents.

2.5 The Committee have observed that out of Rs. 15 crore allocated during 2019-20 for the scheme 'Promotion of R&D in Iron & Steel sector', the Ministry had been able to utilize only an amount of Rs. 1.83 crore in the first quarter. As regards the reasons for underutilization of funds, it has been stated that the funds are released as per the quarterly allocations made by the Budget Division. In the 1st Quarter, Rs. 1.8289 crore was released and in 2nd Quarter Rs. 6 crore has been released. The grants released for the R&D projects have higher allocations for capital expenditure for procurement of equipment. Once orders for capital equipment are placed, the expenditure is committed although actual expenditure is done in a progressive manner. Procurement of R&D equipments takes substantial time as these are not available off the shelf. Government rules do not take committed expenditure into consideration for estimating unspent balance. As a result the substantial unspent balance funds are usually available in the projects, which results in difficulty in releasing further grants in the projects. This is also one of the reasons of lower allocations of budget for the R&D scheme.

2.6 The Committee desired to know about the financial outlay proposed by the Ministry of Steel and actual allocation made by the Ministry of Finance during 2019-20. In reply the Committee have been informed as under:

(Rs. in crore)

| | **Proposed by Ministry of Steel** | **Approved by Ministry of Finance** |
|---|---|---|
| **Secretariat** | 54.14 | 36.25 |
| **Central Sector Scheme** | | |
| **Scheme for promotion of R&D in Iron &** | 100.00 | 15.00 |

| | | |
|---|---|---|
| **Steel sector** | | |
| **Other Central Sector Expenditure** | | |
| **Upgradation of Ispat General Hospital Rourkela to a Super Specialty Hospital** | 190.04 | 190.04 |
| **TOTAL** | **344.18** | **241.29** |

2.7 It may be seen from above that a sum of Rs. 54.14 crore was proposed by Ministry of Steel for Secretariat expenses, of which only Rs. 36.25 crore were approved by the Ministry of Finance for BE 2019-20. Similarly Rs. 100 crore were proposed by Ministry of Steel for 'Scheme for promotion of R&D in Iron and Steel Sector', of which Rs. 15 crore were approved by Ministry of Finance for BE 2019-20.

2.8 In this context, the Secretary, Ministry of Steel inter-alia submitted during oral evidence that according to the prevailing trend at international level, the steel industry has its own R&D Wing. Here in our country the Steel Ministry which has been getting a budget of Rs. 15 crore, supports few labs of IITs, CSIR, etc. like we have at Jamshedpur & Bhubaneswar to do some fundamental R&D in steel sector so that there is general benefit to all. The Ministry is doing a study to further improve this system. In this context, we feel 15 crore is a very small sum for any fundamental research. Though, we are second largest steel producer in the world, still we are dependent on imports for value added steel, coking coal etc. I recently attended a meeting with Ministry of Finance in this regard who has assured to look into the matter sympathetically. We have asked for 100 crore for the same.

**<u>Advertisement and Publicity</u>**

2.9 The Committee have observed a huge surge of about 900% in the allocation for BE(2019-20) under the Head 'Advertisement and Publicity' (IEC) and Rs. 1 crore has been allocated at BE (2019-20) as compared to Rs. 0.10 crore in BE (2018-19). When asked to furnish details of the areas and the actual expenditure under this Head during last 3 years, the Committee have been apprised as under:-

> The Budget allocation to IEC (advertisement & Publicity) has been Rs. 10.00 lakh only. The actual expenditure on Advertisement and Publication during the last three years are as under: -

(Rs. in lakh)

| S.No | Budget Estimate (BE) Year | Budget Provision | Expenditure |
|---|---|---|---|
| 01. | BE (2016-17) | 10.00 | NIL |
| 02. | BE (2017-18) | 10.00 | Nil |
| 03. | BE (2018-19) | 10.00 | *42.04 |

* An amount of Rs. 32.50 Lakh was re-appropriated by Budget Division vide OM No. BGT-2(3)/2018 dated 11.03.2019

The increase of about 900% stated to be the allocation for BE(2019-20) under the Head 'Advertisement and Publicity' is due to the award of social media contract to Sign Post India Pvt. Ltd. @ 6.5 lakh + 18% GST per month which amounts to about 92 lakh per year. Prior to this, the payment for social media was done by Joint Plant Committee(JPC).

To a specific query, it has been clarified that for the Financial Year 2019-20, the budget provision for IEC in BE (2019-20) is Rs. 10.00 Lakh only and there is no increase in the Budget allocation. Further, the proposed plan for expenditure is: sustained campaign – 'IspatiIrada' - launched by the Steel Minister, which, inter alia, envisages -

- Promoting steel usage through social media and other communication methods.
- Popularizing Quality Control Order and enforcement.
- Encouragement and recognition of Secondary Steel Sector for product development and innovation.
- Help Small & Medium Enterprises in steel sector.

2.10 With regard to the matter of requirement of adequate funds for this Head, during oral evidence, Secretary, Ministry of Steel submitted that when a country progresses, it is natural for it to be dependent on steel. There is a lot of scope in our country as our per capita consumption is very less compared to the world average. For this a sustained publicity campaign is required and the current budget provision of one crore is not adequate for it.

2.11 When asked how does the reduction in proposed BE by Ministry of Finance affect the areas/Heads for which the said amount was earmarked in the proposal submitted by the Ministry of Steel, the Committee have been informed as under:-

The major reduction was under R&D Scheme. Ministry of Finance agreed to provide Rs. 15.00 crore against a demand of Rs. 100.00 crore. Another reduction was under Information, Education and Communication (IEC), Rs. 15 crore was demanded but Rs. 1.00 crore was allocated.

The reduction in allocation for R&D scheme led to the following: -

- Funding of new projects has affected. Only small value R&D projects in lab scale could be taken up.
- The project successfully completed in laboratory scale with Government funding couldn't be scaled up further at pilot/ demonstration/ commercial scale because of non availability of necessary funds.
- High value projects for New Product Development and New Process Development, pursued by the industry, couldn't be supported due to lack of funds.

Due to the reduction under Information, Education and Communication (IEC),the activities envisaged could not be taken up. The major activities included: -

- Holding international conference and exhibition on steel sector to showcase India's capabilities and inviting international organizations to set up manufacturing facilities with new technologies.
- Participation in India International Trade Fair.
- Production of short films, stills, infographics and slogans to develop awareness about benefits of steel and dissemination through social media.
- Organizing regional conferences for increasing steel consumption in North, South, East, West and Central India Regions.
- Encouragement and recognition to secondary steel sector for product development and innovation.
- Help small and medium enterprises in steel sector.

**STEEL CLUSTERS**

2.12 The Ministry of Steel have informed the Committee that they are also working on a draft policy for setting up of steel clusters for which raw material shall be sourced from Integrated Steel Plants (ISPs) & their various downstream units would manufacture various steel products using steel intermediate products. This policy envisages encouraging SMEs to boost production of value-added steel & capital goods, import substitution & additional employment.

2.13 Regarding details of this policy it has been informed that the Ministry of Steel proposes to rollout a Policy for development of steel clusters by June 2020. Implementation of this policy will be an ongoing process. Ministry of Steel envisions to set up two pilot clusters at Kalinganagar and Bokaro by 2024. The main features of the proposed policy will be as under:-

a. The aim of the 'Framework policy for Development of Steel Clusters' is to create a model eco-system for development of secondary steel and steel ancillary units to promote self-sufficiency, drive cost competitiveness and generate employment opportunities. The benefits of the steel cluster to the economy will be to drive 'Make in India' initiative through promotion of domestic manufacturing industry and facilitate import substitution.

b. A steel cluster is a defined region with co-located units across the value chain - with ancillary and secondary steel units around the steel producers, located either near the source of raw material (Integrated Steel Plant) or near the demand centre. The components of the steel cluster will include:

   i. Steel producers: It will include secondary steel producers, who produce steel through Electric Arc Furnace (EAF)/Induction Furnace (IF) route.

   ii. Ancillary units: These units form supply chain of the steel plants, providing them with raw material and other products. Eg: spares, refractories, gas plants etc.

   iii. Downstream units: These units further process the final product of steel producers. Eg: Galvanizing units, colour coated units, end-usage industry like agricultural tools and machinery etc.

c. In addition, these clusters also include development of an eco-system for the industry, which involves:

   i. Logistics infrastructure: Enhancement of existing infrastructure (eg: road, railways etc.) as well as using of new modes of logistics (eg: using inland waterways, slurry pipelines etc.)
   ii. Physical infrastructure: eg: common roads, water sewerage, IT infrastructure etc.
   iii. Common facilities: eg: testing lab, tool room, skill development centre, group captive power plant etc.

d. Benefits of the steel cluster will accrue to multiple stakeholders. The units in the cluster will be benefitted through increased cost competitiveness (through scale benefits, better logistics etc.) and improved quality of production (through better infrastructure, skilled workforce etc.). The steel clusters will also help the State Government shift their reliance from mining to manufacturing, along with increase in investment, tax revenue and employment opportunities in the state.

2.14 Secretary, Ministry of Steel informed during oral evidence that steel clusters will be the flagship programme which will give further boost to the Indian Steel Industry. The purpose is to improve coordination between difficulties and ensure raw material supply . Another important issue is logistics involved in movement of raw material.

