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STANDING COMMITTEE ON COAL, MINES AND STEEL (2021-2022)

SEVENTEENTH LOK SABHA

MINISTRY OF STEEL

DEMANDS FOR GRANTS (2022-23)

TWENTY-EIGHTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI
MARCH, 2022/CHAITRA, 1944 (SAKA)

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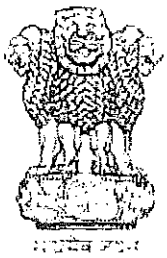
Presented to Lok Sabha on 22.03.2022

Laid in Rajya Sabha on 22.03.2022



LOK SABHA SECRETARIAT
NEW DELHI
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4. Smt. Savita Bhatia - Deputy Secretary

#Nominated to the Committee w.e.f. 07.02.2022 *vice* Dr. Lorho S. Pfoze

(iii)

INTRODUCTION

I, the Chairperson, Standing Committee on Coal, Mines and Steel having been authorized by the Committee to present the Report on their behalf, present this Twenty Eighth Report (Seventeenth Lok Sabha) on Demands for Grants (2022-23) 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 07.02.2022. Under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Coal, Mines 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 22.02.2022.

4. The Report was considered and adopted by the Committee at their sitting held on 21.03.2022.

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;
21 March, 2022
30 Phalguna, 1943(Saka)

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

REPORT
PART-I
CHAPTER-I
INTRODUCTORY

The Steel Sector is pivotal for the nation in terms of employment generation and economic growth. It has a catalytic effect on the overall economy stemming from both direct and associated effects on the Supply Chain and Consumption industry.

1.2 A vibrant domestic steel industry is a must for a developing economy as it is a critical input across major sectors such as Construction, Infrastructure, Automotive, Capital goods, Defence, Railways etc. Steel has also proven to be driver for prompt economic development due to its recyclable nature and faster associate completion times. India has become the world's second largest producer as well consumer of steel after China.

1.3 The main Functions of the Ministry of Steel are:

- Promoting the development of infrastructure required for enhancing national steel production.
- To facilitate adequate availability of raw materials for steel industry from domestic & overseas sources.
- Creating and updating a comprehensive data base for various segments of the steel industry.
- To monitor the physical and financial performance of CPSEs and capital expenditure on projects.
- Monitoring performance of commitments made in the MOUs and modernization and expansion programme of CPSEs.
- Facilitate improvement in performance of Iron & Steel industry through R&D and technology intervention,
- Quality Control and improvements in techno-economic parameters.
- Boosting domestic demand for steel through promotional efforts.

Role of the Ministry

1.4 The Secretary, Ministry of Steel, during the oral evidence on Demands for Grants 2022-2023 submitted the role of the nodal Ministry before the Committee as under:-

> "the role of the Ministry of Steel is that there are private sector plants in the steel sector, there are plants in the public sector, there is a small sector,

which is called SSI in the context of steel. In this context, Ministry is coordinating for making various plans for growth and development for alloy steel mills, ferro alloy mills, refractory units, etc. We are doing a variety of activities so that the production of steel can be increased."

1.5 The following are Central Public Sector Enterprises (CPSEs) 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. KIOCL Limited, Bangalore
6. MECON Limited, Ranchi
7. MSTC Limited, Kolkata

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.

1.6 The Ministry of Steel has informed the Committee that Steel being a de-regulated sector, Government acts as a facilitator, by creating enabling environment for development of the sector. Decisions relating to enhancement of steel production are taken by individual companies based on techno-commercial consideration. There was no specific scheme for providing any special incentives/benefits to Steel PSUs by the Ministry of Steel. It has been observed that consumption of Finished Steel has been 88.679 million tonne, 96.737 million tonne and 102.622 million tonne during 2017, 2018 and 2019 respectively. During 2020, the (provisional) consumption of Finished Steel remained at 88.535 million tonne which has declined by 14.087 million tonne over Corresponding Period Last Year (CPLY).

1.7 For the year 2022-23, Demand No. 97 has been presented to the Parliament by Ministry of Finance on behalf of the Ministry of Steel during the Budget Session. The total Demand is of ₹47 crore and the entire provision is for Revenue expenditure of the Ministry. The demand includes ₹40.51 crore for secretariat expenditure; ₹ 4.49 crore for Central Sector Scheme; and ₹ 2 crore for Other Central Sector Expenditure.

1.8 The detailed Demands for Grants (2022-23) of the Ministry of Steel were presented to Lok Sabha on 07.02.2022. While analyzing the detailed Demands for Grants of the Ministry of Steel, the Committee, in the present Report, have examined

various schemes/programmes of the Ministry and the PSUs under its administrative control. A detailed analysis along with observations/ recommendations of the Committee on various issues have been given in the succeeding chapters of the Report.

CHAPTER-II

ANALYSIS OF DEMANDS FOR GRANTS

2.1 The analysis of the Demand for Grants i.e. increase/decrease in various heads over the last three years is given as under:

(Rs. in crore)

Heads of Expenditure	BE 2019-20	RE 2019-20	Actual 2019-20	BE 2020-21	RE 2020-21	Actual 2020-21	BE 2021-22	RE 2021-22	Actual 2021-22 (upto 10.02.2022)	BE 2022-23	% age increase/ decrease in BE 2022-23 over BE 2021-22
Secretariat											
Secretariat - Economic Services	34.54	34.54	32.90	38.58	29.34	29.06	32.78	36.73	29.04	40.51	23.58%
Central Sector Schemes											
Scheme for Promotion of Research and Development in Iron and Steel Sector	15.00	15.00	15.00	15.00	5.00	0.54	5.00	4.81	2.71	4.49	-10.20%
Other Central Sector Expenditure											
Advertising, Publicity (IEC), Contributions (OECD membership), Awards to distinguished Metallurgists etc.	191.75	146.54	146.43*	46.42	45.10	44.71*	1.47	1.46	0.16	2.00	36.05%
Grand Total	**241.29**	**196.08**	**194.33**	**100.00**	**79.44**	**74.31**	**39.25**	**43.00**	**31.91**	**47.00**	**19.75%**

*Under Other Central Sector Expenditure Rs. 144.83 crores was allocated in FY 2019-20 and Rs. 44.24 crores in FY 2020-21. This was released to SAIL for upgradation of Ispat General Hospital (IGH), Rourkela. The total funds for IGH have been released by FY 2020-21. Hence, no provision has been made in BE 2021-22 onward.

Budgetary Allocations for 2022-23

2.2 The total financial requirements of Ministry of Steel covered in Demand No. 97 for BE 2022-23, are summarized in the following Table:-

(₹ in crore)

Demand No. 97 for 2022-23	BE 2022-23			
	Scheme	Establishment Expenditure	Other Central Sector Expenditure	Total
REVENUE SECTION	4.49	40.51	2.00	**47.00**
CAPITAL SECTION	0.00	0.00	0.00	**0.00**
Total (Gross)	**4.49**	**40.51**	**2.00**	**47.00**

2.3 The total budget outlay of ₹47.00 crore has been made for Ministry of Steel and the entire provision is for Revenue Expenditure of the Ministry. The approved budget outlay includes ₹40.51 crore for Secretariat Expenditure; ₹4.49 crore for Central Sector Scheme; and ₹2.00 for Other Central Sector Expenditure.

2.4 The Annual Plan (IEBR) for the year 2022-23, of all the CPSEs under the Ministry of Steel is as given below:

(₹ in crore)

No.	Name of the PSU	BE 2022-23		
		IEBR	Budgetary Support	Total
1	SAIL	8000.00	0.00	8000.00
2	RINL	910.00	0.00	910.00
3	NMDC Ltd.	3512.00	0.00	3512.00
4	KIOCL Ltd.	384.63	0.00	384.63
5	MOIL Ltd.	304.58	0.00	304.58
6	MECON Ltd.	17.25	0.00	17.25
7	MSTC Ltd.	10.00	0.00	10.00
8	FSNL[$]	18.00	0.00	18.00
	TOTAL	**13156.46**	**0.00**	**13156.46**

[$]FSNL is a subsidiary of MSTC Ltd.

R&D scheme

2.5 It has been informed that Ministry of Steel has only one scheme namely 'Scheme for Promotion of Research and Development in Iron and Steel Sector'. This scheme was introduced in the year 2009-10, based on the recommendations of the Working Group for Iron & Steel Industry for 11th Five Year Plan and since then the scheme has continued. The objective of the scheme is to provide financial assistance to the stakeholders for pursuing R&D projects for addressing the R&D needs of the Iron and Steel Sector in the country. The Scheme has been approved for continuation beyond 31st March, 2021 for a period of 5 years (2021-22 to 2025-26). The Ministry of Steel is operating this scheme to address the quality and technological issues faced by the Steel Sector.

2.6 The Committee have been informed that the target for the financial year 2019-20 under the scheme was achieved. However, the target for FY 2020-21 could not be achieved due to lesser expenditure than estimated during the CoVID-19 pandemic. The expenditure in R&D scheme in the financial year 2021-22 (up to 10.02.2022) is ₹ 2.71 crore against the fund allocation (RE) of ₹ 4.81 crore and the target of the financial year is likely to be achieved. The total outlay for the year 2022-23 for the scheme is ₹ 4.49

crore. The funds earmarked will be utilised for new projects as per the identified thrust areas of the R&D scheme along with the committed liabilities for the ongoing projects.

2.7 When asked how does the Ministry propose to utilise the funds earmarked for this scheme for the year 2022-23, the Ministry of Steel further informed that new project proposals have been received and are under consideration. Further, funds earmarked will also be utilised for ongoing projects.

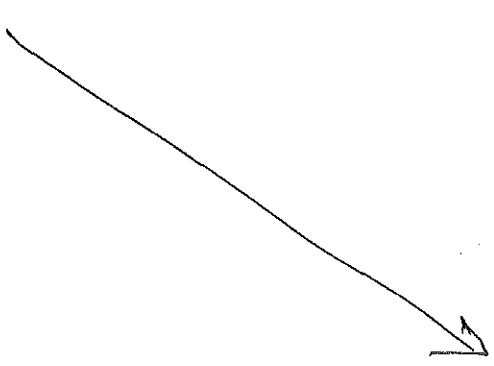
2.8 The Committee has also been informed that the Ministry of Steel has decided to pursue only those R&D projects in future, which would have participation and funding from the industry partners to ensure greater opportunity for commercialisation. The Ministry has statedly sought new R&D proposals from the stakeholders through its website as per the revised guidelines for approval and funding of R&D project proposals.

2.9 On being asked to furnish details of the R&D Project proposals received during 2021-22 under this scheme and those approved by Ministry of Steel, in a written reply it has been informed to the Committee that thirty-six R&D project proposals were received during 2021-22 which were evaluated by the Evaluation Group. Out of these, the Evaluation Group has recommended five projects, which are under consideration. One more proposal on enhancing steel usage in housing is also under consideration.

