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**STANDING COMMITTEE ON
COAL, MINES AND STEEL (2021-2022)
SEVENTEENTH LOK SABHA**

MINISTRY OF STEEL

**[Action Taken by the Government on the
Observations/Recommendations contained in the Twenty-Eighth
Report of the Standing Committee on Coal, Mines and Steel on
Demands for Grants (2022-23) (Seventeenth Lok Sabha)]**

THIRTY-SECOND REPORT



**LOK SABHA SECRETARIAT
NEW DELHI
AUGUST, 2022/SRAVANA, 1944(Saka)**

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Report of the Standing Committee on Coal, Mines and Steel on
Demands for Grants (2022-23) (Seventeenth Lok Sabha)]**

Presented to Lok Sabha on 04.08.2022

Laid in Rajya Sabha on 04.08.2022



**LOK SABHA SECRETARIAT
NEW DELHI
AUGUST, 2022/SRAVANA, 1944(Saka)**

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

Chairperson- Shri Rakesh Singh

Lok Sabha

2. Shri Balubhau Dhanorkar *alias* Suresh Narayan
3. Shri Vijay Kumar Hansdak
4. Shri Kunar Hembram
5. Shri Chandra Prakash Joshi
6. Shri Saumitra Khan
7. Shri C. Lalrosanga
8. Shri S. Muniswamy
9. Shri Ajay Nishad
10. Shri Basanta Kumar Panda
11. Smt. Riti Pathak
12. Shri S.R. Parthiban
13. Shri Komati Reddy Venkat Reddy
14. Shri Chunni Lal Sahu
15. Shri Arun Sao
16. Shri Pashupati Nath Singh
17. Shri Sunil Kumar Singh
18. Shri Sushil Kumar Singh
19. Dr. Beesetti Venkata Satyavathi
20. Dr. Thirumaavalavan Thol
21. Shri Ashok Kumar Yadav[#]

Rajya Sabha

22. Shri Subrata Bakshi
23. Dr. Prashanta Nanda
24. Shri Samir Oraon
25. Shri Deepak Prakash
26. Shri Dhiraj Prasad Sahu
27. Shri Shibu Soren
28. Shri Prabhakar Reddy Vemireddy
29. Shri B. Lingaiah Yadav
30. Vacant*
31. Vacant*

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

*Shri Ram Vichar Netam ceased to be a Member of the Committee w.e.f. 29.6.2022 after his retirement from Rajya Sabha

*Dr. Vikas Mahatme ceased to be a Member of the Committee w.e.f. 04.7.2022 after his retirement from Rajya Sabha

SECRETARIAT

- | | | | |
|----|---------------------|---|---------------------|
| 1. | Shri J.M. Baisakh | - | Joint Secretary |
| 2. | Shri Arvind Sharma | - | Director |
| 3. | Shri U.C. Bharadwaj | - | Additional Director |
| 4. | Smt. Savita Bhatia | - | Deputy Secretary |

INTRODUCTION

I, the Chairperson, Standing Committee on Coal, Mines and Steel having been authorised by the Committee to present the Report on their behalf, present this Thirty-second Report (Seventeenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Twenty-eighth Report (Seventeenth Lok Sabha) of the Standing Committee on Coal, Mines and Steel on "Demands for Grants (2022-2023)" relating to the Ministry of Steel.

2. The Twenty-eighth Report (Seventeenth Lok Sabha) of the Standing Committee on Coal, Mines and Steel was presented to Lok Sabha on 22.03.2022. Replies of the Government to all the observations/recommendations contained in the Report were received on 22.7.2022.

3. The Standing Committee on Coal, Mines and Steel considered and adopted this Report at their sitting held on 02.8.2022.

4. An analysis on the Action Taken by the Government on the observations/ recommendations contained in the Twenty-eighth Report (Seventeenth Lok Sabha) of the Committee is given at **Annexure-IV.**

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

NEW DELHI;
02 August, 2022
11 Sravana, 1944(Saka)

RAKESH SINGH
Chairperson
Standing Committee on Coal, Mines
and Steel

CHAPTER I REPORT

This Report of the Committee deals with Action Taken by the Government on the observations/recommendations contained in the Twenty-eighth Report (Seventeenth Lok Sabha) of the Standing Committee on Coal, Mines and Steel on "Demands for Grants (2022-23)" relating to the Ministry of Steel which was presented to Lok Sabha and laid in Rajya Sabha on 22.03.2022.