## CHAPTER-III

## PLAN INVESTMENT AND PERFORMANCE OF PSUs

As regards, the physical targets for 2018-19 (RE) and for 2019-20 (BE)in respect of the PSUs under the Ministry of Steel the Committee have been informed of the following:

**Physical Performance**

| No. | Name of PSU | Physical Parameters | (BE) 2018-19 Target | (RE) 2018-19 Target | (BE) 2019-20 Target |
|---|---|---|---|---|---|
| 1. | SAIL | i) Hot Metal *(in million tonnes)*<br>ii) Crude Steel*(in million tonnes)*<br>iii) Saleable Steel*(in million tonnes)*<br>iv) Pig Iron*(in million tonnes)*<br>v) Saleable Production *(in million tonnes)(iii+iv)* | 17.80<br>16.68<br>15.61<br>0.28<br>15.89 | 17.51<br>16.27<br>15.07<br>0.48<br>15.55 | 18.30<br>17.27<br>16.20<br>0.30<br>16.50 |
| 2. | RINL@ | (i) Hot Metal *(in milliontonnes)* | 6400 | 6.200 | 6.500 |
| | | (ii) Crude Steel (*in million tonnes*) | 5985 | 5.795 | 6.081 |
| | | (iii) Saleable Steel (*in million tonnes*) | 5700 | 5.500 | 5.800 |
| | | (iv) Pig Iron (*in million tonnes*) | 59 | 0.060 | 0.059 |
| 3. | NMDC | **Production** | | | |
| | | (i) Iron Ore *(in Lakh Tonnes)* | 345 | 315 | 370 |
| | | (ii) Diamonds (Carats) | 28500 | 35000 | 37000 |
| | | (iii) Sponge Iron (Tonne) | -- | 4500 | 4500 |
| | | (iv) Pellets *(in Lakh Tonnes)* | 3.50 | 1.20 | 3.00 |
| | | (v) Steel(Lakh Tonne) | -- | 0.00 | 2.50 |
| | | **Sales** | | | |
| | | (i) Iron Ore *(in Lakh Tonnes)* | 355 | 320 | 372 |
| | | (ii) Diamonds (Carats) | 36000 | 35000 | 37000 |
| | | (iii) Sponge Iron (Tonne) | -- | 4500 | 4500 |
| | | (iv) Pellets *(in Lakh Tonnes)* | 3.50 | 1.20 | 3.00 |
| | | (v) Steel(Lakh Tonne) | -- | 0.00 | 2.25 |
| 4. | KIOCL | (i) Production (in Metric Tonne) - Pellets | 2000000 | 2170000 | 2300000 |
| | | (ii) Despatches (in Metric Tonne) - Pellets | 2000000 | 2170000 | 2300000 |
| 5. | MOIL | Production (*in Metric Tonnes)* | | | |
| | | i) Manganese Ore | 1325000 | 1375000 | 1450000 |
| | | ii) Electrolytic Manganese Dioxide | 1000 | 1250 | 1500 |
| | | iii) Ferro Manganese | 1000 | 12000 | 12000 |
| 6. | MSTC | (i) E-Commerce *(Rs. in crore)* | 72000 | 69000 | 163600 |
| | | (ii) Trading *(Rs. in crore)* | 8400 | 9250 | 4850 |

| | | | | | |
|---|---|---|---|---|---|
| 7. | *FSNL | (i) Scrap *(in Lakh Metric Tonne)* | 27.43 | 3.17 | 3.20 |
| | | (ii) Slag *(in Lakh Metric Tonne)* | 92.27 | 9.09 | 9.23 |
| 8. | MECON | Business procurement *(value in Rs. crore)* | -- | 3191.75 | ***Yet to be finalized*** |
| | | New business (Job Procurement) in regions or areas beyond core competence of MECON Ltd. (Rs. in crore) | -- | - | 90.00 |
| 9. | *Bird Group | Production | -- | | |
| | OMDC | -- | -- | Nil | **Nil** |
| | BSLC | Production<br>(i) Limestone *(in MT)*<br>(ii) Dolomite *(in MT)*<br>*Dispatch*<br>(i) Limestone *(in MT)*<br>(ii) Dolomite *(in MT)* | <br><br>768000<br><br><br>768000 | <br>--<br>960000<br><br>--<br>960000 | <br>--<br>960000<br><br>--<br>960000 |
| 10. | SRCL | Bricks Production<br>(i) Fired Bircks<br>(ii) Mag Carbon Bricks (unfired)<br>Bulk Production:<br>(i) Ramming Mass<br>Others<br>(i) Smoke Dust | --<br>--<br>--<br><br>--<br><br>-- | <br>12272<br>8552<br><br>1609<br><br>7612 | <br>12003<br>11707<br><br>850<br><br>Nil |

@Based on MoU 2019-20.

* FSNL is a subsidiary of MSTC Ltd. Bird Group of Companies are subsidiary of RINL.

## **Financial Performance**

3.2 The IEBR for 2018-19(RE) and 2019-20 (BE) in respect of the PSUs under the Ministry of Steel are given below:-

*(Rs. in crore)*

| No. | Name of the PSU/ Organization | RE 2018-19 | | | BE 2019-20 | | |
|---|---|---|---|---|---|---|---|
| | | IEBR | B.S. | Total | IEBR | B.S. | Total |
| 1 | SAIL | 4300.00 | 0.00 | 4300.00 | 4000.00 | 0.00 | 4000.00 |
| 2 | RINL[#] | 1420.00 | 0.00 | 1420.00 | 1400.00 | 0.00 | 1400.00 |
| 3 | NMDC Ltd. | 1756.00 | 0.00 | 1756.00 | 3010.00 | 0.00 | 3010.00 |
| 4 | KIOCL Ltd. | 140.00 | 0.00 | 140.00 | 317.00 | 0.00 | 317.00 |
| 5 | MOIL Ltd. | 201.89 | 0.00 | 201.89 | 209.74 | 0.00 | 209.74 |
| 6 | MECON Ltd. | 5.00 | 0.00 | 5.00 | 5.00 | 0.00 | 5.00 |
| 7 | MSTC Ltd. | 47.60 | 0.00 | 47.60 | 44.40 | 0.00 | 44.40 |
| 8 | FSNL[$] | 15.29 | 0.00 | 15.29 | 18.12 | 0.00 | 18.12 |
| 9 | SAIL Refractory Co. Ltd.* | 6.93 | 0.00 | 6.93 | 15.00 | 0.00 | 15.00 |
| | ***TOTAL*** | **7892.71** | **0.0** | **7892.71** | **9019.26** | **0.0** | **9019.26** |

#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.(RE 2018-19: RINL – 1400.00 + OMDC – 20.00 = 1420.00)& (BE 2019-20: RINL – 1400.00 + OMDC – 0.00 = 1400.00). BSLC has reported Nil IEBR.

*SRCL is subsidiary of SAIL.

$FSNL is a subsidiary of MSTC Ltd

3.3 Brief description of the PSU-wise outlays provided in BE 2019-20 for major schemes of the PSUs are given below:-

(i) **SAIL** has earmarked an amount of ***Rs. 4000.00 crore*** for Modernization and Expansion, various ongoing and new schemes/ projects, AMR schemes and contribution to joint venture companies.

(ii) Outlay of ***Rs. 1400.00 crore*** has been provided for **Rashtriya Ispat Nigam Ltd**. Major portion is earmarked for Coke Oven Battery-5, Augmentation of Water, Central Despatch Yard, Wheel Plant etc.

(iii) Outlay of ***Rs. 3010.00 crore***, has been provided for **NMDC Ltd.** which is earmarked for major schemes like 3 MTPA Steel Plant at Nagarnar in Chattisgarh, Slurry Pipeline Project, Third Screening Plant at Kirandul, Other Capital Schemes and Addition, Modification and Replacements (including Township & ERP).

(iv) **KIOCL** has allocated an outlay of **Rs. 317.00 crore** for Obtaining Statutory clearances for execution of Devadari iron ore Mining lease deed; Setting up of Coke Oven Plant at Blast Furnace Unit, Mangalore; and Setting up of 2 MTPA pellet plant at RINL premises, Vishakhapatnam, JV project of KIOCL and RINL.

(v) **MOIL** has allocated plan outlay of **Rs. 209.74 crores**, for FY 2019-20 towards sinking/deepening of vertical shafts at Balaghat, Ukwa, Munsar and Munsar mines, development of new areas and acquisition of land, forest and environment clearance including prospecting and exploration and AMR schemes, township, R&D.

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

(vii) **MSTC** has earmarked an outlay of **Rs. 44.40 crores** for Equity contribution towards setting up of Auto Shredding Plant through JV MMRPL; and construction of office building, purchase of office premises & furnishing, etc.

(viii) **FSNL** has allocated an outlay **of Rs. 18.12 cores**, on account of addition/modification/replacement of equipment.

(ix) **SRCL** has allocated Rs. 15.00 crore for installation of electric Curing Furnace for curing Magnesite Carbon Bricks etc.

3.4 Asked about the details of PSU-wise plan outlays/IEBR for Annual Plan, 2019-20 (BE) and Actual upto June, 2019, the Committee have been informed as under:-

*(Rs. in crore)*

| No. | Name of the PSU/ Organisation | Budget Estimates 2019-20 | | | Actual Expenditure 2019-20 (upto June'19) | | |
|---|---|---|---|---|---|---|---|
| | | IEBR | B.S. | Total | IEBR | B.S. | Total |
| | **A. Schemes of PSUs** | | | | | | |
| 1 | SAIL | 4000.00 | 0.00 | 4000.00 | 905.00 | 0.00 | 905.00 |
| 2 | RINL* | 1400.00 | 0.00 | 1400.00 | 253.25 | 0.00 | 253.25 |
| 3 | MECON Ltd. | 5.00 | 0.00 | 5.00 | 0.74 | 0.00 | 0.74 |
| 4 | MSTC Ltd. | 44.40 | 0.00 | 44.40 | 0.37 | 0.00 | 0.37 |
| 5 | FSNL** | 18.12 | 0.00 | 18.12 | 4.62 | | 4.62 |
| 6 | NMDC Ltd. | 3010.00 | 0.00 | 3010.00 | 343.00 | 0.00 | 343.00 |
| 7 | KIOCL Ltd. | 317.00 | 0.00 | 317.00 | 0.50 | 0.00 | 0.50 |
| 8 | MOIL Ltd. | 209.74 | 0.00 | 209.74 | 34.23 | 0.00 | 34.23 |
| 9. | SAIL Refractory Co. Ltd. | 15.00 | 0.00 | 15.00 | 0.00 | 0.00 | 0.00 |
| | ***TOTAL - A*** | **9019.26** | **0.00** | **9019.26** | ***1541.71*** | ***0.00*** | ***1541.71*** |
| **10** | **B. Scheme for Promotion of R&D in Iron & Steel sector** | | | | | | |
| | Scheme for promotion of R&D in Iron & Steel sector | 0.00 | 15.00 | 15.00 | 0.00 | 1.83 | 1.83 |
| | ***TOTAL - B*** | ***0.00*** | ***15.00*** | ***15.00*** | **0.00** | ***1.83*** | ***1.83*** |
| | **C. Other Central Sector Expenditure** | | | | | | |
| | Upgradation of Ispat General Hospital Roukela to a Super-specialty Hospital | ***0.00*** | **190.04** | ***190.04*** | ***0.00*** | ***0.00*** | ***0.00*** |
| | ***TOTAL - C*** | ***0.00*** | **190.04** | ***190.04*** | ***0.00*** | ***0.00*** | ***0.00*** |
| | **GRAND TOTAL – A + B + C** | **9019.26** | ***205.04*** | ***9224.30*** | ***1541.71*** | ***1.83*** | ***1543.54*** |

*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.