2.10 The Committee have been informed that the provision under Other Central Sector Expenditure is for Information, Education and Communication (IEC); Membership fees for OECD/GFSEC; and Awards for Distinguished Metallurgists. Under IEC, the provision has been kept for creation of awareness, capacity building and training and to meet the expenditure to be involved in hiring social media management service for publicity of programmes and policies of Ministry of Steel.

2.11 It may be seen from the table at para 2.1 that the budget allocated under the Head during 2021-22 was ₹1.47 crore which was reduced to ₹1.46 crore at RE level and the actual utilization incurred has been ₹ 0.16 crore (upto February,2022).

Production of Steel – Physical targets



2.12 Production of steel (**Total Finished Steel**) producer wise (leading producers) during 2020 and 2021 is given below:-

PRODUCTION OF FINISHED STEEL (Crude Steel Equivalent) (Non-Alloy & Alloy Steel)		
		('000 tonnes)
PRODUCER	2020	2021 (P)
STEEL AUTHORITY OF INDIA LTD.	11,024	13,428
RASHTRIYA ISPAT NIGAM LTD.	2,522	3,884
A. Total PSU	13,546	17,312
TSL GROUP	16,723	18,587
AM/NS (ESSAR STEEL LTD.)	6,524	7,314
JSW STEEL LTD.	13,836	15,604
JINDAL STEEL AND POWER LTD.	4,030	5,140
OTHER PRODUCERS	37,571	47,901
B. Total Private Sector	78,685	94,546
TOTAL PRODUCTION (A+B)	92,231	1,11,858
P stands for Provisional figure ; Source: JPC		

2.13 The Ministry has furnished the data of Crude Steel Production during 2020-21 and 2021-22 by steel PSUs and private sector to the Committee as under:

CRUDE STEEL PRODUCTION

(In '000 tonne)

Producers	Period	
	2020-21	April-January 2021-22*
A. PUBLIC SECTOR		
SAIL	15213	14305
RINL	4302	4492
SUB-TOTAL A	**19515**	**18797**
B. PRIVATE SECTOR		
TSL Group	17204	15823
AM / NS (ESSAR) + JSWL + JSPL	28335	26260
OTHERS	38491	37511
SUB-TOTAL B	**84030**	**79593**
Total Production (A+B)	**103545**	**98390**
% Share of PSU	**18.8**	19.1
Source: JPC;*provisional		

2.14 The Committee have been informed that in line with National Steel Policy, 2017 which envisaged enhancing crude steel production capacity in India to 300 Million Tonne by 2030, the Board of Directors of SAIL has "in-principle" approved 'Vision 2030' which

envisages expansion of crude steel production capacity of SAIL to 49.6 Million Tonne per annum in a phase-wise manner by 2030-31. During the evidence, the Ministry further stated that it is being envisaged to ramp up the production of steel upto 500 Million Tonne by 2047, as well as to bring a fourfold increase in the Per Capita consumption of steel in the Country.

2.15 Data on production, import and export of Total Finished Steel during 2020 and 2021 is furnished as given below:-

Year	Total Finished Steel (alloy + non-alloy) (Million Tonnes or MT)		
	Production	Import	Export
2020	92.231	4.463	10.150
2021*	111.858	5.001	12.799
Source: JPC; *provisional			

2.16 The Committee have been informed that during 2019 & 2020 India has been a net exporter of Total Finished Steel(TFS) by Volume, with exports exceeding imports. During 2019, 7.440 MT Steel was imported and 8.205 MT was exported and in 2020, 12.8 MT was exported while only 5 MT was imported.

2.17 While appearing before the Committee, the Secretary, Ministry of Steel further informed as under:-

> "Due to steps taken last year unprecedented results in production of Steel has been noticed... Total 108 Million Tonne steel production was recorded in the last year (i.e. 2020)... The benchmark of 17 Million Tonne was never crossed by SAIL. SAIL also produced 17.32 Million Tonne in the last calendar year. This is a huge achievement. Along with this, our consumption is 106 Million Tonne within the Country. The Ministry has exported 12.8 Million Tonne and imported 5 Million Tonne. In this way, in the whole year, unprecedented work has been done by this sector..."
>
> ....that the last one year has been phenomenal for the steel sector. A total of 118 Million Tonne of steel has been produced in the calendar year. Due to steps taken last year, this is a record production. "

Per Capita Consumption

2.18 However, the Secretary compared the per capita consumption of steel in the country, which apparently is less with Korea, and further submitted that:

> "At present India produces 6% of the total world production of Steel. Per Capita consumption is 74 kg per annum which is very less as compared to

other countries. In Korea per capita consumption of steel is approximately 700 kg per annum...."

2.19 The detail of actual quantity of finished steel consumed during 2020 and 2021 as informed by the Ministry is as under:

Year	Total Finished Steel (alloy + non-alloy) Consumption (Million Tonne or MT)
2020	89.331
2021*	106.134
Source: JPC; *provisional	

2.20 Steel is primarily consumed in growth driving sectors in the Country such as Housing & Construction (43%), Infrastructure development (25%), Engineering & Packaging (22%), Automotives (9%) and Defence (1%). During the year 2020, the total steel consumption in the country was 100.2 Million Tonne. Overall the steel demand has grown at CAGR of 5.3 % over the past 07 years. However, India's annual per capita steel consumption at 74.1 kg is one-third of global average of 224.5kg. Moreover, India's rural per capita consumption at 19 kg per annum is way below the national average.

2.21. During the evidence, the Committee were informed that by 2047, the Ministry envisions for tripling of the Country's Per Capital steel consumption from 74 kg to 250 kg Per Capita as well as to bridge the gap between urban and rural Per Capita consumption, which currently is in the ratio of 70:19.

CHAPTER-III

Steel Sector Initiatives

3.1 The Committee have been informed that multiple initiatives have been taken by the Government to encourage, accelerate and expand the performance of the steel sector in the country. A 'Vision 2030' plan was informed during evidence as under:

Demand generation:

- Triple India's per capita steel consumption from 70kg/capita to 250 kg/capita
- Quadruple domestic consumption from 96 MT to around 400 MT
- To bridge gap between urban and rural per capita consumption (Currently the ratio is 70:19)

Capacity Addition

- Triple the installed capacity from 144MT to 500 MT
- Capture 20% of global steel production

Climate Action

- Achieve Carbon Neutrality and Green Steel production
- Promote use of Green Hydrogen, CCUS (Carbon Capture Usage and Storage), use of Renewable Energy
- Promote Circular Economy through increased Scrap Utilisation

Raw Material Security

- Increase domestic availability primary raw material through enhanced production, exploration, digitization and beneficiation.
- Reduce import of Coking Coal

Research, Design, Development

- Foster environment of innovation and research
- Develop Centre/Institute with global collaboration in design, manufacturing, product development, energy efficiency, decarbonisation etc.

Skilling

- Develop skilled manpower for production of high quality and speciality steel.

3.2 On being asked about incentives/benefits being extended to steel PSUs by Ministry of Steel for enhancing steel production, the Ministry, in its written replies, has stated that steel being a de-regulated sector, Government acts as a facilitator, by creating enabling environment for development of the sector. Decisions relating to enhancement of steel production are taken by individual companies based on techno-commercial consideration.

Production Linked Incentive (PLI) Scheme

3.3 The Ministry of Steel has further informed that the **Production Linked Incentive (PLI) Scheme** for **Speciality Steel** has been launched in which steel PSUs can also apply. The scheme is to be implemented over Financial Year 2023-24 to Financial Year 2029-30 with a budgetary outlay of ₹ 6322 crore. The objective of the PLI Scheme for specialty grade steel is to promote manufacturing of graded steel within the country. PLI incentive will boost the domestic production of 'Speciality Steel' and attract significant investment for production of 'Speciality Steel' in the country. It will also help the Indian steel industry mature in terms of technology as well as move up the value chain.

3.4 When asked about how the public and private Steel Sector is planning to utilize the outlay of ₹6322 crore provided under this Scheme, the Ministry in its written replies has informed that steel companies have to sign a Memorandum of Understanding (MoU) under the PLI Scheme to avail the incentive benefits as applicable under various categories. The release of incentive will be from FY 2024-25 to 2030-31 with following year-wise outlay:

Financial Year	Outlay (in ₹ Cr)
2024-25	775
2025-26	1088
2026-27	1394
2027-28	1377
2028-29	1293
2029-30	222
2030-31	173
Total	6322

The incentive shall be payable to eligible companies for incremental production on a year-on-year basis, subject to such production being above the eligible threshold prescribed for each product category and achievement of committed eligible investment threshold for 'Speciality Steel' manufactured in India and covered under the PLI Scheme.

3.5 It has been informed that the **Project Development Cell(PDC)** has been engaged in attracting and facilitating investments in the steel sector including promoting incentives being provided to potential Investors such as the Production Linked Subsidy (PLI) for

specialty steel and taking steps to expedite implementation. PDC also reached out to a number of global steel companies / investors, of which investment interest worth USD 2.6 Billion was received from 3 companies namely, NLMK(Russia), Coastal Qatar (Qatar) and Conares (UAE). NLMK and Coastal Qatar have plans for establishing downstream steel processing units which are at different stages of implementation. Conares is evaluating plans for establishing Greenfield steel project in India.

Steel Import Monitoring System (SIMS)

3.6 **SIMS** has been institutionalized to provide an advance information about steel imports to the Government and stake holders including, steel industry (producers), steel consumers (importers) to have effective policy interventions. It is an online platform for advance registration of intended imports of steel in order to provide granular data on steel imports 15-60 days in advance to help the Ministry and the industry identify the exact grade being imported into the country in order to plan domestic manufacturing, besides giving advance warning about any surge in imports. SIMS platform was launched on 16th September 2019. SIMS registration is fully online and automated without any human intervention and registration number can be obtained by the steel importer after making an online payment of token registration fee prescribed for this purpose. SIMS has enabled the domestic industry to plan their pricing and production strategy and helped the country move towards *Atmanirbharta* in steel making.

Domestically Manufactured Iron and Steel Products (DMI&-SP)Policy

3.7 In the line of initiatives to promote Indian steel sector, the Government had introduced Domestically Manufactured Iron and Steel Products (DMI&-SP) Policy on 8 May, 2017 to provide preference to domestically produced iron and steel material in Government tenders which was revised on 29 May, 2019 and 31 December, 2020. The Policy is envisaged to promote growth and development of domestic steel Industry. DMI&SP Policy has been helpful in increasing sales of steel by PSUs. SAIL has been able to increase its sales in specialized categories such as API grade steel in the Oil and gas segment to projects related to Govt. PSUs.

It also seeks to accomplish PM's vision of 'Make in India" with objective to encourage domestic manufacturing.

3.8 It has also been informed to the Committee that Ministry of Steel has been working with various Ministries like Railways, Defence, Road Transport & Highways, Shipping, Civil Aviation, Agriculture, Rural Development for enhancing steel usage in their

respective areas of operation. For this, a Committee has been formed with the mandate for enhancing use of domestically manufactured steel in oil & gas sector and for designing steel bridges. Besides, a Joint Working Group for enhancing steel usage in housing and construction sector has also been constituted.