2. The Report contained 18 observations/recommendations. The Action Taken Replies have been received from the Ministry of Steel in respect of all the 18 observations/recommendations contained in the Report on 22.7.2022. These have been categorised as follows:-

- (i) Recommendations/ Observations which have been accepted by Government:
Serial Nos. 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 17 and 18

Total : 16
Chapter-II

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

NIL

Total:00
Chapter-III

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

NIL

Total : 00
Chapter-IV

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

Serial Nos. 8 and 16

Total : 02
Chapter-V

3. The Committee do hope and trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by

the Government. In case, where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter must be reported to the Committee with reasons for non-implementation. The Committee desire that Action Taken Replies on the Observations/Recommendation contained in Chapter-I and Final Action Taken Notes to the recommendations contained in Chapter-V of this Report be furnished to them within three months.

4. The Committee will now deal with the Action Taken by the Government on some of their Observations/Recommendations made in the Twenty-eighth Report.

R&D scheme

Recommendation Serial No. 2

5. The Committee had observed 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.

6. The Ministry in their Action Taken Reply have submitted as under:-

"Ministry of Steel will explore the possibility to support joint research projects by the stakeholders (Research Institutions and Industry partnership) on the identified thrust area like Carbon Capture Utilization and Storage, development of special steel grades of niche requirement for import substitution, resource efficiency, waste utilization, energy optimization and process development to reduce dependency of coking coal using alternate waste materials, in line with broader national commitment of adoption green technology. Accordingly, Ministry of Steel will seek enhancement of budgetary allocation for the R&D scheme at the RE stage in FY 2022-23 based on the approved proposals."

7. As regards, allocation of Rs.4.49 core at BE stage for R&D Scheme to Ministry of Steel during 2022-23, the Committee in their original Report had observed that 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 Research and Development lay the foundation of modification, improvement and extension of available and potential resources of an industry. Further, as there is renewed thrust on the benefits of R&D, the allocated funds were expected to be increased to 10 crore in the next financial year. While noting that the Ministry recognise the need for an enhanced thrust on R&D Schemes, the Committee would like to re-assert that a detailed Plan be prepared to optimally utilise the funds for R&D projects in Steel Sector. The Committee trust that Ministry of Steel would explore the ways and resources for ensuring desired level of infusion of funds for its R&D Schemes/projects in the coming years and apprise the Committee of the progress made therein.

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

Recommendation Serial No.7

8. The Committee had observed 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 had 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 had 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 had 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 had recommended 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.

9. The Ministry in their Action Taken Reply have submitted as under:-

"The concern put forth by the Committee has been noted and the concerned project divisions in the Ministry and CPSEs have been requested to ensure equitable quarterly expenditure for CAPEX and avoid heavy expenditure during the last quarter of the Financial Year for better fiscal management.

(i) Steel Authority of India Ltd.(SAIL): Quarter-wise distribution of planned expenditure for a Financial Year (FY) is based on the anticipated progress of work/ activities of the projects during the year. However, all efforts will be made by SAIL to avoid heavy expenditure during the last quarter for better fiscal management.

Quarter wise percentage utilisation of plan outlays is attached at **Annexure I**.

(ii) NMDC Ltd.: NMDC has spent about Rs.1955 Cr. till 21.03.2022 against the Capex target of Rs.3720 Cr. NMDC is expecting another Rs.300 to 450 Cr in FY. Close follow up is being done with all stake holders to expedite the above Capex.

As directed by the Committee efforts will be made to ensure equitable quarter expenditure wherever possible. However, the following are submitted for kind consideration in this regard.

Major chunk of the project cost is against supply of materials and equipment after approval of drawings for which the payments are made only when the materials are received at site. It takes considerable amount of time in ordering of materials & equipment by contractor after which engineering and manufacturing take place and finally supplied at site. During the above period payments are not done against above activities and payments are done only on supply of items.

Around 12.5 % payments are against milestone payments like Preliminary Acceptance certificates (PAC), Commissioning, PG tests and Final Acceptance Certificate (FAC) which occurs at end stages of the of the project.

(iii) **Rashtriya Ispat Nigam Ltd.(RINL):** RINL is putting its best efforts to ensure equitable quarterly expenditure. Against Revised Estimate (RE) of Rs. 730 Crs for the year 2021-22, RINL achieved capital expenditure of Rs. 733 Crs in 2021-22. Quarter wise break up is given below: -

CAPEX (RE) Target 2021-22	Q1	Q2	Q3	Q4	Actual
730	126	240	168	198	733
100%	17%	33%	23%	27%	100%

RINL's CAPEX for the year 2022-23 is Rs 910 Crs and utmost care will be taken by RINL to ensure financial prudence as desired by the Committee.