## C. STEEL AUTHORITY OF INDIA LTD.(SAIL)

3.5 It has been informed that SAIL has planned an outlay/IEBR of Rs.4000 crore for the Financial Year 2019-20 (BE) vis-a-vis Rs.4300 Crore for 2018-19. The Budget Estimates are made based on the actual and anticipated physical progress of the projects under implementation (including the on-going Modernization & Expansion Plan) and the projects planned to be sanctioned during current & next financial years. The details of the physical and financial performance during the last four years (2015-16, 2016-17, 2017-18, 2018-19) and targets at BE 2019-20 and achievements upto June, 2019 are as under:-

PHYSICAL PERFORMANCE

*(in million tonnes)*

| No | Item | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | |
|---|---|---|---|---|---|---|---|
| | | (Actual) | (Actual) | (Actual) | (Actual) | BE | Actual (Upto June 2019) |
| (i) | Hot Metal | 15.72 | 15.73 | 15.98 | 17.51 | 18.30 | 4.32 |
| (ii) | Crude Steel | 14.28 | 14.50 | 15.02 | 16.27 | 17.27 | 3.93 |
| (iii) | Saleable Steel | 12.38 | 13.87 | 14.07 | 15.07 | 16.20 | 3.65 |
| (iv) | Pig Iron | 0.64 | 0.50 | 0.27 | 0.48 | 0.30 | 0.19 |
| | Saleable Production (iii+iv) | - | - | 14.34 | 15.55 | 16.50 | 3.85 |

FINANCIAL PERFORMANCE

*(Rs. in crore)*

| No | Item | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|---|---|
| | | (Actual) | (Actual) | (Actual) | (Actual) | BE |
| (i) | Income | 43934 | 50182 | 58311.00 | 70217.00 | 73853.00 |
| (ii) | Operating Cost | 46986 | 49510 | 53209.00 | 59950.00 | 63214.00 |
| (iii) | Gross Margin | -3052 | 672 | 5102.00 | 10267.00 | 10639.00 |
| (iv) | Profit (Loss) before Tax | -7198 | -4851 | -759.00 | 3338.00 | 3733.00 |
| (v) | Profit (Loss) after Tax | -4137 | -2833 | -482.00 | 2179.00 | 2428.00 |
| (vi) | Dividend proposed | 0 | 0 | 0.00 | 0.00 | 0.00 |
| | *of which:* Dividend paid/proposed to the Govt. of India | 77.45 | 0 | 0.00 | 0.00 | 0.00 |

3.6 On being asked to furnish Project-wise reasons for lower expenditure during first quarter of 2019-20, SAIL has informed as under:-

| Sl | Plant | Plan Outlay (2019-20), BE | | Actual Utilisation Till Jun'19 | Reasons for lower expenditure |
|---|---|---|---|---|---|
| | | 19-20 | Till Jun'19 | | |
| 1 | Bhilai Steel Plant | 1032 | 258 | 241 | The shortfall is mainly due to poor progress of |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | balance Modernization and Expansion packages and milestone payments of completed packages. |
| 2 | Durgapur Steel Plant | 185 | 46 | 30 | Less expenditure on ongoing schemes |
| 3 | Rourkela Steel Plant | 1378 | 301 | 303 | - |
| 4 | Bokaro Steel Plant | 955 | 247 | 260 | - |
| 5 | IISCO Steel Plant | 140 | 32 | 50 | - |
| 6 | Alloy Steels Plant | 3 | 0.75 | 0.14 | - |
| 7 | Salem Steel Plant | 5 | 1 | 0.59 | - |
| 8 | Visweswarya Iron & Steel Plant | 4 | 1 | 0.31 | - |
| 9 | Raw Materials Division | 263 | 66 | 13 | Shortfall is due to no progress of site works in Gua Expansion Project due to pending Forest Clearance. |
| 10 | Central Units | 31 | 4 | 5 | - |
| 11 | Chandrapur Ferro Alloy Plant | 4 | 3 | - | - |
| | Total | 4000 | 961 | 905 | |

3.7 The Committee have observed that the target for saleable steel production for SAIL at BE(2019-20) is 16.50 MT as compared to 15.55 MT AE during 2018-19. When enquired about the steps taken by SAIL to market its entire saleable steel produced in view of steel prices falling globally, the Ministry of Steel has stated to have taken the following steps to market its entire saleable steel produced:-

- Regular Coordination with Plants is being done regarding having a product mix which is saleable in market and leads to maximum contribution.
- Focused approach is being adopted for increasing project sales by close monitoring of various public tenders covering procurement of steel and award of works to various contractors.

- Servicing small orders / materials with specific technical delivery conditions of consumers from stockyard by planning in time and supplying entire basket of requirements.
- As a part of larger marketing initiative for Parallel Flange Sections (PFS), SAIL has started awareness programmes at important / major engineering colleges / institutes across the country for students / teachers of Civil Engineering with special focus on steel structural design with a basis purpose to promote use of parallel flange sections and also to promote Brand SAIL & NEX among budding engineers.
- Certain marketing initiatives like Key Accounts Management, 2-Tier retail, channel, focused verticals like sales, Marketing & Marketing Services have been taken.
- Increased thrust on exports with renewed focus on overseas market since neighboring markets are slowing down.
- Marketing Executives at all levels are aggressively contacting each and every customer and trying to win over competitors' customers as they have been doing with SAIL customers.
- Customer-Plant-CMO interface meeting at Plant locations are being done regularly.
- Rolling out of Tier 2 and Pilot launch of Tier 1 distributorship scheme to strengthen dealer/distributorship network across the country has been undertaken.
- Channel Financing options are being explored to enable customers to increase their offtake. Workshops have been conducted with big project customers like AFCONS, Vibhor Steel Tubes, Sanvijay, Shapoorji Pallonji etc. at Chennai and Mumbai in the month of September 2019.
- Extensive Workshops, Interactive sessions have been held across the customer segments at various locations
- Customer felicitation programmes have been launched during the year to further strengthen the relationship. So far, 6 programmes have been organized at Pan India level and 203 esteemed customers have been felicitated.

3.8 Further, SAIL has adopted the following cost cutting measures to reduce the Operating Cost and improving the profitability:-

- Production optimization and product-mix improvement
- Improvement in techno-economic parameters.
- Rationalization of manpower through VRS.
- Identification and closure of uneconomic activities.
- Rationalizing production from relatively inefficient routes of production.
- Waste Management.
- Strict control on demurrage expenses.

- Reduction in various items of administrative expenses.
- De-proprietorisation of items of stores & spares, plant & machinery, maintenance services, etc.
- Reduction in inventory of finished/semi-finished products, stores & spares and raw materials, etc.
- Monitor and reduce handling and transit losses of imported coal.
- Reduction in logistic cost for transportation of coal being imported
- Reduction in Cost of Capital by substitution of high cost debts with low cost long/short term funds.
- Reduction in specific water consumption.

3.9 It has been added that in view of above steps taken by SAIL, there has been a turnaround from Profit/Loss before Tax of Rs. (-)759 crore in the FY 2017-18 to Rs. 3338 crore in the FY 2018-19.

3.10 Regarding the major achievements of SAIL for (2018-19), it has been informed that Saleable Steel Production increased to 15.1 MT during the year which registered a growth by 7% compared to the previous financial year. Production of Crude Steel through the Concast Route, which is an energy efficient route, was also the highest i.e.13.8MT. Sales Turnover increased to Rs. 66,267 crores, which registered an increase of 13.7% in the financial year 2018-19 as compared to the previous financial year. SAIL developed around 20 new products during the year 2018-19 which would strengthen the country in strategic areas like defense, railways, electricity, etc. Continuing the tradition of being the preferred supplier of steel for projects of National Importance, SAIL supplied steel for strategic / iconic projects like Statue of Unity (World's Tallest Statue), Bogibeel Bridge (Longest Rail-cum-Road Bridge), Kishanganga and Turial Hydro Project, Eastern and Western Peripheral Expressway, Lucknow-Agra Expressway, etc. SAIL exported 7.60 lakh Tonne which was the best in the last 13 years. Some of the new markets serviced by SAIL include supplying CR Coils to Sri Lanka, Italy, Spain and UAE, TMT Bars to Bangladesh, Blooms to Taiwan, Indonesia and Structurals to UAE and Ivory Coast.

3.11 As regards the current status of modernization and expansion of various units, SAIL has informed that the Modernization and Expansion at Rourkela, Burnpur, Durgapur, Bokaro and Salem Steel Plants has been completed and various facilities are under operation, stabilization & ramp up. At Bhilai Steel Plant, major facilities under Modernization & Expansion have been completed and the integrated process route is in operation.

## D. RASHTRIYA ISPAT NIGAM LIMITED (RINL)

3.12 It has been informed that the Company's capital structure as on 31st March, 2019 comprises of Rs. 4889.85 crore of Equity Capital and entire shares are held by the Govt. of India. The details of the physical and financial performance during 2017-18, 2018-19 and targets at BE 2019-20 and achievements upto June, 2019 are as under:

**PHYSICAL PERFORMANCE**

*(in 'Million tonnes)*

| No | Item | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | |
|---|---|---|---|---|---|---|---|
| | | (Actual) | (Actual) | (Actual) | (Actual) | BE @ | Actual Upto June 2019 |
| (i) | Hot Metal | 3.975 | 4.386 | 5.132 | 5.769 | 6.500 | 1.451 |
| (ii) | Crude Steel | 3.641 | 3.962 | 4.731 | 5.233 | 6.081 | 1.301 |
| (iii) | Saleable Steel | 3.513 | 3.847 | 4.500 | 5.000 | 5.800 | 1.201 |
| (iv) | Pig Iron | 0.116 | 0.150 | 0.104 | 0.117 | 0.059 | 0.026 |

@ Based on the Draft MoU 2019-20

**FINANCIAL PERFORMANCE**

*(Rs. in crore)*

| No | Item | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | |
|---|---|---|---|---|---|---|---|
| | | (Actual) | (Actual) | (Actual) | (Actual)# | BE @ | Actual Upto June 2019 (Provisional) * |
| (i) | Income | 10480.58 | 12679.03 | 14872.42 | 20817.22 | 26230.00 | 3836.40 |
| (ii) | Operating Cost | 11271.07 | 12942.92 | 14526.23 | 19035.55 | 23635.90 | 3907.98 |
| (iii) | Gross Margin | -790.49 | -263.89 | 346.19 | 1781.67 | 2594.11 | -71.58 |
| (iv) | Profit (Loss) before Tax | -1417.23 | -1690.49 | -1911.45 | -324.82 | 139.10 | -699.27 |
| (v) | Profit (Loss) after Tax | -1420.64 | -1263.16 | -1369.01 | 77.67 | 389.10 | -636.78 |
| (vi) | Dividend paid | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | of which : Dividend paid/proposed to the Govt. of India | - | - | 0.00 | 0.00 | 0.00 | 0.00 |

E. # Subject to CAG Audit and clearance of Board
F. @ Based on the MoU 2019-20
G. * As per approved Monthly Working Result upto June 2019

3.13 As informed, the income and the Operating Cost of RINL proposed for BE(2019-20) was Rs. 26230 crore and Rs. 23635.90 crore respectively. But for the first quarter, the Operating Cost has surpassed the Income by Rs. 71.58 crore i.e. at Rs. 3907.98 crore against Income of Rs. 3836.40 crore. Despite posting a profit of Rs. 77.67 crore (subject to CAG Audit and clearance of Board) during 2018-19, RINL has incurred losses to the tune of Rs. 636.78 crore in the first quarter of 2019-20.