Coking Coal

3.9 The Committee have been informed that the entire demand of Coking Coal is not met from domestic production as the supply of high-quality coal/Coking Coal (low-ash-coal) in the Country is limited. Accordingly, the Indian steel Industry has been largely dependent on imported coking coal. Most of the coking coal produced domestically in the country had a very high ash content making it redundant in the manufacture of steel which resulted in import of 51.83 MT in 2019-20 and 51.20 MT in 2020-21 of coking coal.

3.10 Taking into account that Coking coal is a major cost factor in steel production to the tune of 42%, Ministry of Steel is making efforts to reduce the import bill on coking coal by diversifying the import destinations. A Memorandum of Understanding (MoU) has been signed on 14.10.2021 by the Minister of Steel, Government of India and the Minister of Energy, Russian Federation, on cooperation regarding coking coal, which is used in steel making. The MoU will benefit the Indian steel sector by diversifying the sources of coking coal which may lead to reduction in input cost for the steel players due to long term commitment of supply of high-quality coking coal to India (up to 40 MT till 2035). This MoU also envisages implementation of joint projects/commercial activities in coking coal sector, including development of coking coal deposits and logistics development, sharing of experience in coking coal production management, technologies of mining, beneficiation, processing as well as training. In addition, the MoU envisages promoting research collaboration between the two countries. In follow up of this MoU, 3 Memoranda of cooperation have been signed between SAIL & TsNIIchermet I.P. Bardin, between JSPL &TsNIIchermet. I.P. Bardin and between JSW Steel Ltd &TsNIIchermet I.P. Bardin.

Subsidy support

3.11 Further, Ministry is in the process of implementing the Government approved Scheme of Ministry of Ports, Shipping and Waterways for 'Promotion of flagging of merchant ships in India to provide subsidy support to Indian shipping companies in global tenders for import of Government cargo' in respect of steel CPSEs.

Green Steel

3.12 Challenges in Green Steel Production were furnished as under:

Green Hydrogen	Renewable Energy	Scrap Availability	Other Issues
Processes for usage of H2 in steel production are under trial stage. Technology for production of green H2 at competitive cost not available right now. Ecosystem for production, transportation and storage of green H2 not developed currently.	Most feasible pathway for 22% greening of steel production Capital investment required for switching from existing thermal power plants to RE Land availability for establishment of solar and wind plants is an issue	Essential for promoting Circular Economy as well as Raw Material Security Current scrap availability is only 28MTpa Increased availability linked with increased consumption Scrap quality and high transportation cost are limiting factor	Carbon Capture Usage and Storage : Technology for CCSU for BF/BOF route not available Natural Gas : Domestic availability and cost of gas is a big constraint

During the course of oral evidence, the Secretary, Ministry of Steel submitted before the Committee as under:-

"....Steel consumption generates scrap, which is an important raw material for making green steel. The target has been set by the respected Prime Minister that by 2070, this country will become carbon neutral. Accordingly, we are giving shape to the plan that how we will produce green steel and how we will emit it. The steel sector is the third largest producer of carbon dioxide or carbon emissions among all the industries. 12 percent carbon emission is provided by the steel industry. About 1.5 Million Tonne of carbon dioxide is emitted per Million Tonne. The highest carbon emission is done by the power sector, then cement and then steel".

3.13 The Committee were further informed that production of 'green steel' is a challenge for the steel sector also because by 2026, Europe would import only 'green steel' and other kinds would invite a Carbon Tax. Such a situation would be a commercial challenge for the steel industry.

CHAPTER-IV
PLAN INVESTMENT AND PERFORMANCE OF PSUs

4.1 There are ongoing projects of PSUs under the Ministry of Steel and these projects are taken-up by PSUs from their own resources and loan taken from banks.

4.2 Ministry of Steel monitors the physical and financial progress of projects of PSUs costing ₹ 150 crore and above primarily. These major projects are also uploaded on Online Computerized Monitoring System (OCMS) Portal of Ministry of Statistics and Programme Implementation.

4.3 The Financial targets (IEBR) and Utilization during 2018-19, 2019-20 and 2020-21 of different CPSEs are as under:-

(₹ in crore)

No.	Name of PSU	2018-19			2019-20			2020-21		
		Target		Utilization	Target		Utilization	Target		Utilization
		BE	RE		BE	RE		BE	RE	
1.	SAIL	4000.00	4300.00	4303.00	4000.00	4000.00	4114.00	4000.00	4800.00	4283.00
2.	RINL	1400.00	1400.00	1917.75	1400.00	1377.00	1416.21	1385.00	534.00	737.37
3.	NMDC	3778.00	2083.00	2090.00	3010.00	1945.00	2491.00	1860.00	2249.00	2031.00
4.	KIOCL	1782.44	338.00	19.98	317.00	317.00	21.93	285.00	340.00	41.05
5.	MOIL	190.49	201.89	208.30	209.74	260.79	243.85	379.80	219.80	136.66
6.	MSTC	49.37	47.60	26.96	44.40	22.40	13.08	27.00	34.00	20.56
7.	FSNL	23.17	15.29	18.35	18.12	19.54	22.22	20.71	14.00	13.48
8.	MECON	5.00	5.00	3.71	5.00	5.00	4.82	15.11	7.75	3.22
9.	OMDC	0.00	20.00	Nil	0.00	6.00	0.02	0.00	71.01	0.02
10.	SRCL	6.93	6.93	2.07	15.00	5.66	0.63	4.00	0.50	0.34
Grand Total		11235.40	8417.71	8590.12	9019.26	7958.39	8327.76	7976.62	8270.06	7266.70

4.4 Utilization of IEBR for financial year 2021-2022

(₹ in crore)

No.	Name of the PSU/ Organization	2021-22 Approved IEBR		Actual Expenditure 2021-22 (upto Dec.'21)	%age utilization upto Dec, 21 w.r.t RE 2021-22	Likely utilization by 31.03.2022 w.r.t RE 2021-22
		BE	RE			
1	SAIL	8000.00	8000.00	4519.00	56.49	8000.00
2	RINL	595.00	730.00	534.41	73.21	730.00
3.	NMDC Ltd.	3720.00	3720.00	1563.00	42.02	3720.00
4.	KIOCL Ltd.	653.60	653.60	256.20	39.20	503.28
5.	MOIL Ltd.	293.50	293.71	156.67	53.34	294.00
6.	MECON Ltd.	12.50	12.50	6.45	51.6	12.50
7.	MSTC Ltd.	17.40	17.40	15.16	87.13	17.40
8.	FSNL$	10.00	11.00	10.54	95.82	11.00
9.	SRCL$	0.00	0.86	0.00	0.00	0.00
10.	OMDC$	0.00	0.00*	0.00	0.00	0.00
	TOTAL	13302.00	13439.07	7061.43	52.54	13288.18

*OMDC has informed its RE-2021-22 target ₹ 74.287 crore after the IEBR of all the CPSEs for BE/RE 2021-22 has already been informed to Ministry of Finance with the approval of HSM and the same has been published in the Budget Documents.
$FSNL is a subsidiary of MSTC Ltd. SRCL is a subsidiary of SAIL. OMDC Ltd. is a subsidiary of RINL.

4.5 It may be seen from the above that from the IEBR of ₹ 8000 crore earmarked by SAIL for BE(2021-2022), it has so far spent ₹4519 crore(upto December,2021). It has been informed that SAIL is likely to achieve the target by the end of the financial year.

4.6 The proposed IEBR of the Steel CPSEs for FY 2022-23 and the outlay for the scheme in the Ministry are as under:

(₹ in crore)

S. No.	CPSEs of Ministry of Steel	BE 2022-23		
		IEBR	Budgetary Support	Total
1.	SAIL	8000.00	0.00	8000.00
2.	RINL	910.00	0.00	910.00
3.	NMDC Ltd.	3512.00	0.00	3512.00
4.	KIOCL Ltd.	384.63	0.00	384.63
5.	MOIL Ltd.	304.58	0.00	304.58
6.	MECON Ltd.	17.25	0.00	17.25
7.	MSTC Ltd.	10.00	0.00	10.00
8.	FSNL[$]	18.00	0.00	18.00
	TOTAL	**13156.46**	**00**	**13156.46**

[$]FSNL is a subsidiary of MSTC Ltd.

4.7 The CPSEs propose to utilize the IEBR during 2022-23 to accomplish the following:-

(i) Steel Authority of India Ltd.(SAIL):

(₹ in crore)

Major activities to be undertaken	Allocated outlay (2022-23)
The following major Projects are under consideration for implementation: 1. Replacement of Converter vessels, trunnion rings support system and installation of Secondary Emission Control System for three Converters in Steel Melting Shop-II at Bhilai Steel Plant 2. Installation of 4th Slab Caster at Rourkela Steel Plant 3. Installation of stamp charge Coke Oven Battery-7 along with Coke Dry Cooling Plant and By-product Plant at Rourkela Steel Plant 4. Installation of normalising facilities in New Plate Mill at Rourkela Steel Plant 5. Treatment System-2 under Zero Liquid Discharge schemes at RSP 6. Upgradation of Automation System of Hot Strip Mill at Bokaro Steel Plant 7. Installation of New Bar Mill at Durgapur Steel Plant	8000.00

(ii) Rashtriya Ispat Nigam Ltd.(RINL):

(₹ in crore)

Sl. No	Name of the Scheme	Allocated Outlay
1	Coke oven Battery-5	300
2	Forged Wheel Plant	85
3	Central Despatch Yard	14
4	Revamping of ESP's 4 Boilers	80
5	Expansion – 6.3 MTPA-Madharam Mines	0
6	Cat-I capital repairs of BF-1&2	0
7	SP productivity enhancement	0
8	Twin LHF(SMS-2)	0
9	AMR	228
10	Acquisition of Iron Ore Mines & Coal Mines	**
11	110 MVA Transformer (SMS-2)	3
12	Internal distribution of Sewerage Water	5
13	Infrastructure facilities for Road (GPL)	8
14	Nitrogen line to PCI Complex	3
15	Feasibility reports	1
16	COB-6 (TEFR)	3
17	Foreclosure of earlier awarded contracts	10
18	Other Schemes	10
19	Ind AS Spares	100
20	Other Capex	60
21	ASP BOO	**
	TOTAL	**910**

**Projections for acquisition of Iron Ore Mines and coal mines, ASP BOO will be as per actual value.

(iii) NMDC Ltd.:

(₹ in crore)

Name of the Projects	Allocated Outlay
A. **Continuing schemes**	
3MTPA steel plant at Chhattisgarh	1500
Third screening plant & augmentation of loading facilities at Kirandul	325
Slurry pipe line from Bacheli to nagarnar	870
5th screening line in deposit 5 and 310 dh conveyor upgradation atBacheli	29
Additions, Modifications & Replacements	131
Additions, Modifications & Replacements – R&D	11
ERP	12
Total (A)	**2878**
B. **New schemes**	
Development of Tokisud coal mine	64
Screening plant ii at Donimalai	115
Covering of stock piles - truss structure	32
Crushing plant & downhill conveyor system of bld 14	5
Crushing plant &donwhill conveyor system of bld 11c	