(iv) **MOIL Ltd.:** The company has noted the recommendations to ensure equitable quarterly expenditure to avoid heavy expenditure during the last quarter. The same shall be implemented taking into consideration the delivery schedule of equipments along with schedule of work to be completed. It is highlighted that the company has MoU target of 90% of Capex by 31st December of the financial year.

The details of I&EBR for capital expenditure during last three years and plans for FY 2022-23 is enclosed as **Annexure-II**

(v) **MECON Ltd.:** MECON distributed the planned CAPEX on a quarterly basis to avoid bunching in the last quarter, which is shown below in the table:

CAPEX for the Financial Year – 2022-23				(Rs. In Crores)
Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total(2022-23)
6.87	1.38	3.51	5.49	17.25

(vi) MSTC Ltd.: IEBR for CAPEX under CPSEs During the FY 2021-22 MSTC has made quarterly expenditure of CAPEX as follows:

Rs. in crores				
Q1	Q2	Q3	Q4	Total
2.51	3.46	9.19	0.14	15.30

MSTC has made equitable quarterly expenditure of CAPEX with majority of expenditure within 31.12.2021 itself.

CAPEX Target for the FY 2022-23

1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.	Total
1.50	2.25	3.25	3.00	10.00

(vii) KIOCL Ltd.: KIOCL has planned CAPEX for the Financial Year 2022-23 with uniform distribution on quarterly basis to the extent possible and to avoid heavy expenditure on last quarter, as follows: -

Q1	Q2	Q3	Q4	TOTAL (₹ in Crores inclusive of GST)
222.93*	44.16	54.65	62.89	384.63

* Includes ₹200 Crores for stamp duty and registration charges of ML deed execution, on obtaining Stage-II Forest Clearance of Devadari Iron Ore Mine, at Sandur Taluk, Ballari District, Karnataka State."

10. The Committee are happy to note that the Ministry have accepted their suggestion on ensuring equitable quarterly expenditure by the Steel Sector PSUs. The Committee, while reiterating their earlier recommendation desire the Ministry to devise a suitable mechanism for the same and they be apprised of the action taken by Steel PSUs to monitor and regulate the quarter wise expenditure of Plan Outlays vis-a-vis physical targets achieved.

Production Linked Incentives Scheme (PLI)

Recommendation Serial No.8

11. The Committee had observed 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 had 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. The Ministry have now launched 'Production Linked Incentives'(PLI) Scheme for 'specialty 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 specialty grade steel within the Country, to attract significant investment in 'Specialty 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 had felt 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.

12. The Ministry in their Action Taken Reply have submitted as under:-

"The process for online submission of applications to participate in the PLI scheme for specialty steel has been ongoing since 29th Dec 2021. Till March 2022, 20 registrations were received following which the Ministry engaged with the industry associations and other stakeholders during as many as 8 consultative sessions including a National Conference for the Secondary steel sector and a Parliamentary Consultative Committee. Post consultations, a proposal to modify the scheme with approval of the Empowered Group of Secretaries is under process to simplify the scheme and to align with Government's objective of being 'Aatmanirbhar'. Due to continuous engagement with the industry, as on date, 67 companies have registered their interest to participate in the scheme and the application window is open till 31st Jul 2022. No beneficiary has been approved and no benefits have been disbursed at this stage, after which the implementation phase would commence."

13. The Committee in their original report had noted that the Ministry have launched 'Production Linked Incentives'(PLI) Scheme for production of 'Specialty 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. The Ministry in their Action Taken Reply have informed the Committee that presently the applications under the PLI Scheme for Speciality Steel have been invited through online system and

the application window has been extended and kept open till 31 July, 2022. In this regard, the Committee expect that the application process for PLI scheme is simplified and desire the Ministry to scrutinize these applications in a time bound manner and apprise the Committee of the developments in this direction.

Import of Coking Coal by Steel Plants

Recommendation Serial No.11

14. The Committee had observed 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. The Committee were informed that since Coking coal had been a major cost factor in steel production (to the tune of 42%) , the Ministry of Steel were 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 are 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 were 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 had desired that more initiatives in this direction are necessary and

recommended 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 had desired that they be apprised of the agreed coking coal being procured from Russia and present status of its supply.

15. The Ministry in their Action Taken Reply have submitted as under:-

"Coal imports from Russia in the financial year 2021-22 stood at 1.136 million tonnes till January 2022.