3.14 When asked about the reasons for continuous losses being incurred by RINL, the Ministry of Steel in its written reply has informed the Committee as under:-

(i) RINL made profits consecutively from 2002-03 to 2014-15 to the tune of Rs.12956 Crore. However, since 2015-16, the profitability came under severe pressure due to sluggish market condition owing to lack of demand and cheap imports from China. The downturn in steel industry, continued longer for Long Product segment in India. The Company again started making Profits After Tax in 2018-19 i.e, Rs.96.71 Crore on ramping up of production from expansion units as well as slight improvement in the market scenario.

(ii) The Company is in the transition phase of expansion and parallel modernization of its old units. The modernization has become a technological necessity as the old units are in operation for more than two decades. The expansion units have been stabilized and production is being ramped up. The modernization of major units was completed in 2017-18.

(iii) RINL is dependent on external sources for critical raw materials such as Iron Ore and Coking Coal due to lack of captive mines. The prices of these materials has been continuously increasing during the last few years. As Iron Ore and Coking Coal constitute more than 50% of the total cost, the above increase had severe impact on the financials. On account of this, RINL is not only at a cost disadvantage of about Rs.4,000/t of saleable steel, but also subjected to market price fluctuations.

(iv) There is a considerable increase towards financing cost and depreciation due to capitalization of its major units under expansion and modernization.

3.15 As regards the reasons for Losses incurred by RINL in first quarter of 2019-20 are concerned, it has been stated that as per accounts of Q-1 2019-20, the Company has incurred loss of Rs.658 crore as against profit of Rs.17 crore in CPLY. The Net Sales Realization upto Jun'19 has reduced by 7% as compared to CPLY. There is an increase in variable cost of production of Saleable Steel upto Jun'19 by around 7% as compared to CPLY, contributed by increase in Iron Ore prices and increase in Exchange Rate of US Dollar. The financing cost upto Jun'19 has increased by Rs.59 Crore or 20% [i.e, Rs.346 crore against Rs.287 crore during CPLY] due to increase in borrowings and capitalization of assets. The Depreciation upto Jun'19 has increased by Rs.33 Crore or 14% [i.e, Rs.271 crore against Rs.238 crore during CPLY] due to capitalization of assets. In view of the above, the gross margin has reduced and loss has increased over CPLY.

3.16 The Committee desired to know that in the given circumstances, how does RINL plan to achieve BE(2019-20) profit target of Rs. 389 crore. In reply, the Ministry of Steel has stated that under MoU 2019-20, the target of Profit After Tax (PAT) of Rs.389 crore was arrived considering Profit Before Tax (PBT) of Rs.139 crore and deferred tax credit of Rs.250 crore with Revenue from Operations of Rs.26000 crore and Net Sales Realisation (NSR) at Rs.42000/- per tonne of Saleable Steel. However, with recession in the world economy / extremely sluggish market scenario specially for long products, the NSR has considerably reduced to Rs.36920 per tonne (upto Jun2019) i.e, reduction by Rs.5,080 per tonne as compared to NSR envisaged under MoU 2019-20. Further, due to extremely sluggish market scenario, the volume of sales upto Jun'2019 is also less i.e. at 8.92 lakh tonnes of saleable Steel as against envisaged target of Q-1 at 11 lakh tonnes. Considering the same, the loss upto Jun'19 has increased to Rs.658 crore. The market as well as NSR has further fallen month to month and as a result during the month of Sep'2019, the NSR reduced to Rs.31759 per tonne of Saleable steel. Till Sep'2019, the sales volume is also only 19.05 lakh tonnes as against the target of 25.50 lakh tonnes. Under the present typical market scenario, achieving the targeted BE (2019-20) profit of Rs.389 crore is a challenge. However, RINL has been making efforts to face the challenges through improvement in productivity, techno-economics, increasing production of value added products, cutting operating cost and austerity measures so as to improve the performance of the Company. Also, RINL has appointed McKinsey and Company to suggest measures to be adopted by RINL for improvement its profitability.

3.17 When asked to enumerate the cost cutting measures being adopted by RINL during the last 3 years and their effect thereon, the Ministry has informed that RINL has been making all efforts to reduce the cost production. As cost of Blast Furnace Coke is the single largest contributor to cost accounting for about 35-40% of total cost, the focus has been to replace the same with Pulverised Coal Injection, which is a cheaper alternative. Significant improvement could be obtained in other major cost contributors like Labour Productivity and Specific Energy Consumption. The details are given as under:-

| | | **2016-17** | **2017-18** | **2018-19** | **2019-20 (up to Sep)** |
|---|---|---|---|---|---|
| **Pulverised Coal Injection in BF** | Kg/tHM | 23.4 | 53.6 | 59.2 | 82.7 |
| **Labour Productivity** | tCS/man year | 375 | 451 | 489 | 465 |
| **Specific Energy Consumption** | Gcal/tcs | 6.39 | 6.05 | 5.98 | 6.00 |

The Pulverised Coal Injection rate in Blast Furnaces improved further to 119.2 kg/tHM in Sep'19, with 139 kg/tHM in BF-3 and 110 kg/tHM in BF-2.

3.18 Besides the above major cost reduction initiatives, saving opportunities are monitored in all the departments, by a dedicated Cost Monitoring Group. Further, savings are achieved through Recycling of Waste generated during the steel making process like metallurgical waste, Cal Lime screening, Slag, Used refractories, Process returns, Reclamation of spares, etc.

3.19 The Committed have desired to know about the expansion plan/commissioning of new plants by RINL during the next 3 years. The Ministry of Steel has furnished the details in a tabular form as under:-

| S.No. | Name of the Project | Description | Estimated Project Cost (Rs. Crore) | Remarks |
|---|---|---|---|---|
| 1 | Rebar Mill | To minimize semis | 431 | • To be retendered as per Board Direction.<br>• Completion schedule is 24 months from award of work. |
| 2 | ASU-VI | To meet the demand at 6.3 MTPA stage and standby for existing old ASUs | 244 | • Consultancy is finalized.<br>• Tender is being issued with a completion schedule of 24 months from award of work. |
| 3 | Revamping of one of the existing Boilers. | Improve boiler efficiency, make them safer and compliance with safety and environmental regulations | 100 | Project conceived. Project yet to be approved. |
| 4 | Augmentation of pipelines/pump house at TPP-1 | To renovate the corroded & ageing pipes and minimize the breakdowns of critical equipment. | 150 | Project conceived. Project yet to be approved. |
| 5 | Sinter Machine#4 | To meet the requirement of enhanced Production | 710 | Project conceived. Project yet to be approved. |

| | | | | |
|---|---|---|---|---|
| 6 | Coke Oven Battery-1 Rebuilding. | For rebuilding of old battery and its associated facilities | 944 | • COB-1 rebuilding will be taken up after COB-BOO (NR-HR battery) is commissioned and stabilized.<br>• Completion schedule is 31 months from award of work. |
| 7 | Coke Oven Battery-2 Rebuilding. | For rebuilding of old battery and its associated facilities | - | COB-2 rebuilding will be taken up after completion of rebuilding of COB-1 and its stabilization. |

**C. NMDC Ltd.**

3.20 It has been informed that the authorized share capital of the Company is Rs. 400.00 crore. The paid up Equity Share Capital is Rs. 306.19 crore as on 31.03.2019, out of which 72.28% is held by the Government of India and the balance 27.72% is held by the financial institution/banks/individuals/employees etc. The details of the physical and financial performance during 2017-18, 2018-19 and targets at BE 2019-20 and achievements upto June, 2019 are as under:

**PHYSICAL PERFORMANCE**

| No. | Item | 2017-18 | 2018-19 | 2019-20 | |
|---|---|---|---|---|---|
| | | (Actual) | (Actual) | BE | Actual(Upto June 2019)# |
| (i) | **PRODUCTION:** | | | | |
| | IRON ORE (LT) | 355.76 | 323.61 | 370.00 | 69.75 |
| | DIAMONDS (CARATS) | 39394 | 38149 | 37000 | 5088 |
| | SPONGE IRON (MT) | 0 | 2742 | 4500 | 0 |
| | PELLETS (LT) | 0.58 | 1.16 | 3.00 | 0.14 |
| | STEEL (LT) | 0 | 0 | 2.50 | 0.00 |
| (II) | **SALES** | | | | |
| | IRON ORE (LT) | 360.75 | 323.56 | 372.00 | 67.78 |
| | DIAMONDS (CARATS) | 33175 | 29346 | 37000 | 4792 |
| | SPONGE IRON (MT) | 0 | 496 | 4500 | 0 |
| | PELLETS (LT) | 0.43 | 1.12 | 3.00 | 0.22 |
| | STEEL (LT) | 0 | 0 | 2.25 | 0.00 |

# Provisional

**FINANCIAL PERFORMANCE**

*(Rs. in crore)*

| No. | Item | 2017-18 | 2018-19 | 2019-20 | |
|---|---|---|---|---|---|
| | | (Actual) | (Actual) | BE | Actual (Upto June 2019)# |
| (i) | Total Income | 12135 | 12741 | 13550 | - |
| (ii) | Operating Cost | 5663 | 5223 | 6974 | - |
| (iii) | Gross Margin (1-2) | 6472 | 7518 | 6576 | - |
| (iv) | Profit (Loss) before Tax | 6179 | 7198 | 6090 | - |
| (v) | Profit (Loss) after Tax | 3806 | 4642 | 3787 | - |
| (vi) | Dividend paid/ Proposed* | 1677 | 1690 | 1425 | - |
| | *Of which :* | | | | |
| | Dividend paid/ proposed to the GOI | 1222 | 1222 | 1030 | - |

*# Financial figures will be intimated after adoption of Q1 accounts by the Board.*

3.21 On being asked about the current position of various projects of NMDC Ltd. and reasons for lower expenditure during first quarter i.e. upto June, 2019, the Ministry of Steel in has informed that the Capex up to June 2019 is Rs. 343 crore and Rs. 717 crore upto September, 2019. The progress in respect of the major projects of NMDC Ltd. are as under:-

**(i) Nagarnar Steel Plant:**

There is stated to be slow progress and low CAPEX at the Steel Plant. The reason for the same is stated to be the deferment in the date of commissioning of the plant due to poor performance of M/s BHEL in Raw Material Handling System (RMHS) package and M/s Shriram EPC & M/s BEEKEY in By-product Plant. Also, most of the payments planned during the review period are milestone payments related to Commissioning activities. As the commissioning date got deferred, the related CAPEX also got deferred.

The reasons of delay in major packages are as under:

- In Raw Material Handling System (RMHS) package, the contract with M/s BHEL was terminated in July'19 due to under performance and later reinstated on 27.08.2019 to obviate further delays in the process of tendering for fresh contractor and related issues.