Township at Kirandul &Donimalai	152
Fleet management system	19
Total (B)	**387**
C. **Other schemes**	
Development of rohne coal mine	180
Chigargunta-bisanatham gold block, ap	5
Mining lease renewal of kiom (from 17.10.2022 for 20 years)	62
Total (C)	**247**
TOTAL (A to C)	**3512**

(iv) KIOCL Ltd.:

(₹ in crore)

S No	Name of the Scheme/Programme	Allocated Outlay
1	**Devadari Iron Ore Mines**	**220.00**
	Stamp duty for registration of Mining lease deed of Devadari Mine	200.00
	Detailed Exploration, development works, DPR preparation and consultancy works, Compliance to EC / FC conditions like Environmental protective measures, co-management plan for mining, forest and wild life conservation plan, study on return of forest land to state forest dept GoK, R& R plan	10.00
	Mining equipment - Crusher, Conveyor & screening system	5.00
	Infrastructure - power, conveyor corridor, Railway siding, water arrangement, establishment expenses etc	5.00
2	**Blast Furnace Unit - Forward & Backward Integration**	**127.14**
	DISP-Ductile Iron Spun Pipe	0.00
	CO- Coke Oven Plant	87.20
	PP- Power Plant	16.14
	Blast Furnace Upgradation	5.35
	PCI- Pulverised Coal Injection	6.00
	O2&N2- Oxygen & Nitrogen Plants	5.40
	MECON Consultancy fee	7.05
3	**Vertical Pressure Filter Project**	**12.49**
	Consultancy	0.39
	Main equipment	6.60
	Erection	2.98
	Balance equip including electrics	2.52
4	**Modernisation, Upgradation and R&D Centre**	**10.00**
	Construction of Coke Shed in PPU	4.00
	ESP retrofitting	0.50
	LNG dual fire burners	1.50
	Bentonite and central store shed	2.00
	Mineral Exploration Lab at R&D Centre	0.50
	New Quarters in Kavoor township	1.50
5	**Misc. capital items & other business activities**	**15.00**
	TOTAL (1 to 5)	**384.63**

4.8 The Ministry in its written replies has furnished the following strategic plan by KIOCL to utilize the above allocation:

1. Commencement and development of Devadari Iron ore mines in Bellary Dist. of Karnataka:

   Initially mines will be developed for production of 2 Million Tonne per annum of Iron ore.

2. Setting up of 2MMTPA beneficiation plant in Devadari mines in Phase-I

   For up-gradation of iron ore from mines upto Fe=63% for making iron ore pellets.

3. Installation of Coke oven plant in BFU as backward integration along with other associated units Power Plant, PCI, O2&N2 plants.

   The coke is required for blast furnace operations and installation of coke oven will be cost advantages.

4. Plan for installation of Natural gases burners in Indurating machine in Pellet Plant.

   With the GAIL pipeline near the plant vicinity and present Gas prices being cheaper it will be cost advantageous along with other addition benefits like reduction in carbon emission, better process control ,etc.

(v) MOIL Ltd.:

(₹ in crore)

Sr. No.	Name of Project	Allocated Outlay
1.	Sinking of second vertical shaft and allied works at Ukwa Mine Dist. – Balaghat	7.00
2.	Sinking of High Speed Shaft and allied works at Balaghat Mine MOIL Distt.-Balaghat	70.00
3.	Sinking of High Speed Shaft and allied works at Gumgaon Mine MOIL Distt.-Nagpur	60.00
4.	AMR and other mining/development projects	167.58

(vi) MECON Ltd.:

(₹ in crore)

Sr. No.	CAPEX Details	Allocated outlay
1	Interior, Furniture, Branding, Electrical & IT Work.	3.00
2	CCTV surveillance system	1.48
3	IT Supplies	2.07
4	ERP	5.80
5	Rain Water Harvesting	0.17
6	Tensile Membrane Car Parking Shed	0.55

7	LAN Wireless Network	3.00
8	Sewage Treatment Plant	1.00
9	Security Appliance HW	0.18
	Total	**17.25**

(vi) MSTC Ltd.:

(₹ in crore)

Name of the activity	Allocated outlay
System upgradation related activities	10.00

A. Steel Authority of India Ltd. (SAIL)

4.9 Physical Targets and Achievements during 2018-19, 2019-20 and 2020-21 of SAIL are as under:-

No.	Name of PSU	Physical Parameters	2018-19		2019-20		2020-21	
			Target	Actual	Target	Actual	Target	Actual
1.	SAIL	i. Hot Metal *(in million tonnes)*	17.82	17.51	18.30	17.44	17.25	16.58
		ii. Crude Steel *(in million tonnes)*	16.73	16.27	17.27	16.16	16.40	15.22
		iii. Saleable Steel *(in million tonnes)*	15.62	15.07	16.20	15.15	15.48	14.60
		iv. Pig Iron *(in million tonnes)*	0.28	0.48	0.30	0.57	0.23	0.58
		v. Saleable Production *(in million tonnes)*	15.90	15.55	16.50	15.72	15.72	15.19

4.10 The Committee have been informed that actual achievement for SAIL for the financial year 2021-22 under Crude Steel is 14.3 MT and Saleable Steel is 13.92 MT, recording a 17 % and 19 % growth over CPLY respectively.

4.11 The Ministry in its written replies also stated that PSUs share of crude steel production for the period April-Jan, 2021-2022 amount to 19.1% (18.7 MT) of total crude steel production.

4.12 Data on production of Crude Steel during 2020-21 and April-January, 2021-22 (provisional) along with percentage change over the same period of last year is given below:-

Year	Crude steel Production	
	Qty. (milliontonne or mt)	% change
2020-21	103.54	-5.1
April-January 2021-22*	98.39	17.5
Source: JPC; * provisional		

4.13 When asked about the total installed capacity of the Production and Capacity utilization for Crude Steel production at SAIL Plants during last three years, the Ministry in its written reply has stated as under:

(Unit: MT)

Crude Steel	2019-20	2020-21	2021-22 (Apr'21-Jan'22)
Capacity	19.6	19.6	16.3*
Actual Production	16.2	15.2	14.3
Capacity Utilization (%)	82	78	87

*On Pro-rata basis.

4.14 The Committee have been informed that in line with National Steel Policy, 2017 which envisaged enhancing crude steel production capacity in India to 300 Million Tonne by 2030, Board of Directors of SAIL has "in-principle" approved Vision 2030 which envisages expansion of crude steel production capacity of SAIL to 49.6 Million Tonne per annum in a phase-wise manner by 2030-31.

4.15 Asked about the major ongoing projects of SAIL, the Ministry has informed that there are 04 major ongoing projects of SAIL. The details of these projects are as follows:-

Sl. N.	Name of the Project	Original/ likely completion Date (Delay in months)	Original / Revised Cost (₹ cr)	Expenditure till Jan'2022 (₹ cr.)	Major reasons for time/cost over run
1	New Sinter Plant at Bokaro Steel Plant (BSL)	Oct'2017/ Nov'22 (61 months)	1111.24/ 1111.24 No cost overrun	571.6	• Initial delay due to site unavailability • Delay in renewal of Environmental Clearance • Site works got affected due to COVID-19 pandemic. • Poor progress by the contractor. Progress could not be improved inspite of financial assistance extended to the contractor
2	Rebuilding of COB-8 at BSL	Jun'2019/ May'2022 (35 months)	285.06/ 285.06 No cost overrun	209.03	• Delay by the main contractor (M/s MECON) in awarding contract for civil work of Battery Proper, poor resource mobilisation by the contractor etc. • Sub-contractor for civil works had stopped work for 3 months due to

					payment related issues • Delay in repair work of deck slab of dismantled battery • Rain water leakage in flue tunnel necessitating its repair • Site works got affected due to COVID-19 pandemic.
3	Rebuilding of COB-2 alongwith Augmentation of Coke Handling & Gas Handling Facility at Rourkela Steel Plant (RSP)	May'2023/ May'2023 No Delay	433.58/ 433.58 No cost overrun	56.05	Nil
4	Rebuilding of Coke Oven Battery No.7 & 8 at Bhilai Steel Plant (BSP)	Dec'2023/ Dec'2023 No Delay	625.1/ 625.1 No cost overrun	84.81	Nil

4.16 Details of major new schemes taken up by SAIL are as follows: -

Sl. No.	Name of the Project	Original Cost/ Revised Cost (₹ Crore)	Status and reasons of delay
1	Installation of 4th Slab Caster at RSP	1105	Letter of Award (LOA) placed in Jan'2022
2	Up-gradation of automation system of finishing mill of Hot Strip Mill at BSL	240.42	Concluding of the tender got delayed due to deviations retained by the bidders. The tender has been finalized and final approval is under process for award of work.
3	Installation of New Bar Mill at DSP	941.69	Under tendering; Tender Opening Date (TOD) had to be extended 4 times on request of the bidders
4	Installation of Normalising facilities in New Plate Mill at RSP	362.08	Under tendering; Concluding the tender is taking time due to deviations retained by the bidders.
5	Replacement of Converter vessels, trunnion rings support system and installation of Secondary Emission Control System for three Converters in Steel Melting Shop-II at BSP	307	Under tendering; TOD had to be extended 3 times on request of the bidders
6	Treatment System -2 at RSP	177.22	Under tendering; Price discovery to be done.

B. Rashtriya Ispat Nigam Ltd.(RINL)

4.17 Physical Targets and Achievements during 2018-19, 2019-20 and 2020-21 of RINL was furnished as under:

No.	Name of PSU	Physical Parameters	2018-19		2019-20		2020-21	
			Target	Actual	Target	Actual	Target	Actual
1.	RINL	(i) Hot Metal *(in million tonnes)*	5.830	5.769	5.161	5.161	4.700	4.682
		(ii) Crude Steel *(in million tonnes)*	5.401	5.233	4.759	4.759	4.400	4.302
		(iii) Saleable Steel *(in million tonnes)*	5.050	5.000	4.452	4.452	4.300	4.163
2.	*Bird Group	Production						
	OMDC	Iron Ore						
		(i) Production *(inMillion Tonne)*	0	0	0	0	0.59	0
		(ii) *Dispatch (in Million Tonne)*	0	0	0	0	0.59	0
		Manganese Ore						
		(i) Production *(inMillion Tonne)*	0	0	0	0	0.02	0
		(ii) *Dispatch (in Million Tonne)*	0	0	0	0	0.02	0
	BSLC	Production						
		(i) Limestone *(in Million Tonne)*			--	0.017	--	0.00
		(ii) Dolomite *(in Million Tonne)*	--	--	0.96	0.605	1.05	1.123
		Dispatch						
		(i) Limestone *(in Million Tonne)*	--	--	--	0.008	--	0.009
		(ii) Dolomite *(in Million Tonne)*			0.96	0.596	0.96	0.596

* Bird Group of Companies are subsidiary of RINL.