After signing the MoU, being commercial decision, companies are trying tie up with Russian suppliers for coal of different varieties."

16. As regards, the efforts made by Ministry of Steel to reduce the import bill on coking coal by diversifying the import destination and by providing subsidy support to Indian Shipping Companies in global tenders for import of government cargo in respect of steel, the Committee had desired to be apprised of developments made after an MOU was signed with Russia. In their Action Taken Reply the Ministry have informed that after signing of the MoU, companies are trying to tie-up with Russian suppliers for coal of different varieties.

The Committee note that taking into consideration current deficiency of high quality/coking coal in the country as well as the need to reduce the cost of importing the same, the Ministry should make a study of reasons for importing coking coal and the Committee be apprised of the total estimated demand of coking coal in private and public sector companies in the Steel Sector. The Committee also desire that steps should be taken to reduce dependency on import of coking coal and they be informed of the action plan of the government in this regard.

Fund Utilisation by SAIL and Major ongoing Projects of SAIL

Recommendation Serial Nos.12 & 14

Recommendation Serial No.12

17. The Committee had observed that despite the unprecedented challenges due to COVID induced lockdowns and restrictions, the performance of Steel Sector 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 had also noted 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 IEBR 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 had expected full utilisation of outlays by SAIL during 2021-22 and recommended that Ministry/SAIL should ensure proportionate and equitable utilisation of plan outlays during each quarter of the financial year.

18. The Ministry in their Action Taken Reply have submitted as under:-

"SAIL has incurred an expenditure of Rs.6013 Crore during FY2021-22 as against the CAPEX target of Rs.8000 Crore.

The major reasons which can be attributed for the shortfall are:

- Progress of major ongoing projects (Rebuilding of Coke Oven Batteries at BSL, RSP & BSP and New Sinter Plant at BSL) was affected due to poor performance of contractors and other related issues affecting cash flow
- Progress of ongoing projects and tender finalization for new projects was also affected to an extent due to COVID related issues, particularly the second wave of pandemic. Due to this, tenders could not be finalised and orders could not be placed as anticipated, leading to lower cash-flow than expected.
- Closure of contracts under Modernisation and Expansion Plan has got delayed in few cases due to unresolved issues viz. completion of contractual milestones (Commissioning/PG test), levy of LD and settlement of extra claims."

Recommendation Serial No.14

19. The Committee had noted 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.

20. The Ministry in their Action Taken Reply have submitted as under:-

"The latest status of physical as well as financial progress and issues hindering progress of projects of SAIL Plants/Units is being regularly reviewed by SAIL Board.

For the project of New Sinter Plant at BSL, besides other factors, poor progress by the contractor (M/s BEC) responsible for civil, structural and erection work is the main reason for delay in completion. In view of this, physical as well as financial assistance was extended to the contractor (such as permission for fabrication inside the plant, issuance of interest bearing revolving credit against bank guarantee etc.). However, the performance of contractor could not improve to the desired levels.

Regarding COB-8 at BSL, poor mobilization of resources and delay in supply of critical items by the contractor (MECON) are the main reasons for delay in completion of the project. To expedite the progress, regular follow-up is being done by Bokaro Steel Plant with the contractor. Review meetings are also being held at the highest level of MECON, SAIL and Ministry of Steel. The last review meeting in the Ministry of Steel was held under the Chairmanship of Secretary (Steel) on 04.03.2022 and the meeting was attended by SAIL and MECON."

21. As regards utilisation of plan outlays by SAIL, from the Action Taken Reply of the Government, the Committee observe that SAIL has incurred an expenditure of Rs. 6013 Crore during FY 2021-22 as against the CAPEX target of Rs.8000 Crore. The reasons put forward by the Ministry for shortfall in expenditure are, progress of major ongoing projects (Rebuilding of Coke Oven Batteries at BSL, RSP & BSP and New Sinter Plant at BSL) was affected due to poor performance of contractors and other related issues affecting cash-flow; progress of ongoing projects and tender finalization for new projects was also affected to an extent due to COVID related issues; and Closure of contracts under Modernisation and Expansion Plan has got delayed in few cases due to unresolved issues viz. completion of contractual milestones (Commissioning/PG test), levy of LD and settlement of extra claims. For the shortfall in fund utilisation and expenditure by SAIL, the Committee recommend that the Ministry/SAIL henceforth should address these procedural delays in time and they be apprised of the steps taken to fully utilise the targeted plan outlay for 2022-23.