- In By Product Plant, despite extending financial support to the contractor in the form of direct payments to sub-contractors, etc., the lead contractor, M/s Shriram EPC has not been showing adequate progress in completing the project due to which a proposal for termination is under examination.

- Because of the slow progress in the RMHS package, the balance activities of Sinter plant like supply of refractories for furnace and erection linked to RMHS package were kept on hold for some time.

- In Steel Melting Shop package, major capex was held up because of non-supply of refractory by M/s Primetals who is the principal contractor.
- In Lime & Dolomite Calcination Plant package, M/s Sinocalci, China has delayed ordering of indigenous equipment's like conveyor system and Supply of foreign and indigenous equipments due to which capex is lower than the projection.

- In Power Blowing Station package, Turbo blower, Oxygen Plant, Compressed Air Station, Plant Power Distribution System, Water package, only milestone payments related to commissioning activities are pending for release. Punch points for PAC are being addressed, once completed payments will be made against milestones.

- In Railway Packages Supply of locomotives has been deferred as per the site requirements.

- In township packages inadequate resources like manpower shortage and equipment mobilization by the contractors, M/s JMC project and M/s Kunal Infra Pvt Ltd has resulted in shortfall in capex.

- Incessant rain during the monsoon months has also effected the outdoor work severely.

Considering the overall progress of over 83% till date, the anticipated date of commissioning of Steel Plant is July 2020.

**(ii) <u>Slurry Pipeline</u>**

3.22 The Status of Corridor of land for Right of Use for laying the Slurry Pipeline is as under:

- The pipeline passes through 61 villages in Dantewada, Tokapal &Jagdalpur divisions. Gazette under Section 3(1) for a corridor of land for Right of Use was published on 05.01.2018 & distribution of the same to the individual land owners is also completed. Against 1064 notices served, NMDC has received 356 objections from the effected land owners.

- Presently, the demarcation of pipeline corridor, tree enumeration and assessment of infrastructure is in progress in all the three divisions in the presence of concerned Govt. officials & affected land owners.

- Out of 61 villages, demarcation in 55 villages has been completed. Due to stiff resistance from villagers the demarcation works are pending in following 06 villages:

  - Bade Bacheli (Dantewada division)
  - Mavlibhatta, Pathrliudwa & Parpa (Tokapal division)
  - Burundwara Semra & Telisemra (Jagdalpur division)

3.23 It has been stated that because of the non-availability of the required clearances as above, the planned works could not be awarded and thus resulted in shortfall in CAPEX during the review period.

3.24 Further, the possibility of inducting a strategic partner for construction and operation of the Slurry Pipeline is being considered by the management of NMDC. Action is on hand for engagement of a transaction advisor with regard to the same. If the proposal is executed as envisaged, NMDC would not be required to invest further in this scheme. Thus the CAPEX planned for the balance period of current year is reduced to minimal.

**(iii) <u>3rd Screening Plant at Kirandul</u>**

- The site levelling package for the scheme was awarded to M/s R K Infra at a total cost of Rs 89 Crore in June 2018 with a completion period of 24 months. This work was excluding the blasting operations which was kept under the scope of NMDC at the time of award of contract. However, the blasting work could not be completed by NMDC as the area of SP-III is outside the mining lease area where blasting is not permitted. The permission for blasting is not received till date as the area is a Maoist prone area. Further election in the region also added to the process getting delayed. This has resulted in slow progress of work at site.

  Now, the Company is considering alternative for the blasting by executing the work using Chemical / Expansive Cement Mortar for which specific approval would not be required and the work will be taken up by the contractor in his scope.
- Rapid Wagon Loading System (RWLS) was awarded for Rs 38.75 crore to M/s Kee Projects Ltd with effective date of contract as Oct 2016 with a completion period of 18 months. This work got delayed for the reason that the required permissions from Railways could be obtained only on 16.05.2019.

  Thus the planned CAPEX on the scheme could not be met during the review period.

**Other Schemes:**

**Exploration work at Gold Mine, Tanzania**

- Ministry of Energy & Minerals, Govt. of Tanzania has granted 4 ML's (total area 38.83 Sq.Kms) in Bulyang'Ombe area on 13.02.2012.

- The exploration work which was awarded to M/s Geovale Services Private Limited, Kolkata in May'19 and the work commenced only in the month of Aug'19.

- Against the Open Tender Enquiry issued in May'2018 for Appointment of Agency for *"Setting up of modular gold processing plant (pilot scale), mine development and allied mine operations for NMDC's BulyangÓmbe Mining License area (Tabora Region), Tanzania",* single offer was received which was also not techno commercially qualified and the work is being proposed for retendering. The estimated cost of the package is USD 7.05 Mn (~ Rs 51 Crore).

  It has been stated that as the work could not be awarded, the planned CAPEX of Rs. 25 crore could not be met during the review period.

**D. MSTC Ltd.**

3.25 It has been informed that as on 31.03.2019 the Authorised Share Capital of MSTC Limited was Rs. 150.00 crore and paid up share capital was Rs. 70.40 crore of which approximately 64.75% is held by the President of India and 35.25% is held by Public. The shares of the Company were listed on both BSE Ltd. and National Stock Exchange of India Ltd. on 29$^{th}$March, 2019. Consequently the holding of the president of India in the equity share capital of the Company was reduced to 64.75% from 89.85%. The details of the physical and financial performance during 2017-18, 2018-19 and targets at BE 2019-20 and achievements upto June, 2019 are as under:

**PHYSICAL PERFORMANCE**

3.26 Since MSTC is not a manufacturing concern, its physical performance in terms of value of business under Marketing and Selling Agency is given below:

*(Rs. in crore)*

| No | Item | 2017-18 | 2018-19 | 2019-20 | |
|---|---|---|---|---|---|
| | | (Actual) | (Actual) | BE | Actual (Upto June 2019) |
| (i) | E-Commerce | 72659 | 103588 | 163600 | 20678 |
| (ii) | Trading | 9352 | 7649 | 4850 | 665 |

**FINANCIAL PERFORMANCE**

*(Rs. in crore)*

| No | Item | 2017-18 | 2018-19 | 2019-20 | |
|---|---|---|---|---|---|
| | | (Actual) | (Actual) | BE | (Actual) (Upto June 2019) |
| (i) | Income | 2459.50 | 2968.53 | 525.00 | 388.67 |
| (ii) | Operating Cost | 2346.45 | 3236.50 | 250.00 | 350.96 |
| (iii) | Gross Margin | 113.05 | -267.97 | 275.00 | 37.71 |
| (iv) | Profit (Loss) before Tax | 111.60 | -269.21 | 212.00 | 29.56 |
| (v) | Profit (Loss) after Tax | 76.63 | -324.47 | 137.92 | 19.23 |
| (vi) | Dividend paid/ proposed | 24.99 | 26.05 | Not Available | Not Available |
| | *Of which :* | | | | |
| | Dividend paid/ proposed to the Govt. of India | 22.45 | 23.40 | 27.11 | 0.00 |

3.27 The reasons for lower expenditure by MSTC Ltd. during first quarter of 2019-20 have been furnished as under:-

(Rs. in crore)

| Description | CAPEX 2019-20 (BE) | Cumulative CAPEX upto 30.09.2019 | Remarks |
|---|---|---|---|
| Equity contribution towards Setting up of Auto Shredding Plant through JV MMRPL | 4.40 | 0 | * |
| Construction of office building, purchase of office premises, etc. | 35.00 | 0 | ** |
| Misc. items of Administrative in nature | 5.00 | 0.84 | *** |
| **Total** | **44.40** | **0.84** | |

| |
|---|
| * The Business and the Profitable Revenue model for the JV of both the parties viz., Mahendra and MSTC, is still under consideration and yet to be finalised. Therefore the funds were underutilized. |
| ** The construction of office building is in progress and is likely to be completed by March 2020. Apart from this, MSTC is also planning to acquire office building at New Delhi for its Regional Office. |
| *** For new server purchase. |

3.28 MSTC Ltd. posted a profit of Rs. 76.63 crore in 2017-18. But during 2018-19, the Operating Cost of MSTC was at Rs. 3236.50 crore, exceeding the income at Rs. 2968.53 crore due to which the Company incurred a loss of Rs. 324.47 crore. When asked to furnish the reasons for the same, the Ministry of Steel has stated that due to the provisions in the recently enacted Insolvency and

Bankruptcy Code (IBC), all the outstandings in the trading business had to be provisioned in 2018-19, which resulted in the loss of Rs.324.47 crore.

3.29 When asked to enumerate the restrictions/difficulties/hurdles being faced by MSTC Ltd. in pursuing its trading business, the Ministry of Steel has stated that the main problems faced by MSTC Ltd. in trading business include unauthorized lifting, non-payment, weathering of materials etc. Further, the slowdown in the steel sector in which MSTC Ltd. had majority of the exposure and the recently enacted Insolvency and Bankruptcy Code (IBC) have proven to be major hindrances to the cash and carry model of trading business. IBC does not give any preference to operational creditors in comparison to the Financial creditors like MSTC Ltd. in regard to the claims filed by it before the Resolution Professional (RP) in respect of the MSTC's customer who have been referred to National Company Law Tribunal (NCLT) under the IBC law. In most of the cases, the amount claimed by MSTC have not been paid for under NCLT resolution process in spite of the claim been scrutinized and admitted by the RP. In view of the above mentioned difficulties, MSTC has taken a decision to do only Bank Guarantee (BG) backed procurement business.

3.30 The target for trading by MSTC has been almost halved from Rs. 9250 crore in BE(2018-19) to Rs. 4850 crore in BE(2019-20). The Committee have observed that MSTC Ltd. is shifting out of its cash and carry trading business because of the risk of non- payment by the customers for whom material has been procured and the number of customers have been reduced to 4 from over 29. MSTC intends to increase its Bank Guarantee backed procurement business. Under this model, since the risks of non –payment by a customer is secured by the Bank Guarantee submitted by customer concerned, MSTC's exposure is secured. In addition, MSTC is carrying out the business on a limited scale under the Associate Supplier Model. Under this model, MSTC is not exposed financially to any risk as all the financial and others risks are borne by the concerned Associate Supplier and MSTC makes payment to the concerned Associate supplier only after getting the payment from the concerned Buyer, which is a PSU in almost all the cases.