4.18 It was informed that the Corporate Plan 2025 made by RINL in 2014-15 had envisaged a growth till 16 Million Tonne per annum by 2025 in a phased manner. However, the same could not be pursued due to deteriorating financial position of the company in view of the losses incurred since 2015-16 on account of the transition phase of Expansion and Modernization, coinciding with the downturn in the steel industry. Later, with ramp up of production from Expansion and Modernisation units and with improvement in market conditions, the company earned a profit of ₹1,298 Cr in H2 of 2020-21 and ₹739 Cr (Prov) during the current year against net loss of ₹ 1705 crore

during CPLY till Jan'22. In view of the decision of Government of India for 100% disinvestment of its stake, RINL is not contemplating any capacity addition.

4.19 The installed capacity and capacity utilization of RINL for the last three years is given below: -

Year	Liquid Steel Installed Annual Capacity (Mt)	Capacity Utilization
2018-19	6.300	88%
2019-20	6.300	79%*
2020-21	6.300	71%*
2021-22	6.300	89% #

* Capacity utilisation in 2019-20 and 2020-21 was affected due to adverse market conditions and COVID-19 respectively.

Capacity utilization till Jan'22

4.20 Project-wise information on outlay and actual utilization of funds allocated during 2019-20, 2020-21 and 2021-22

(₹ in crore)

Name of the Project	2019-20		2020-21		2021-22	
	Outlay	Actual utilization	Outlay	Actual utilization	Outlay	Actual utilization till Jan'22
Expansion - 6.3 MTPA	100	143.20	10	4.80	9.00	2.65
Cat-I capital repairs of BF-1	40	81.15	11	24.22	-	0.53
Cat-I capital repairs of BF-2					11.00	16.65
Central Despatch Yard	100	70.08	30	39.85	17.00	16.52
Coke oven Battery-5	250	384.51	230	231.99	125.00	134.51
Forged Wheel Plant	250	296.84	148	188.75	222.00	140.33
SP productivity enhancement	40	40.13	15	28.37	11.00	3.38
Twin LHF(SMS-2)	30	16.98	20	-0.28	2.00	-
AMR	50	37.87	60	28.36	30.00	19.29
Other schemes	540	337	10	191	303	241
Total	**1400**	**1408.19**	**534**	**737.39**	**730**	**575.17**

RINL has fulfilled the annual targets during the last two years and is likely to achieve the target in 2021-22.

4.21 The Committee have been informed that during FY 2021-22 till January, 2022, RINL achieved liquid steel production of 4.7 Million Tonne higher by 38% over CPLY and best ever sales turnover of ₹22,289 crore as well as saleable steel sales volume of 42.72 Lakh Tonne achieved in ten months period of any FY since inception with growth of 73% and 27% in 2021-22 over CPLY.

4.22 The Committee have been informed about the major projects targeted/ implemented and time overrun during the last 3 years as under:-

Name of project	Targeted/ Implemented	Time overrun (months)	Cost Overrun (₹Cr.)	Reasons for delay
Central Dispatch Yard	Implemented in Oct'19	14	Nil	• Jungle clearance works took longer time than anticipated due to site conditions. • Delay in approval of Engineering Scale Plan (ESP) and DPR by ECoR. DPR has been approved by Railways on 15.03.2018. Clearance for start of work is given in Nov'18. • A portion of 150 meter of shunting neck area clearance is given by Railways on 20/09/19. • Inadequate resource mobilization by civil agency and Railway track agency. • Progress of work got affected due to delayed contractual payments.
Coke Oven Battery-5	Phase-A- Main Battery system commissioned in Dec'20	36	Nil	• Delay in completion of engineering and manpower mobilization for execution of Battery-5 and CDCP package by M/s BEC. • Delay in engineering and manufacturing of Wagon Tippler by HEC. • Delayed payments by RINL(due to non-availability of borrowing limits). • Delay in order placement of Equipment of Part-B by M/s Hutni due to delay in engineering.
Revamping of ESPs of Sinter Machine-2	Implemented in Jan'21	1	Nil	• Poor mobilization of manpower due to COVID-19.
Forged Wheel Plant	Implemented in Sep'21	36	-	• The agency insisted for an additional time of 99 days on account of delay attributed to RINL in opening of LCs as per contractual timelines (due to non-availability of borrowing limits). • Delay in contractual payment affected the progress of work. • Delay in supply of Refractory. • Repair/Replacement of damaged plunger of 9000 T Press. • Non-readiness of Propane storage for commissioning of the plant. • Poor co-ordination amongst contractors/ consortium group leading to delay in execution of the work. • All site works stopped from 17.03.2020 due to lockdown in view of COVID-19 pandemic and work resumed on 19.05.2020 with minimum manpower. • Delay in deployment of foreign expert for commissioning of individual equipment by Consortium of SMS group.

C. NMDC Ltd.

4.23 Physical Targets and Achievements during 2018-19, 2019-20 and 2020-21 of NMDC Ltd. are given as under:

Name of PSU	Physical Parameters	2018-19		2019-20		2020-21	
		Target	Actual	Target	Actual	Target	Actual
NMDC	**Production**						
	(i) Iron Ore *(in Lakh Tonne)*	315	323.61	330	314.89	340	341.50
	(ii) Diamonds (Carats)	35000	38149	30000	28537	25000	13681
	(iii) Sponge Iron (Tonne)	4500	2475	-	-	-	-
	(iv) Pellets *(in Lakh Tonne)*	1.20	1.16	1.50	1.10	1.50	0.84
	(v) HR Coils (LT)	-	-	-	-	-	-
	(vi) Pig Iron (LT)	-	-	-	-	-	-
	Sales						
	(i) Iron Ore *(in Lakh Tonne)*	320	323.56	325.05	315.14	340	332.52
	(ii) Diamonds (Carats)	35000	29346	30000	33723	25000	22249
	(iii) Sponge Iron (Tonne)	4500	496	-	1944	-	-
	(iv) Pellets *(in Lakh Tonne)*	1.20	1.12	1.50	0.86	1.50	0.93
	(v) HR Coils (LT)	-	-	-	-	-	-
	(vi) Pig Iron (LT)	-	-	--	-	-	-

4.24 The Ministry, in its Power Point Presentation(PPT), during evidence, informed the Committee that for the month of January, 2022, Iron Ore production of 4.55 MT and Sales 4.24 MT have been achieved by NMDC Ltd. which are the highest ever since its inception. Cumulative production of Iron ore of 32.87 MT and Sales of 32.60 MT up to Jan'22 during FY 2021-22 are also highest ever since inception.Further, the Commissioning activities for National Infrastructure Pipeline (NISP) started with heating of Coke Oven Chimney in Dec-2021 & Coke Oven heating in Jan-2022.

4.25 The details of major ongoing Projects of NMDC Ltd., along with reasons of delay/time and cost overrun are given as under:

Sl. No.	Name of the Project	Original/ likely completion Date (Delay)	Original / Revised Cost (₹ cr.)	Expenditure till Jan'22 (₹ cr.)	Major reasons for time/cost over run
1	3.0 MTPA Integrated Steel Plant at	May'2015/ March'22 (82 months)	15525/ 21940 Cost Overrun	19574.68	**Reasons for time overrun:** • Many contractors have changed their status /name due to merger

	Nagarnar, CG		of ₹ 6415 cr.		and acquisition. Approval of same has taken considerable time due to documentation and process. During this period, Payments, supplies etc. have been hampered in these packages. • Delay due to commercial disputes with the contractors. • Non availability of Contractor's foreign experts from China, Europe, etc. for supervision, testing and commissioning because of travel restrictions due to the Covid-19 pandemic. • Delay in water packages due to modification in piping system to suit the site requirement & safety clearance from vendor, delay in getting clearances from Forest Department and State Government. o Increase and change in scope of work in awarded technological/auxiliary/enabling packages and railway siding work, which are taken up under the project. o Increase in cost of external infrastructure, detailed engineering, consultancy and project management fee etc.
2	Screening Plant-III, Kirandul, CG	Aug'2024/ Aug'2024 No delay	2093/ 2093 No cost overrun	271	Nil
3	Slurry Pipeline project	Jun'2023/ Jun'2023 No delay	2907.21/ 2907.21 No cost overrun	600.71	Nil

4.26 Details of major new schemes taken up by NMDC are as follows:

Sl. No.	Name of the Project	Original Cost/ Revised Cost (₹ Crore)	Status and reasons of delay
1	Screening Plant-II, Donimalai, Karnataka	400	• Clearances like Forest & EC are in process
2	New crushing Plant and Downhill conveyor system at Deposit 14 & 11C	1293	• Statutory Clearances are in process • Consultant is appointed and packaging philosophy and tender documents are under preparation. After finalisation of the same tendering action will be initiated.
3	Township at Kirandul Complex	218	• Tendering of the package is in process. Techno commercial recommendation is under vetting &approval

4.27 The Committee have been informed that during 2019-20, BE targets could not be achieved by NMDC for the following reasons:

- In Steel Plant, non-performance of contractual milestones by contractors of major packages such as Raw Material Handling System, By Product Plant etc. impacted the progress.
- In Slurry Pipeline, issues pertaining to Right of Use / Right of Way in the land corridor slowed down project execution, followed by a shift in NMDC's plan for project execution by inducting a strategic partner.

4.28 During 2020-21 also, BE targets could not be achieved since:

- Trial run in Sinter Plant was pending due to non-availability of foreign expert resulting in delay in giving clearance for IWC of refractories due to limitation in shelf life. Work was hampered due to non-availability of manpower with the contractor M/s Primetals.
- Due to shifting of commissioning of Coke Oven Plant, several relevant CAPEX related milestone activities like integrated trials for PAC, commissioning etc in other related units was deferred to next Financial year.(e.g. - Oxygen Plant)

During 2021-22, the achievement of BE targets is slow for the following reasons: -

- In general, Covid lockdown has resulted in international travel restrictions & unavailability of foreign expert towards testing and trials thereby affecting payments towards the same. However, package contractors are trying to execute the job using Local supervision, but the activities are getting prolonged. Further due to Covid Lock down supplies for the project have been affected.
- For 3.0 MTPA Integrated Steel Plant at Nagarnar, availability of OEM's manpower and foreign experts for testing and trial prior to commissioning is delayed.

D. KIOCL Ltd.

4.29 Physical & Financial Highlights of KIOCL Ltd. during the last three years is furnished as under:-

(in crore)

	2018-19	2019-20	2020-21	2021-22 (upto December, 20210[In-Audited]
Production ('000 T)	2238	2375	2210	1385
Turnover (Gross) (₹ in Cr)*	1887.71	1937.65	2383.61	1869.50
Outlay/Budget for Capital Expenditure (IEBR) (₹ in Cr)	338	317	342	653.60
Actual Expenditure (₹ in Cr)	19.96	21.93	41.05	256.20
Gross margin (EBIDTA) (₹ in Cr)	204.19	101.14	452.55	200.08
Profit (+)/ Loss(-) Before Tax (₹ in Cr)	184.12	63.68	410.23	170.04
Profit (+)/ Loss(-) After Tax (₹ in Cr)	111.86	43.48	301.17	119.46
* Turnover is Revenue from Operation.				