## E. **MOIL Ltd.**

3.31 It has been informed that the Authorized Capital of the Company is Rs. 300.00 crore and the paid-up capital at the end of 31st March, 2019 is Rs. 257.61crore. The Government of India and State Government of Maharashtra and Madhya Pradesh are the shareholders of the Company, with the Govt. of India equity to 56.01%. The details of the physical and financial performance during 2017-18, 2018-19 and targets at BE 2019-20 and achievements upto June, 2019 are as under:

**PHYSICAL PERFORMANCE**

*(in MT)*

| No. | | 2017-18 | 2018-19 | 2019-20 | |
|---|---|---|---|---|---|
| | | (Actual) | (Actual) | BE | Actual (Upto June 2019)* |
| | **PRODUCTION:** | | | | |
| (i) | Manganese Ore | 1201113 | 1301191 | 1450000 | 317556 |

** Provisional and unaudited*

**FINANCIAL PERFORMANCE**

*(Rs. in crore)*

| No. | | 2017-18 | 2018-19 | 2019-20 | |
|---|---|---|---|---|---|
| | | (Actual) | (Actual) | BE | Actual (Upto June 2019)* |
| (i) | Income | 1501.18 | 1631.48 | 1686.95 | 324.73 |
| (ii) | Operating Cost | 853.26 | 911.73 | 985.05 | 209.33 |
| (iii) | Gross Margin | 710.37 | 786.58 | 770.61 | 133.40 |
| (v) | Profit (Loss) Before Tax | 647.92 | 719.75 | 701.90 | 115.40 |
| (v) | Profit (Loss) After Tax | 421.99 | 473.89 | 456.63 | 75.46 |
| (vi) | Dividend Paid/ Proposed | 144.31 | 154.57 | 136.99 | |
| | *Of which :* | | | | |
| | Dividend paid/ proposed to the GOI | 89.84 | 79.35 | 0 | 0 |

** Provisional and unaudited*

3.32 As per the information furnished to the Committee, the Company has increased IEBR component to Rs. 209.74 crore in 2019-20 as compared to Rs. 201.89 crore in 2018-19 (RE) taking into consideration the progress of the ongoing projects and requirements of machineries for achieving the production targets. The Company has incurred an expenditure of Rs. 34.23 crore as against target of Rs. 31.21 crore during the first quarter, which works out to 109.68%.

3.33 The income for MOIL was Rs. 1501.18 crore in 2017-18, it rose to Rs. 1631.48 crore in 2018-19 and is estimated to be Rs. 1686.95 crore in BE(2019-20). Profit of MOIL Ltd. was Rs. 421.99 crore during 2017-18 which rose to Rs. 473.89 crore during 2018-19. BE(2019-20) for profit is projected at Rs. 456.63 crore. MOIL has projected less profit for (2019-20) taking into consideration the prevailing market conditions and substantial downturn in all steel related industries in International and National markets. The Company had projected PAT of Rs. 456.63 crore.

3.34 On being asked to give a brief overview on various activities to be undertaken by MOIL during 2019-20, along with a breakup of funds proposed for each activity, the Ministry has furnish the details as under :-

| | | (₹ in Crores) |
|---|---|---|
| **Sr. No.** | **Name of major project** | **2019-20** |
| 1 | Sinking 2nd vertical shaft at Chikla Mine | 5.00 |
| 2 | Sinking 2nd vertical shaft at Munsar Mine | 10.00 |
| 3 | Sinking 2nd vertical shaft at Ukwa Mine | 15.00 |
| 4 | Sinking of large Dia High speed Vertical Shaft at Balaghat Mine. | 15.00 |
| 5 | Sinking of new High Speed Vertical Shaft at Gumgaon Mine. | 15.00 |
| 6 | Solar Project at Rajgarh - Madhya Pradesh | 0.25 |
| 7 | Mineral exploration project - MoU with M.P. Govt. | 0.50 |
| | **Total (A)** | **60.75** |
| | | |
| 8 | Investment in Joint Venture for Ferro Manganese / Silico Manganese Plant with SAIL. | 0.25 |
| 9 | Ferro Manganese Plant at Bobbili in Joint Venture with RINL. | 0.25 |
| 10 | Development of new areas and acquisition of land, forest and environment clearance including prospecting and exploration. | 7.50 |
| | **Total (B)** | **8.00** |
| | | |
| | **SCHEMES SUB -TOTAL** | **68.75** |

| | | |
|---|---|---|
| 11 | Addition/Modification & Replacement | 105.61 |
| 12 | Township | 33.57 |
| 13 | R & D Scheme/feasibility studies | 1.81 |
| | **GRAND TOTAL :** | **209.74** |

## H. MECON LTD.

3.35 It has been informed that the authorized share capital of the Company as on 31.03.2019 is Rs. 41.00 crore. The paid up Equity Share Capital as on 31.03.2019 is Rs. 40.14 crores. The details of the physical and financial performance during 2017-18, 2018-19 and targets at BE 2019-20 and achievements upto June, 2019 are as under:-

### PHYSICAL PERFORMANCE

It has been stated that as MECON is a consultancy organization, it is not possible to give the physical performance of the Company. The business activities are given in table below:

*(Rs. In crore)*

| No. | Item | 2017-18 | 2018-19 | 2019-20 | |
|---|---|---|---|---|---|
| | | (Actual) | (Actual) | BE | Actual (Upto June 2019) |
| 1. | Business procurement | 1003.43 | 3191.75 | Under finalization | 4189.37 |

### FINANCIAL PERFORMANCE

*(Rs. in crore)*

| No | Item | 2017-18 | 2018-19 | 2019-20 | |
|---|---|---|---|---|---|
| | | (Actual) | (Actual) | BE | (Actual) (Upto June 2019) |
| (i) | Income | 589.46 | 519.73 | 589.00 | 78.25 |
| (ii) | Operating Cost | 534.46 | 499.20 | 566.70 | 106.61 |
| (iii) | Gross Margin | 55.00 | 20.53 | 22.30 | -28.36 |
| (iv) | Profit (Loss) before Tax | 43.99 | 11.18 | 10.47 | -30.96 |
| (v) | Profit (Loss) after Tax | 58.00 | 15.87 | 8.38 | -30.96 |
| (vi) | Dividend paid/ proposed | 0 | 10.27 | 0 | 0 |
| | *Of which :* | | | | |
| | Dividend paid/ proposed to the Govt. of India | 0 | 10.27 | 0 | 0 |

3.36 It has been informed that due to pending finalization of the schemes, the Company could incur only Rs. 0.74 crore upto first quarter of Financial Year 2019-20. The, Company has, however, been able to incur expenditure of Rs. 3.29 crore upto the end of second quarter of Financial Year 2019-20. The Company hopes to meet the plan outlay of Rs. 5.00 crore by end of FY 2019-20.

3.37 During 2018-19, a target of Rs. 3191.75 crore had been fixed for MECON for Business Procurement at RE stage which was fully achieved by the Company. With respect to the MoU target for the Financial Year 2019-20, Pre- Negotiation Committee (PNC)recommended new target named as "New future businesses to be added (Job procurement) in regions or areas where no other CPSEs are providing consultancy in their core competence area" which was subsequently renamed as "New future businesses to be added (Job procurement) in regions or areas beyond the core competence of MECON" in Inter Ministerial Committee (IMC) meeting of Department of Public Enterprises (DPE). Rs. 90 crore have been identified for "New business (Job Procurement) in regions or areas beyond core competence of MECON Ltd. These diversified areas which have been identified are (i) Oil & Gas, (ii) Power and (iii) Infrastructure.

3.38 The Committee have observed that MECON Ltd. has incurred losses of Rs. 30.96 crore during first quarter of Financial Year 2019-20. When asked to furnish reasons for the same, the Ministry of Steel has informed that the past experience reveals that generally in a financial year, the turnover and profitability performance of the Company in H1 (April – Sept.) is lower which improves / ramps up in H2 (Oct.– March). In Q1 FY 2018-19 (April-June, 2018), considerable amount of turnover was realized from ongoing projects of NMDC & SAIL vis-à-vis very nominal value realized during Q1 FY 2019-20. This is mainly for the reason that by the end of FY 2018-19, more than 90 % of fees / job values from the said projects had already been realized. The remaining fees / job values pertain to activities viz. issue of Preliminary Acceptance Certificate (PAC), Commissioning, Performance Guarantee (PG) test, issue of Final Acceptance Certificate (FAC) etc., which usually take longer time. As such, turnover realization from these projects is expected to be low in FY 2019-20.

3.39 It has been stated that although large value of new jobs have been procured in the later half of FY 2018-19, but till date, turnover realization from these jobs is also very low due to their initial project phase. The turnover realization from these new jobs are subsequently expected to ramp up with project progress & milestone achievement. All these new business procurements / new jobs are expected to contribute significantly to revenue from operation / turnover in the later half of FY 2019-20 with resultant improvement in overall profitability.

3.40 As regards steps taken to achieve the MoU targets for FY 2019-20 (Very Good Targets - Revenue from Operation : Rs. 550 crore, PAT as % of Average Net Worth : 4%), the Company is stated to be taking the following measures: -

a) Progress of major projects is being monitored very closely by the top management with frequent periodic reviews and pro-active initiatives taken for quick resolution of key issues with the client. Further, critical impediments / issues affecting the progress are being escalated to the appropriate levels and in some cases even at Ministry level.

b) Task force teams of senior officials have been formed, who are continuously pursuing with our major clients like SAIL, NMDC, RINL, GAIL etc. for early resolution / settlement of extra claims related issues both for EPC & consultancy assignments.

c) Concerted marketing efforts are being made to procure more & more jobs in all sectors of relevance to the Company, coupled with focus on putting our best efforts to get considerable turnover contribution from new jobs in FY 2019-20 as well.

d) MECON has inked a number of MoUs with various global technology providers in the Conclave on Capital Goods for Steel Sector: Manufacture in India (held in Bhubaneswar in October 2018) and also in the METEC 2019, held in Dusseldorf, Germany in June 2019, to harness business opportunity in metals & energy verticals. These initiatives would enable the Company to participate in steel project tenders, across its entire value chain, as well as in energy sector projects and thus enhance both business procurement and resultant turnover / profitability.