4.30 The details of the financial performance of KIOCL Ltd during 2019-20,2020-21 and 2021-22 (Upto Jan'2022) are as under:

(₹ in crore)

2019-20			2020-21			2021-22		
Outlay		Actuals	Outlay		Actuals	Outlay		Actuals (upto January, 22)
BE	RE		BE	RE		BE	RE	
317	317	21.93	285	342	41.05	653.60	653.60	262.60

4.31 The installed Capacity vis-à-vis actual utilization of KIOCL during last 3 years is given as under: -

(in Lakh Tonne)

Year	Installed Capacity	Actual Production	Actual utilization
2018-19	35.00	22.38	63.94 %
2019-20	35.00	23.75	67.85 %
2020-21	35.00	22.10	63.14 %

4.32 Physical Targets and Achievements during 2018-19, 2019-20 and 2020-21 of KIOCL Ltd. is furnished as follows:-

Name of PSU	Physical Parameters	2018-19		2019-20		2020-21	
		Target	Actual	Target	Actual	Target	Actual
KIOCL	(i) Production (in Million Tonne)	2.170	2.238	2.300	2.375	2.250	2.210
	(ii) Despatches (in Million Tonne)	2.170	2.206	2.300	2.356	2.250	2.311

E. MOIL Ltd.

4.33 The IEBR and actual utilisation of MOIL for the last three years is furnished as under:-

Name of PSU	2019-20		2020-21		2021-22		Likely utilization during the year
	IEBR (BE)	Actual Utilization	IEBR (BE)	Actual Utilization	IEBR (BE)	Actual utilization (upto Jan, 2022)	
MOIL	209.74	243.85	379.80	136.66	293.50	176.47	293.71

4.34 Asked about the major projects at MOIL, the Committee have been apprised as under:

Sl. No.	Name of the Project	Original/ likely completion Date (Delay)	Original Cost/ Revised Cost (₹ cr.)	Expenditure till Jan'2022 (₹ cr.)	Major reasons for time/cost over run
1	Sinking of High Speed Shaft and allied works at Balaghat Mine Dist. -Balaghat	Jul'21/ Sep'22	265.96/ 265.96 No cost overrun	84.10	Covid lockdowns, resultant delay in Indian VISAs to foreign expats, recent stoppage of work due to sudden water inrush.
2	Sinking of High Speed Shaft and allied works at Gumgaon Mine Dist.-Nagpur	Jan'21/ Aug'22	194.92/ 194.92 No cost overrun	26.24	Covid lockdowns, resultant delay in Indian VISAs to foreign expats

4.35 The Ministry in its written replies has informed that the major reasons for time/cost overrun in outgoing projects are Covid lockdowns resultant delay in Indian VISAs to foreign expats etc.

4.36 Installed Capacity vis-à-vis actual utilization of MOIL during last 3 years are as follows: -

Manganese Ore (Qty in Lakh MT)

Sr. No.	Year	Installed capacity	Actual	Achievement (%)
1	2018-19	13.25	13.01	98.00%
2	2019-20	14.75	12.77	87.00%
3	2020-21	12.50	11.44	92.00%
4	2020-21 #	14.00	9.75	70.00%

- Actuals for the period Apr., 2021-Jan.'2022

* MoU target (Very Good)

4.37 Asked about the physical targets and Achievements during 2018-19, 2019-20 and 2020-21 of MOIL Ltd., the Committee have been informed as under:-

(In MT)

No.	**Name of PSU**	**Physical Parameters**	**2018-19**		**2019-20**		**2020-21**	
			Target	**Actual**	**Target**	**Actual**	**Target**	**Actual**
	MOIL	Production (*in MT*)						
		i) Manganese Ore	1375000	1301191	1475000	1277444	1250000	1143570
		ii) Electrolytic Manganese Dioxide	1250	992	1500	925	1200	918
		iii) Ferro Manganese	12000	11003	12000	10421	12000	8851

OBSERVATIONS AND RECOMMENDATIONS

Budgetary Provisions for Financial Year 2022-23

1. The Committee note that the overall budgetary allocation to the Ministry of Steel shows a rather downward trend in the recent past. During the Financial Year 2019-2020, the Ministry was allocated ₹241.29 crore at Budget Estimate stage, which was reduced to ₹196.08 crore at Revised Stage (RE) and finally ₹194.33 crore were actually spent. During the Financial Year 2020-2021, the Ministry was allocated ₹100 crore only at BE stage and ₹74.31 crore were actually spent upto 31.03.2021. Similarly, during the Financial Year 2021-2022, the budget allocation was further reduced to ₹39.25 crore which was increased to ₹43 crore at RE stage due to increase in revenue expenditure i.e. from ₹32.78 crore to ₹36.73 crore under the Head- Secretariat Economic Services. However, as on 10.02.2022, the actual expenditure has been reported to be ₹31.91 crore.

The Committee further note that the Ministry of Finance have allocated a sum of ₹47 crore under Demand No. 97 for the year 2022-23. ₹4.49 crore have been earmarked for Scheme – Promotion of Research & Development in Iron and Steel Sector, ₹40.51 crore for Establishment Expenditure – Secretariat Economic Services and ₹2 crore for other Central Sector Schemes like – 'Advertising Publicity (EC), Contribution (OECD Membership) Awards to distinguished Metallurgists' etc. The Committee also note that this entire budget of ₹47 crore for the Financial Year 2022-2023 will be for revenue expenditure only as all steel PSUs are funded by IEBR only. The Committee, therefore, recommend that the Government as promoter and developer of Steel Sector should come out with comprehensive Plan to enable the steel sector to cash on the emerging demand of Steel not only in infrastructure projects but also in rural housing and other allied areas like drinking water mission, agro-engineering, irrigation etc. and other areas of specialized steel.

R&D scheme

2. The Committee note that under the R&D scheme, the budget allocation of ₹15 crore, for the financial year 2019-20 were fully utilised. However, the target for FY 2020-21 could not be achieved due to lesser expenditure than estimated as the COVID-19 pandemic impacted their activities. The expenditure in R&D scheme in the financial year 2021-22 (up to 10.02.2022) is ₹2.71 crore against BE of ₹5.00 crore, which is significantly low. However, the Ministry were confident that the revised target of ₹4.49 crore during the financial year is likely to be achieved. The total outlay for the year 2022-23 for the scheme is kept at ₹4.49 crore, which statedly will be utilised to fund new projects as per the identified thrust areas of the R&D scheme along with the committed liabilities for the ongoing projects. It was also emphasised by the Ministry that since there is renewed thrust on the benefits of R&D, in the next Financial Year, they hope that the allocated funds be increased to ₹10 crore. In this regard, the Committee would like to assert that since Research and Development lay the foundation of modification, improvement and extension of available and potential resources of an industry, adequate funds should be allocated to the Ministry for R&D activities at RE stage to meet the demands of domestic steel industry in the coming years. As the Vision 2047 targets to foster an environment of innovation and research, requisite thrust needs to start from now on itself which, in turn, should reflect in availability of robust funds to boost such efforts.

3. The Committee have been informed that the Ministry of Steel has decided to pursue only those R&D projects in future, which would have participation and funding from the industry partners to ensure greater opportunity for commercialization. The Ministry has reportedly sought new R&D proposals from the stakeholders through its website as per the revised guidelines for approval and funding of R&D project proposals. The Committee believe that Science and Technology are the fundamental pillars of the future and that the developments in this field can prove significant in creating the industrial infrastructure and resources needed in the future. The Committee, therefore, recommend the Ministry to regularly monitor and review the progress of ongoing and upcoming R&D

projects taken up by Steel PSUs/ Private Sector Steel Plants and ensure transparency, efficiency, quality and implementation through independent audits and evaluation groups. While the Ministry aspires a global collaboration in decarbonisation etc. in the future decades, the Committee would like to be informed if joint ventures between the Public Sector, the Private Sector and the Country's major academic institutions is possible at present so that the common goal of technological advancement, indigenous development and growth of the domestic Steel Industry can be pursued together. The Committee are sanguine that such initiatives will facilitate India's vision of 'Aatmanirbhar Bharat' and hence would like to be apprised of the steps being taken in the matter.

Other Central Sector Scheme

4. The Committee further note that the provision under 'Other Central Sector Expenditure' has been kept for creation of awareness, capacity building and training and to meet the expenditure to be involved in hiring social media management service for publicity of programmes and policies of Ministry of Steel. There has been a 36.05% increase in BE 2022-23 at ₹2.00 crore as compared to BE 2021-22 (₹1.47 crore). The utilisation during 2021-2022 is however, minimal (₹0.16 crore out of the RE of ₹ 1.46 crore). The Committee would like to be apprised of the reasons for such low utilisation of funds and emphasise that investment in capacity building and training is imperative to develop skilled manpower for production of high quality and speciality steel and thus recommend it to be taken up more vigorously. The Committee would like to be apprised of the action taken in this regard.

Performance of Steel Sector

5. The Committee note that the production of Finished Steel (Non- Alloy and Alloy Steel) has increased to 111.85 MT (provisional) in 2021 from 92.231 MT in 2020. Out of this, the share of CPSEs (SAIL and RINL) has been 17.312 MT which accounts for 15.47% of the total production of finished steel in the country. The Private Sector (TSL, ESSAR, JSW, JINDAL STEEL and POWER Ltd.) has produced 46.645 MT of Steel (41.70%) and other producers including Small Scale Industries (SSI) produced 47.901 MT Steel (42.82%) during the year 2021. The Committee appreciate this performance during the year 2021 vis-à-vis the performance achieved during the year 2020. As regards total production of steel, the Secretary,

Ministry of Steel, informed that the same has been 118 MT during 2021 and that SAIL achieved its highest target of 17.32 MT during 2020. Despite the good overall performance, the Committee note that per capita steel consumption in India still is quite low at 74 kg per annum approximately vis-à-vis the global average consumption of 224.5 kg. Moreover, country's rural per capita Steel consumption has been assessed at 19 kg per annum, which is far below the national average. While, the Committee, having assessed the performance of Steel Sector particularly, of the CPSEs with all odds like COVID-19 restrictions and consequent plummeting demand of big user industries like, Railways, Shipping etc., are of the considered view that the performance of the Public Steel Sector has been appreciable after all constraints, there is an imperative need to increase the consumption of Steel Per Capita as well as in untapped areas like rural housing, agriculture etc. so that sustainable demand of Steel can be generated and the production of crude as well as finished steel in the country can be brought to the desired level of 230 kg per capita consumption by 2030. The Committee feel that the Pradhan Mantri Awas Yojana(Rural & Urban both) can be a major consumer of steel and would like to be apprised of the specific action taken by the Government in this regard, as well as progress made in per capita consumption as well as rural consumption. They desire the Ministry to brainstorm with the Ministry of Rural Development, Ministry of Housing and Urban Affairs, NBCC and such stakeholders on the matter.

6. The Committee have been given to understand that Ministry of Steel has been actively working with various Ministries like Railways, Defence, Road Transport & Highways, Shipping, Civil Aviation, Agriculture, Rural Development etc. for enhancing steel usage in their respective areas of operation. A Committee has statedly been formed for enhancing use of domestically manufactured steel in oil & gas sector and for designing steel bridges. Besides, a Joint Working Group for enhancing steel usage in housing and construction sector has also been constituted. The Committee are happy that many Awareness Programmes are in process with various stakeholders across sectors such as Building, Construction and Infrastructure; Automobile; Railways; Defence; Oil Sector; Rural India, etc. The Committee therefore would like to encourage the Ministry to keep pursuing these initiatives and work enthusiastically in the direction of expansion of the usage of steel. The Committee further believe that Ministry's Steel Scrap Policy of 2019, is a

laudable initiative in waste management and is a three-fold response to conservation in terms of resource, environment and energy conservation. It will not only help in the making of Green-Steel but will also facilitate India's Mission to achieve Carbon Neutrality by 2070. The Committee therefore recommend that the policy be pursued in right earnest to promote a circular economy.

Internal and Extra Budgetary Resources (IEBR) for Capital Expenditure (Capex) under CPSEs

7. The Committee observe that the Central Public Sector Enterprises (PSEs) under the administrative control of the Ministry of Steel utilize and invest their Internal and Extra Budgetary Resources (IEBR) for Capital expenditure. A total IEBR for the Financial Years 2019-2020, 2020-2021 and 2021-2022 has been mobilized at ₹9019.26 crore ₹7976.62 and ₹13302 crore respectively by the CPSEs for Capital expenditure for their respective projects. During the Financial Year 2022-2023 all the CPSEs have proposed a plan outlay of ₹13160.95 crore against the expenditure of ₹7586 crore upto January, 2022 out of their total allocation of ₹13302 crore. The Ministry has assessed that there would be likely expenditure of ₹13287.89 crore by March, 2022. The Committee, while appreciating full utilization of Capital outlays during 2021-22 by CPSEs, recommend the Ministry to ensure equitable quarterly expenditure by the CPSEs and avoid heavy expenditure during the last quarter of the Financial Year for better fiscal management. They desire that the Ministry should ensure financial prudence by all CPSEs particularly when some of those are not in the best of financial health.

PLI Scheme.

8. The Committee note that Steel being a de-regulated Sector, Government of India acts as a facilitator by creating an enabling environment for development of Steel Sector. Accordingly, the nodal Ministry of Steel has prepared a roadmap for National Steel Policy (NSP) 2017 to meet the anticipated production demand of steel in the Country. However, so far there was no specific scheme for providing special incentive/benefits to Steel PSUs. It is only now that the Ministry has launched 'Production Linked Incentives'(PLI) Scheme for 'special steel' in which steel PSUs can also be the beneficiaries. This PLI Scheme is to be implemented over five years starting from Financial Year 2023-2024 to Financial Year 2029-2030

with a proposed budgetary outlay of ₹6,332 crore for ensuing five years. The objective of the Scheme is to promote speciality grade steel within the Country, to attract significant investment in 'Speciality Grade Steel' areas so that not only, dependence on the import of such steel can be avoided but also excess of production may be exported. The Committee feel that this is a step in the right direction and would like to be apprised of the applications received/approved and benefits given at the action taken stage.

Major Policy Initiatives in Steel Sector

9. The Committee are happy to note the policy initiatives of the Government to encourage, accelerate and expand the performance of the Steel Sector in the Country, viz. (i) Eliminating sub-standard/ defective steel products from domestic and imports to ensure the availability of only quality steel to the industry, users and public at large through the provision of Quality Steel Control Orders; (ii) Production Linked Incentive (PLI) Scheme to incentivise PSUs to boost the domestic production of 'Speciality Steel' and attract significant investment for production of 'Speciality Steel' in the country as well as help the Indian steel industry mature in terms of technology as well as move up the value chain; (iii) Multiple relaxations under the 'Aatmanirbhar Bharat' economic stimulus package to facilitate the country's Steel Industry post Covid-induced lockdowns; (iv) institutionalisation of Steel Import Monitoring System (SIMS) in order to provide granular data on steel imports, regulate the planning of domestic manufacturing; (v) DMI&SP Policy (2017), which has been revised in 2019 and 2020 and proved to be helpful in increasing sales of steel by PSUs; a functional Project Development Cell (PDC) at Ministry of Steel for identifying potential investors and facilitating both local and global investments, etc. While appreciating these policy initiatives/measures taken by the Government, the Committee trust that once the pace is set, these measures would go a long way in not only maintaining the momentum in the domestic steel industry but also help India to retain its position as the second largest producer of steel in the world. They would like the Government to make an assessment of the impact/achievement of these initiatives on the domestic steel industry and apprise them.

10. The Committee note that the Government has foreseen the need to enhance steel production target of 300 MT by 2030 by boosting and creating demand for steel within the country by way of increasing per capita consumption by 5 times of

the present consumption of 74 kg i.e. approximately, 300 kg per annum. At the same time, the Committee feel that there is an urgent and imperative need to switch over to green technology to produce green steel and to reduce carbon emission while producing steel in the country, which is also significant if excess production continues to be exported to various countries. The Committee are of the firm view that most of the steel plants both in Public Sector are becoming obsolete in terms of technology and infrastructure, which requires heavy investment for up-gradation of their technology as well as infrastructure. They are aware that these steel plants are Capital intensive projects which can be restructured/refurbished with additional required technological requirement and can not be completely substituted with new Plants, which requires sizable gestation period and huge capital investment, a remote possibility at present particularly in COVID aftermath. At the same time in the new regime of 'green steel', cost-effective, efficient and eco-friendly green technology shall play a vital role in future in sustaining the steel industry to remain a competitive and relevant in the international market. The Committee, therefore, recommend to the Government to meticulous adhere to their future and strengthen its roadmap with appropriate investment Plan.

11. The Committee further note that the Indian steel Industry has been largely dependent on imported coking coal since the entire demand of coking coal is not met from domestic production as the supply of high-quality coal/ coking coal (low-ash-coal) in the country is limited. It is a well known fact that most of the coking coal produced domestically in the country had a very high ash content making it redundant in the manufacture of steel, which resulted in import of 51.83 MT in 2019-20 and 51.20 MT in 2020-21 of coking coal. It is informed that since Coking coal is a major cost factor in steel production to the tune of 42%, the Ministry of Steel is making efforts to reduce the import bill on coking coal by diversifying the import destinations. A Memorandum of Understanding (MoU), signed on 14.10.2021 by the Minister of Steel, Government of India and the Minister of Energy, Russian Federation on cooperation regarding coking coal, is one such initiative which may lead to reduction in input cost for the steel players due to long term commitment of supply of high-quality coking coal to India. Ministry of Steel is also stated to be in the process of discussing challenges and opportunities in using Coal Gasification for Iron and Steel making to minimize dependency on

imported coal and maximizing use of abundant non-coking coal available in the country and in recognizing the need for development of indigenous coal gasification technology which is suited for the indigenously produced coal. Further, the Ministry of Steel is in the process of implementing the Government approved Scheme of Ministry of Ports, Shipping and Waterways for 'Promotion of flagging of merchant ships in India to provide subsidy support to Indian shipping companies in global tenders for import of Government cargo in respect of steel CPSEs. In this regard, the Committee would like to state that more initiatives in this direction are necessary and recommend strategic coordination between the Public and Private Sector to reach optimal and time and cost efficient results. As regards the MoU with Russia, signed on 14.10.2021, the Committee would like to be apprised of the agreed coking coal being procured from Russia and present status of its supply.

Performance of Steel Sector PSUs

A. SAIL

12. The Committee note that despite the unprecedented challenges due to COVID induced lockdowns and restrictions, the performance of Steel Sector has maintained its consistency. A growth of 17% and 19% over Corresponding Period Last Year (CPLY) has been observed in SAIL's Crude Steel and Saleable Steel Production respectively for the Financial Year 2021-22. The Committee note that while production performance of SAIL has improved, its fund utilization and expenditure remained low. SAIL has utilised only ₹4519.00 crore out of their IBER of ₹8000 crore allocated in 2021-22 (upto Dec'21) and have expressed the hope to utilise the remaining allocation by the end of the Financial Year. The Committee expect full utilisation of outlays by SAIL during 2021-22 and recommend the Ministry/SAIL to ensure proportionate and equitable utilisation of plan outlays during each quarter of the financial year.

13. The Committee note that Crude Steel production at SAIL Plants during the Financial Year 2021-22 (Apr'21-Jan'22) stands at 87%, i.e. 14.3 MT was produced against the total installed capacity of 16.3 MT on *pro-rata* basis against the actual capacity of 19.6 MT. Even though there has been some recovery in overall crude steel production in 2021-22 (+ 17.5% change)as compared to the FY 2020-21(-5.1% change), the Committee note that the PSUs only hold a 19.1% share of the overall production out of which roughly 14% is solely SAIL's share. The Committee have

been informed that in line with National Steel Policy, 2017 which envisaged enhancing crude steel production capacity in India to 300 Million Tonne by 2030, the Board of Directors of SAIL has "in-principle" approved 'Vision 2030' which envisages expansion of crude steel production capacity of SAIL to 49.6 Million Tonne per annum in a phased manner by 2030-31. Considering these projections and recognizing SAIL's potential and responsibility in achieving the target of 49.6 Million Tonne per annum by 2030-31, the Committee would like to be apprised of the road-map for achieving these targets of capacity expansion by SAIL.

14. The Committee further note that major ongoing projects of SAIL like New Sinter Plant and Rebuilding of COB-8 at Bokaro Steel Plant (BSL) which were supposed to be completed by October, 2017 and June, 2019 respectively, are facing disruptions on account of various reasons like poor progress by the contractor, delay in renewal of Environmental Clearance, delay by the main contractor (M/s MECON) in awarding contract for civil work of Battery Proper, poor resource mobilisation by the contractor, etc. In view of the disruptions faced by some projects, the Committee desire the SAIL Board to review performance of these projects at regular intervals of time and resolve technical, environmental and infrastructural conflicts/issues as well as other factors leading to time and cost overruns. The Committee also seek intervention of the Ministry of Steel to address the constraints causing delays in implementation of these projects so that they are completed expeditiously. They desire to be apprised of the concerted efforts made by Ministry of Steel/SAIL for speedy implementation of these projects and the progress made.