## PART –II

## OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

**FUNDS FOR THE SCHEME ON 'PROMOTION OF R&D IN IRON AND STEEL SECTOR'**

**1. The Committee note that the Ministry of Steel have projected an outlay of Rs. 100 crore for the Scheme "Promotion of R&D in Iron and Steel Sector" during the current fiscal, 2019-20. However, this outlay has been scaled down to Rs. 15 crore by the Ministry of Finance. The Committee are told that curtailment in the projected funds has affected funding of new projects to the extent that only fundamental R& D in the steel sector can be done and even the small projects couldn't be scaled up further at pilot/demonstration or commercial scale. Also, many high value projects for New Product Development and New Process Development, pursued by the industry, couldn't be supported due to less budget allocation this year.**

**The Committee are in full agreement with the submission of the Ministry in this regard and find the funds of Rs. 15 crore allocated for the R& D scheme to be grossly inadequate. It is irony that though India is the second largest steel producer in the world, still it is dependent on imports for value added steel, coking coal, etc. The Committee feel that it is high time for the Government to put in place the research priorities of steel sector in a time bound manner and provide sufficient budgetary support to enrich its research activities for indigenous production of quality steel for automotive sector and electrical equipments which are currently being imported and make it self-sufficient. The Committee feel that**

**downward revision of the budget outlays puts the annual plan priorities of the Ministry out of gear which leads to non-achievement of their targets. The Committee are hopeful that the Ministry of Steel would get the required funds as assured by the Ministry of Finance, at RE stage. Scarcity of funds should not pose any constraint in the R&D scheme of the Ministry of Steel.**

**FUNDS FOR ADVERTISEMENT AND PUBLICITY**

**2. The Committee note with concern that the Ministry of Finance has also reduced the allocation of funds during 2019-20 to the Ministry of Steel under the Head 'Information, Education and Communication (IEC)'. The Ministry had projected Rs. 15 crore for the scheme, however, the same was reduced to Rs. 1.00 crore by the Ministry of Finance. The Committee have been informed that due to the reduce allocation, plethora of activities could not be taken by Ministry of Steel sacrificed like holding international conferences and exhibitions on steel sector to showcase India's capabilities and inviting international organizations to set up manufacturing facilities in India with new technologies, participation in India International Trade Fair, production of short films, stills, info graphics and slogans to develop awareness about benefits of steel and dissemination through social media, organizing regional conferences for increasing steel consumption in North, South, East, West and Central India Regions, etc. The lack of funding has also affected encouragement and recognition envisaged for the secondary steel sector for product development and innovation besides hampering help to be given to small**

**and medium enterprises in steel sector. The Committee share the view of the Ministry in this regard as a sustained campaign is required to develop awareness about benefits of steel usage if the Ministry wants to increase domestic consumption of steel which at present is 74 kg and is far less compared to the present world average consumption of 225 kg. The Committee feel that this mission will entail several activities like adequate media coverage, organizing conferences, exhibitions etc. on a large scale requiring sufficient funds. The Committee, therefore, strongly recommend that the allocations under the Head 'Information, Education and Communication (IEC) should be suitably stepped up.**

**Steel Clusters**

**3. The Committee have been informed that the Ministry of Steel has prepared a draft policy aimed at creating a model ecosystem in form of 'Steel Clusters' for which raw material shall be sourced from Integrated Steel Plants (ISPs) & their various downstream units would manufacture various steel products using steel intermediate products. This policy envisages encouraging Small & Medium Enterprises(SMEs) to boost production of value-added steel & capital goods, import substitution & additional employment. It will enable capacity expansion of units producing carbon steel, alloy (including stainless steel) as well as other high grade and special steel by improving their cost competiveness through effective raw material linkages and other interventions such as reduced cost of power. The benefit of the steel cluster to the economy will be to drive the Make in India initiative through promotion of domestic**

**manufacturing industry besides enabling the secondary steel and steel ancillary units to gain self sufficiency, develop cost effectiveness and generate employment opportunities.**

**The Committee consider this initiative of the Ministry of Steel, a great effort to resolve the challenges of the ancillary, downstream and value-added steel units and unlock their tremendous potential thus ensuring strong and sustainable growth of these steel units. The Committee are hopeful that the draft Policy for development of Steel Clusters would be rolled out as per the scheduled time i.e. June, 2020 and the Ministry of Steel would make utmost efforts to set up two pilot clusters at Kaliganagar and Bokaro by 2024, as proposed. The Committee also recommend that more areas for setting up such clusters across the country be identified and an action plan be prepared for implementation of the same. The Committee desired to be informed of the progress in the matter from time to time.**

**Steel Authority of India Limited(SAIL)**

**4. The Committee are pleased to note that SAIL which incurred huge losses to the tune of 4021 crore, 2833 crore and 482 crore during 2015-16, 2016-17 and 2017-18, respectively has been able to make profit of Rs. 3338 crore during 2018-19. It has happened by consistent efforts made by SAIL to market its saleable steel even though steel prices have been falling globally like Regular coordination with Plants to produce a saleable product mix, focused approach for increasing project sales, Servicing small orders or materials with specific delivery conditions of consumers, advance planning and timely supplying entire basket of requirements, etc.**

**Besides this, SAIL also conducted awareness programmes at major engineering colleges and institutes across the country to promote Brand SAIL among budding engineers, took several marketing initiatives like Key Accounts Management, 2-Tier retail channel etc. SAIL has also adopted several cost cutting measures to reduce the Operating Cost. The Committee appreciate the strenuous efforts made by SAIL to improve its performance and the positive results it has achieved. The Committee trust that SAIL would achieve the target of 18.30 MT for Hot Steel, 17.27 MT of Crude Steel, 16.20 MT of Saleable Steel projected in the current financial year 2019-20 without fail and further improve its financial performance.**

**5. The Committee are also happy to note some of the other achievements of SAIL during 2018-19 like saleable Steel Production of SAIL has increased to 15.07 MT from 14.07 MT during last year registering a growth by 7%, SAIL exported 7.60 lakh Tonne of saleable steel which was the best in the last 13 years, Production of 13.8 MT of Crude Steel through the Concast Route, which is an energy efficient route, was also the highest ever for SAIL. Turnover of the Company was Rs. 66,267 crore registering an increase of 13.7% as compared to the previous financial year. Besides, SAIL has also developed around 20 new products during the year 2018-19 which would strengthen the country in strategic areas like defence, railways, electricity, etc. Continuing the tradition of being the preferred supplier of steel for projects of National Importance, SAIL supplied steel for strategic / iconic projects like Statue of Unity (World's Tallest Statue), Bogibeel Bridge (Longest Rail-cum-Road Bridge), Kishanganga and Turial Hydro Project, Eastern and Western**

**Peripheral Expressway, Lucknow-Agra Expressway, etc. Some of the new markets serviced by SAIL include supplying CR Coils to Sri Lanka, Italy, Spain and UAE, TMT Bars to Bangladesh, Blooms to Taiwan, Indonesia and Structurals to UAE and Ivory Coast. There is no denying the fact that SAIL has rendered yeoman's service to the Steel Sector of our country and hope that it will strive hard to excel their performance in the coming years. The Committee would like to be apprised of the targeted production and exports of its various products during 2019-20 and the steps taken to achieve the same.**

**6. The Committee are satisfied to learn that under the Modernisation and Expansion Plan of the various Units of SAIL, the Modernization and Expansion at Rourkela, Burnpur, Durgapur, Bokaro and Salem Steel Plants has been completed and various facilities are under operation, stabilization & ramp up. Further, though, at Bhilai Steel Plant, major facilities under Modernization & Expansion have been completed, the integrated process route is in operation. The Committee desire that expeditious steps should be taken in this regard to derive the benefits out of Expansion and Modernisation of Bhilai Steel Plant Unit of SAIL, without any further delay.**

**7. The Committee also note that during 2019-20(up to June, 2019), there is shortfall in utilisation of annual outlays in respect of Bhilai Steel Plant, Durgapur Steel Plant and Raw Material Division of Rs. 17 crore, Rs. 16 crore and Rs. 53 crore, respectively. The shortfall is reported to be attributed to poor progress of balance modernization and expansion**

**packages in respect of Bhilai Steel Plant and milestone payments of complete packages in respect of Durgapur Steel Plant, less expenditure on ongoing schemes and no progress of site works in Gua Expansion Project due to pending Forest clearance in case of Raw Material Division. The Committee desire that SAIL should pay serious attention to the procedural delays, if any, in utilisation of funds by taking corrective measures to avoid shortfall in the remaining period of 2019-20 so that funds allocated during the year are optimally utilised.**

**<u>Rashtriya Ispat Nigam limited(RINL)</u>**

**8. The Committee are concerned to note that RINL had incurred losses for four consecutive years since 2015-16. Profit After Tax(PAT) of RINL was Rs. -1420.64, Rs. -1263.16 crore and Rs. -1369.01 crore during 2015-16, 2016-17 and 2017-18, respectively. The main reasons for losses are attributed to sluggish market conditions owing to lack of demand and cheap imports from China. Though, the Company made a profit of Rs.96.71 crore in 2018-19 on account of ramping up of production from expansion units as well as slight improvement in the market scenario, it had again incurred losses to the tune of Rs. 636.78 crore in the first quarter of 2019-20. The Committee are aware that RINL is dependent on external sources for critical raw materials such as Iron Ore and Coking Coal due to lack of captive mines. The Committee have been told that the prices of critical raw materials such as Iron Ore and Coking Coal have been continuously increasing during the last few years which severely impacted the Income of the Company. On account of the increase in price of raw material RINL is not only at a cost disadvantage of about Rs.4,000**

**crore of saleable steel, but also remains subjected to market price fluctuations. The Committee have time and again emphasised on the importance of captive mines for RINL and reiterate that the Ministry of Steel should take up the matter with Ministry of Coal for allocation of coal blocks and with respective State Government(s) for obtaining iron ore leases.**

**9. Another reason for the dwindling income is a considerable increase towards financing cost and depreciation due to capitalization of its major units under modernization and expansion. Also there was a 7% increase in variable cost of production of Saleable Steel upto Jun' 2019 as compared to Corresponding Period Last Year (CPLY), contributed by increase in Iron Ore prices and increase in Exchange Rate of US Dollar. The Committee have been informed that RINL has been making efforts to face the challenges through improvement in productivity, techno-economics, increasing production of value added products, cutting operating cost and austerity measures besides appointing McKinsey and Company to suggest measures for RINL to improve its profitability. The Committee are hopeful that with these measures RINL will be able to meet its physical and financial targets during the current financial year to help restrict its losses and earn profit in due course.**

**<u>NMDC Ltd.</u>**

**10. The Committee are not satisfied to note the sluggish progress of almost all the major projects of NMDC Ltd. (i) In respect of Nagarnar Steel Plant, the delay attributed to deferment in the date of**

**commissioning of the plant which was May, 2015, due to poor performance of M/s BHEL in Raw Material Handling System (RMHS) package and M/s Shriram EPC & M/s BEEKEY in By-product Plant. The Project is now likely to be commissioned in July 2020. (ii) As regards the status of Corridor of land for Right of Use for laying the Slurry Pipeline, the Committee have been informed that Gazette under Section 3(1) for a corridor of land for Right of Use was published on 05.01.2018 & distribution of the same to the individual land owners has been completed. Against, a total of 1064 notices served, NMDC Ltd. has received objections from 356 affected land owners. At present the work regarding demarcation of pipeline corridor, tree enumeration and assessment of infrastructure for the project is in progress. In 6 villages, the demarcation works are pending due to stiff resistance from the villagers. Also the possibility of inducting a strategic partner for construction and operation of the Slurry Pipeline is also being considered by the management of NMDC Ltd. (iii) With regard to the 3rd Screening Plant at Kirandul, while the site leveling package for the project was awarded to the contractor in June, 2018, the permission for blasting operations has not been received as the area is a Maoist prone area and NMDC Ltd. is considering alternatives for blasting using chemical/ Expensive Mortar which would be taken up by the contractors. (iv) Work at Rapid Wagon Loading System and Exploration work at Gold Mine, Tanzania also could not be awarded due to various reasons.**