B. RINL

15. The Committee observe that Corporate Plan 2025 made by RINL in 2014-15 envisaged growth upto 16 Million Tonne per Annum(Mtpa) by 2025 in a phased manner. However, the same could not be pursued due to deteriorating financial position of the company. It was also informed that in view of the decision of Government of India for 100% disinvestment of its stake, RINL is not contemplating any capacity addition. The company has used 89% of its installed capacity for the year 2021-22 (till Jan'22). The Committee also note that RINL has achieved the annual targets during the last two years i.e., against the outlays of ₹1400 crore during 2019-20 and ₹534 crore during 2020-21, the actual utilization

was ₹1408.19 crore and ₹737.39 crore respectively. It is also observed that while there have been no cost overruns in execution of projects by RINL, there have been major time-overruns as long as 36 months for projects like Coke Oven Battery-5 (commissioned in Dec'20) and Forged Wheel Plant (implemented in Sep'21) and 14 months for Central Dispatch Yard (implemented in Oct'19). While appreciating the efforts made by Ministry/RINL to complete all ongoing projects, the Committee desire that RINL should concentrate more on cost cutting measures and focus on manufacturing those value added products, which are unique to it, to overcome the consistent losses. The Committee do hope that along with fulfilling its targets, RINL must also focus on efficient utilization of their funds and continue making record worthy achievements in production and sales. The Committee would like to be apprised of relentless efforts made by RINL to revive itself and achieve economic recovery.

C. NMDC Ltd.

16. The Committee are glad that NMDC Ltd. has made some major achievements this year like cumulative production of Iron ore of 32.87 MT and Sales of 32.60 MT up to January, 2022 which are also highest ever since inception. Iron Ore Production of 4.55 MT and Sales of 4.24 MT by the Company during January, 2022 is also highest ever since its inception. The Committee also note that one of the major ongoing projects of NMDC i.e. 3.0 MTPA Integrated Steel Plant at Nagarnar, Chhattisgarh, which was supposed to be completed by May 2015 is now planned to be completed by March 2022. There has been a time overrun of 82 months and a Cost Overrun of ₹ 6415 crore. The reasons attributed are disputes/non-availability of contractors, delay in water packages due to modification in piping system, Increase and change in scope of work, increase in cost of external infrastructure, etc. There are two other major ongoing projects viz Screening Plant-III, Kirandul, CG and Slurry Pipeline project and no time or cost overrun has been reported for them. There are also new schemes taken up by NMDC including Screening Plant-II, Donimalai, Karnataka; New crushing Plant and Downhill conveyor system at Deposit 14 & 11C; and Township at Kirandul Complex, etc. which are under process presently. The Committee while earnestly advocating that all precautionary measures be taken to complete the 3.0 MTPA Integrated Steel Plant project in Nagarnar, Chattisgarh by its revised date of commissioning, would like

to be apprised of the action plan of the company on the matter. The Committee recommend that the work on the new and upcoming projects should be initiated soon and be completed within the targeted timelines, with optimal fund and resource utilization.

D. KIOCL Ltd.

17. The Committee note that KIOCL has utilized only 40% of its funds for the Financial Year 2021-22 upto January, 2022, *i.e.* ₹ 262.60 crore against its BE of ₹653.60 crore and has committed to utilize ₹240.68 Crore more by the end of the Financial Year. It is also observed that KIOCL has been using only 60-70% of its Installed Capacity since FY 2018-19. The shortfalls in the achievement of annual targets by KIOCL have been attributed to delay in Forward (Ductile Iron Spun Pipe) and Backward (Coke Oven Plant) integration projects to the existing Blast Furnace Unit project due to COVID 19 restrictions, changes in the public procurement policy of Government of India, non-availability of technology supplier for coke oven plant and Ductile Iron Spun Pipe plant in India; and delay in Devadari Iron Ore Mining project due to the compliance of conditions of Stage-I Forest Clearance being under process. The Committee note that KIOCL's IEBR for the Financial Year 2022-23 is ₹384.63 crore which will be utilized in schemes/programmes including Devadari Iron Ore Mines, Blast Furnace Unit - Forward & Backward Integration, Vertical Pressure Filter Project, Modernisation, Upgradation and R&D Centre, and Misc. capital items & other business activities. The Committee observe that though KIOCL's actual utilization of funds during 2021-22 (upto Jan'22) has been slightly better(₹262.60 crore out of RE ₹653.60 crore), against the actual utilisation of funds during 2020-21, the percentage utilisation of Plan outlays is still on lower side. The Committee, therefore, recommend that the reasons for this low utilisation of funds be assessed thoroughly by the Company and required steps be taken to fully utilise the funds during 2022-23. The Committee would like to be apprised of the action plan of KIOCL in this regard.

D. MOIL Ltd.

18. The Committee note that MOIL has utilized ₹176.47 crore of its IEBR/BE of ₹293.50 crore in the Financial year 2021-22, up to Jan'22, and has hoped to utilize the rest of the funds before the year ends. It is observed that despite utilizing only 70% of its installed capacity and despite spending more than last year (i.e. ₹ 176.47

crore in comparison to ₹ 136.66 crore in 2020-21). The Company's Manganese Ore production has also decreased from 13.01 lakh Metric Tonne in 2018-19 to 11.44 lakh Metric Tonne in 2020-21. The Committee further observe that MOIL has witnessed delays in some of its major ongoing projects such as Sinking of High Speed Shaft and allied works at Balaghat Mine Dist. - Balaghat and Sinking of High Speed Shaft and allied works at Gumgaon Mine Dist.-Nagpur up to 20 months due to the pandemic related restrictions in movement of goods and manpower. The Committee understand that since MOIL operates in a volatile market with wide fluctuations in international prices of manganese ore, it must continue to expand its resources, work on advancing its technologies and enhance its performance in both physical and financial terms, in the coming years, despite the challenges it faces. The Committee would like to be apprised of the action plan of MOIL to increase its manganese ore production to match production target of 300 Million Tonne of crude iron ore production in the Country by 2030.

NEW DELHI;
21 March, 2022
30 Phalguna, 1943(Saka)

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

ANNEXURE-I

MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON COAL, MINES AND STEEL (2021-2022) HELD ON TUESDAY, THE 22nd FEBRUARY, 2022 IN COMMITTEE ROOM No. '2', BLOCK-A, FIRST FLOOR, PARLIAMENT HOUSE ANNEXE EXTENSION, NEW DELHI.

The Committee sat from 1130 hrs. to 1330 hrs.

PRESENT

Shri Rakesh Singh- Chairperson

Lok Sabha

2. Shri Balubhau Dhaorkar alias Suresh Narayan
3. Shri Kunar Hembram
4. Shri C. Lalrosanga
5. Shri S. R. Parthiban
6. Shri Komati Reddy Venkat Reddy
7. Shri Chunni Lal Sahu
8. Shri Arun Sao
9. Shri Pashupati Nath Singh
10. Shri Sushil Kumar Singh
11. Dr. Beesetti Venkata Satyavathi
12. Dr. Thirumaavalavan Thol

Rajya Sabha

13. Dr. Vikas Mahatme
14. Dr. Prashanta Nanda
15. Shri B. Lingaiah Yadav

SECRETARIAT

1. Smt. Anita B. Panda - Joint Secretary
2. Shri Arvind Sharma - Director
3. Shri U.C. Bharadwaj - Additional Director
4. Smt. Geeta Parmar - Additional Director

WITNESSES

MINISTRY OF STEEL

1. Shri Sanjay Kumar Singh, Secretary
2. Smt. Rasika Chaube, Additional Secretary
3. Smt. Sukriti Likhi, Additional Secretary &FA
4. Smt. Ruchika Chaudhry Govil, Additional Secretary
5. Shri Puneet Kansal Joint Secretary, M/o Steel

STEEL PSUs

6. Smt. Soma Mondal Chairman, SAIL
7. Shri Atul Bhatt CMD, RINL
8. Shri Sumit Deb CMD, NMDC
9. Shri M.P. Chaudhari CMD, MOIL
10. Shri Salil Kumar CMD, MECON
11. Shri Surinder Kumar Gupta CMD, MSTC
12. Shri T. Saminathan CMD, KIOCL

2. At the outset, the Chairperson welcomed the Secretary and other representatives of the Ministry of Steel and its Public Sector Undertakings (PSUs) to the sitting of the Committee convened to examine their Demands for Grants (2022-23). The Chairperson then drew their attention to Direction 55 of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings. Thereafter, he directed the representatives to introduce themselves.

3. The Secretary, Ministry of Steel, then briefed the Committee about their role as coordinators and planners for the Steel Sector in the Country, as well as progress of the Ministry during the current financial year. He further informed the Committee that during this year Steel Industry has witnessed a record production of 118 Million Tonne against last year. The production of Steel by SAIL was 17.32 Million Tonne last year. He also envisaged on spending of around 33% on maintenance as all the Plants of CPSU are very old and need regular maintenance. The Committee were informed that as directed by Honb'le Prime Minister, Ministry is working on a vision document for ***Amritkaal*** for the period 2022-2047 with attention to increase the capacity of steel from 140 MT to 500 MT and per capita consumption fourfold. He also pointed out various constraints being faced by the domestic Steel Industry in their day to day activities such as less per capita steel

consumption, outdated technology, pollution, production of less coking coal in the country, heavy import duty on it etc. In order to tackle the same, the Steel Industry is also working to establish two missions: one on Artificial intelligence and robotics to minimize accidents in the Steel plants and another on production of 'Green Steel'. Some of the special achievements of Steel PSUs during the current financial year were also highlighted.

4. The Committee, while appreciating the efforts of the Ministry of Steel, sought certain clarifications on the issues relating to the utilization of plan outlays by Ministry of Steel and its PSUs, during current financial year, the PLI Scheme constraints faced by the Ministry due to inadequate allocation of funds for Research and Development initiatives; performance of various Steel PSUs and issues affecting their performance during the current year, and also the measures being taken by them to meet the targets in the coming year. Increasing the demand in rural sector as well as construction of airports was also suggested.

5. The representatives of the Ministry replied to some of the queries of the Members. The Chairperson then 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 within ten days.

6. Hon'ble Chairperson thanked the members of the Committee and officials of the Ministry and PSUs for their active participation in the sitting of the Committee.

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

The Committee then adjourned.

ANNEXURE-II

MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON COAL, MINES AND STEEL (2021-2022) HELD ON MONDAY, THE 21ST MARCH, 2022 FROM 1530 HRS. TO 1615 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 Kunar Hembram
3. Shri Chandra Prakash Joshi
4. Shri Ajay Nishad
5. Smt. Riti Pathak
6. Shri Chunni Lal Sahu
7. Shri Arun Sao
8. Shri Pashupati Nath Singh
9. Shri Sushil Kumar Singh
10. Dr. Beesetti Venkata Satyavathi

Rajya Sabha

11. Dr. Vikas Mahatme
12. Shri Samir Oraon
13. Shir Deepak Prakash

SECRETARIAT

1. Smt. Anita B. Panda - Joint Secretary
2. Shri Arvind Sharma - Director
3. Shri Uttam Chand Bharadwaj - Additional Director

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

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

(i) Draft Report on" Demands for Grants (2022-23) relating to the Ministry of Steel;

(ii) *** *** *** ***
(iii) *** *** *** ***
(iv) *** *** *** ***

4. 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.

5. *** *** *** ***

The Committee, then, adjourned.

***Not related to the Report.**