**The Committee are constrained to observe the inordinate delays in implementation of on-going projects of NMDC Ltd. of critical importance. The Committee are of the strong view that the Ministry of Steel/NMDC Ltd. should identify the factors responsible for non-implementation of these projects. Immediate corrective measures are required to be taken by strengthening their monitoring and implementing agencies so that benefits of these projects reach to public at the earliest.**

**MSTC Ltd.**

**11. The Committee note that MSTC Ltd. had been making profits for the last 4 to 5 years, however, it is a matter of concern that the Company has incurred loss of Rs. 324.47 crore during 2018-19. The Committee have been told that during this period the Operating Cost of MSTC Ltd. was Rs. 3236.50 crore, which was even more than its income of Rs. 2968.53 crore. As informed, the loss of Rs.324.47 crore was due to the provisions in the recently enacted Insolvency and Bankruptcy Code (IBC), wherein all the outstanding in the trading business had to be provisioned in 2018-19. This along with slowdown in the steel sector in which MSTC Ltd. had majority of the exposure have proven to be major hindrances to the cash and carry model of trading business of MSTC Ltd. Keeping this in view, MSTC Ltd. intends to increase its Bank Guarantee backed procurement business and has decided to shift out of its cash and carry trading business which involves the inherent risk of non-payment by the customers, unauthorized lifting, weathering of materials, significantly higher working capital requirements etc. Also, MSTC Ltd. has considerably**

**reduced its customers in this business from over 29 to 4 only. Therefore, the target for trading by MSTC Ltd. has almost been halved from Rs. 9250 crore in BE, 2018-19 to Rs. 4850 crore in BE, 2019-20. The Committee have been informed that MSTC Ltd. is doing business on a limited scale under the Associate Supplier Model, wherein MSTC Ltd. is not exposed to any financial risk.**

**The Committee appreciate the constraints being faced by MSTC Ltd. and are of the considered view that Bank Guarantee backed procurement business is a safer option as non-payment of dues are secured by Bank Guarantee. The Committee, therefore, recommend that MSTC Ltd. should hereby concentrate on its e-commerce business proactively and become a pioneer in this segment**

**<u>MOIL Ltd.</u>**

**12. The Committee are satisfied to observe the improved physical and financial performance of MOIL Ltd. during 2017-18 and 2018-19. From an income of Rs. 1501.18 crore during 2017-18, MOIL's income has increased to Rs.1631.48 crore in 2018-19. The production of Manganese Ore has too shown an increase from 120113 MT in 2017-18 to 1301191 MT in 2018-19. However, it is a matter of concern that despite increase in the income, MOIL Ltd. has projected profit of Rs. 456.63 crore in BE, 2019-20 which is less if compared to profit of Rs. 473.89 crore during 2018-19,. Further, the operating cost of MOIL Ltd. has also been increasing for the last 3 years from Rs. 853.26 crore in 2017-18 to Rs. 911.73 crore in 2018-19 and to 985.05 crore in 2019-20(as projected).**

**While appreciating the improved physical performance and Income of MOIL Ltd., the Committee do not welcome their increasing operating cost and feel that adequate cost cutting measures need to be taken by MOIL Ltd. urgently. The Committee would like to be apprised of the steps taken by MOIL Ltd. to curb the increasing trend of their operating cost to enable itself to ensure a turnaround in its profits.**

**13. The Committee would also like to be apprised of the investment plan of Rs. 105.61 crore allocated to the Company during 2019-20 under the Addition/Modification and Replacement (AMR) scheme which is more than 50% of the total outlays of 209.74 crore for the Company.**

**MECON Ltd.**

**14. The Committee are happy to note that MECON Ltd., a consultancy organization under Ministry of Steel has increased its Business Procurement from Rs. 1003.43 crore during 2017-18 to Rs. 3191.75 crore during 2018-19. Further, although the Business procurement target is still under finalisation for the current fiscal 2019-20, the Company has procured Business of Rs. 4189.37 crore upto June 2019. The performance of the Company in 2019-20 so far is, therefore, commendable. Although, Ministry of Steel has informed that the past experience reveals that generally in a financial year, the turnover and profitability performance of the Company in H1 (April – Sept.) is lower which improves / ramps up in H2 (Oct.– March), however, the Committee are concerned to note that the Company has registered a loss of Rs. 30.96 crore in the first quarter**

**of 2019-20 i.e. upto June 2019. The Committee also take note of the number of MOU's signed by MECON with various global technology providers in the Conclave on Capital Goods for Steel Sector: Manufacture in India (held in Bhubaneswar in October 2018) and also in the METEC 2019, held in Dusseldorf, Germany in June 2019, to harness business opportunity in metals & energy verticals. In view of the increased Business Procurement by MECON Ltd. during 2019-20 and new MOU's signed, the Committee expect that the financial performance and the Profit of the Company will increase manifold. The Committee recommend that MECON Ltd. should make vigorous efforts so that could cover up the losses incurred in the first quarter by the end of this financial year.**

**NEW DELHI;** **RAKESH SINGH**
**04 December, 2019** **Chairperson**
**13 Agrahayana, 1941(Saka)** **Standing Committee on Coal and Steel**

**ANNEXURE-I**

**MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON MONDAY, THE 11 NOVEMBER, 2019 IN COMMITTEE ROOM 'B', GROUND FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI.**

The Committee sat from 1130 hrs. to 1400 hrs.

**PRESENT**

**Shri Rakesh Singh- Chairperson**

**Lok Sabha**

2. Shri Vijay Kumar Hansdak
3. Shri Kunar Hembram
4. Shri Raghurama Krishnaraju Kanumuru
5. Shri Ajay Nishad
6. Smt. Riti Pathak
7. Shri Komati Reddy Venkat Reddy
8. Shri Arun Sao
9. Dr. Beesetti Venkata Satyavathi
10. Shri Sushil Kumar Singh
11. Shri Pashupati Nath Singh
12. Shri Sunil Kumar Singh
13. Dr. Alok Kumar Suman
14. Dr. Thirumaavalavan Thol
15. Shri Shyam Singh Yadav

**Rajya Sabha**

16. Dr. Vikas Mahatme
17. Shri Mukut Mithi
18. Shri Prashanta Nanda
19. Shri Samir Oraon

**SECRETARIAT**

| | | | |
|---|---|---|---|
| 1. | Shri Manoj K. Arora | - | OSD (LSS) |
| 2. | Shri Arvind Sharma | - | Director |
| 3. | Smt. Geeta Parmar | - | Additional Director |

**WITNESSES**

**MINISTRY OF STEEL**

1. Shri Binoy Kumar, Secretary (Steel)
2. Shri Saraswati Prasad, SS&FA (Steel)
3. Smt. Rasika Chaube, Additional Secretary (Steel)
4. Ms. Ruchika Chaudhry Govil, Joint Secretary, M/o Steel
5. Shri Puneet Kansal, Joint Secretary, M/o Steel
6. Shri T. Srinivas, Joint Secretary, M/o Steel
7. Shri Rohit Yadav, Joint Secretary, M/o Steel

**STEEL PSUs**

8. Shri Anil Kumar Chaudhary, Chairman, SAIL
9. Shri P.K Rath, CMD, RINL
10. Shri N. Baijender Kumar, CMD, NMDC
11. Shri B.B. Singh, CMD, MSTC
12. Shri M.P. Chaudhari, CMD, MOIL
13. Shri M.V. Subba Rao, CMD, KIOCL
14. Shri Atul Bhatt, CMD, MECON
15. Shri Rajib Bhattacharya, MD, FSNL
16. Shri P.K. Sinha, MD, OMDC

2. At the outset, the Chairperson welcomed the Secretary and other representatives of the Ministry of Steel and Public Sector Undertakings (PSUs) to the sitting of the Committee convened to examine the Demands for Grants (2019-20). The Chairperson then drew their attention to Direction 55 of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings .

3. Thereafter, the Secretary, Ministry of Steel briefed the Committee about the Plan Outlays *vis-a-vis* actual utilization of funds by the Ministry and PSUs under their administrative control. In a visual presentation, the Committee were apprised about the financial and physical targets set and achieved by the Ministry of Steel and its PSUs during 2018-19, total allocation of funds for 2019-20 and the major thrust areas envisaged for the development of Steel Sector during 2019-20.

4. The Committee then sought certain clarifications on the issues relating to the utilization of plan outlays by Ministry of Steel and its PSUs, constraints faced by the Ministry due to inadequate allocation of funds for research and development initiatives, Advertisement and Publicity campaign envisaged by the Ministry, formation of Steel Clusters, performance of various Steel PSUs and issues affecting their performance.

5. The representatives of the Ministry replied to queries of the Members. The Chairperson directed the representatives of the Ministry of Steel to furnish written replies to the queries raised by the Members which remained unanswered during the sitting of the Committee.

A copy of verbatim record of the sitting has been kept.

***The Committee then adjourned.***

**ANNEXURE-II**

**MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL**

**The Committee sat on Wednesday, the 4th December, 2019 from 1530 hrs. To 1600 hrs. in Hon'ble Chairperson's Chamber, Room No. '210', B-Block, PHA Extension Building, New Delhi.**

**PRESENT**

**Shri Rakesh Singh - Chairperson**

**Lok Sabha**

2. Shri Balubhau Dhanorkar alias Suresh Narayan
3. Shri Kunar Hembram
4. Shri Raghurama Krishnaraju Kanumuru
5. Shri C. Lalrosanga
6. Shri S. Muniswamy
7. Shri Basanta Kumar Panda
8. Smt. Riti Pathak
9. Shri Arun Sao
10. Dr. Beesetti Venkata Satyavathi
11. Shri Sushil Kumar Singh
12. Shri Tokheho Yepthomi

**Rajya Sabha**

13. Dr. Vikas Mahatme
14. Shri Mukut Mithi
15. Shri Prabhakar Reddy Vemireddy

**SECRETARIAT**

1. Shri Arvind Sharma - Director
2. Smt. Geeta Parmar - Additional Director
3. Shri Girdhari Lal - Deputy Secretary

2. At the outset, Chairperson welcomed the Members to the sitting of the Committee. The Committee thereafter considered and adopted the following Reports without any amendments:-

(i) ** ** ** **;
(ii) ** ** ** **; and
(iii) Draft Report of the Standing Committee on Coal and Steel on "Demands for Grants (2019-20)" relating to Ministry of Steel.

3. The Committee then authorized the Chairperson to finalise the Reports in the light of the factual verification received from the concerned Ministries and present/lay the same in both the Houses of Parliament.

4. ** ** ** **

***The Committee, then, adjourned.***

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**Do not pertain to this Report.