22. While going through the action taken reply of Ministry of Steel on the matter of regularly reviewing the performance and progress of projects of plants/unit by SAIL Board, the Committee observe that a review meeting was held on 04.03.2022 which was attended by SAIL and MECON. In this regard, the Committee would like to be apprised of the developments made subsequent to this meeting held on 4th March, 2022 to review the progress of ongoing projects of SAIL.

CHAPTER-II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation Serial No.1

Budgetary Provisions for Financial Year 2022-23

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.

Action Taken

Ministry of Steel held interactions with Ministry of Rural Development, Ministry of Housing and Urban Affairs, Ministry of Jal Shakti, Ministry of Ports, Shipping and Waterways, Ministry of Road Transport and Highway (MoRTH), Ministry of Petroleum and Natural Gas, Ministry of Defence, etc. for promotion of Steel Usage in projects being implemented by them. Seminars/Webinars have been held wherein various Central Ministries/Departments/State Governments presented their upcoming projects. This provided platform to the steel industry to show their capability and also to assess the future requirements of steel. Ministry of Steel has

also been engaging with Railway, Defence and Automobile sector to cater their long term demand of various types of steel products.

In addition to above, to cash on the steel requirements in various sectors, following initiative have been taken: -

- i. A **Committee** has been formed jointly with M/o PNG to prepare a roadmap for promoting domestically steel in Oil and Gas Sector in Sep'2020. The Committee has submitted its final report and accordingly steel industry is gearing up to meet the demand of Oil and Gas sector.
- ii. A **Joint Working Group (JWG)** having members from M/o Housing and Urban Affairs, M/o Skill Development, Ministry of Steel, BIS, CPWD, Technical Institutions (IITs) and from Industry has also been setup for fostering steel usage in Housing and Construction sector. The major jobs assigned to the JWG are: -
 - a. To develop standardized design and layouts of Aanganwaadi and housing configurations with Steel structure with estimated cost, as adopted in Pradhan Mantri Awas Yojana (PMAY) houses and States Schemes for circulation to all States/UTs. A software in collaboration with IITs/NITs may be developed in this regard.
 - b. To promote Light Gauge Houses, Composite and Pre-Engineered Steel Building to enhance the quality and speed of construction in the various schemes such as PMAY, Smart Cities Development.

The Committee has submitted the detailed proposal along with the financial requirement for Development of Type Designs of Aanganwaadi and Houses across India which is under consideration of Ministry of Steel.

- iii. M/o Steel has also formed a Committee of experts from INSDAG, IITs, Ministry of Road Transport and Highways (MoRTH) and industry experts for development of designs for long span (30m, 35m, and 40m) steel based Bridges. **The design for 30 m has been approved by the committee in Jan'22 and sent to MoRTH on 07.2.2022 for adoption.**

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Recommendation Serial No.2

R&D scheme

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.

Action Taken

Ministry of Steel will explore the possibility to support joint research projects by the stakeholders (Research Institutions and Industry partnership) on the identified thrust area like Carbon Capture Utilization and Storage, development of special steel grades of niche requirement for import substitution, resource efficiency, waste utilization, energy optimization and process development to reduce dependency of coking coal using alternate waste materials, in line with broader national commitment of adoption green technology. Accordingly, Ministry of Steel will seek enhancement of budgetary allocation for the R&D scheme at the RE stage in FY 2022-23 based on the approved proposals.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Comments of the Committee

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

Recommendation Serial No.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.

Action Taken

Ministry of Steel would work on the approach for joint collaboration with private sector in the area of Research & Development. Ministry of Steel will explore the possibility of undertaking R & D jointly with Private Sector for attaining common goal of technological advancement mainly in the area of energy efficiency, resource efficiency, waste utilisation and decarbonization.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Recommendation Serial No.4

Other Central Sector Scheme

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.

Action Taken

The head 'Other Central Sector Expenditure' under the Major Head 2852 provides funds for 'Information, Education and Communication (IEC)', 'Membership/Observer fee for Organization for Economic Cooperation and Development (OECD) and Global Forum for Steel Excess Capacity (GFSEC)' and 'Awards to Distinguished Metallurgists'. The head-wise allocation and expenditure during the FY 2021-22 is given in the table below: -

(Rs. in lakhs)

Heads of Expenditure	BE 2021-22	RE 2021-22	Actual Expenditure 2021-22
Information, Education and Communication (IEC) [Sub head 2852.80.800.44]	56.00	55.00	7.59
Membership/Observer fee for Organization for Economic Cooperation and Development (OECD) and Global Forum for Steel Excess Capacity (GFSEC) [Sub head 2852.01.798.05]	40.00	40.00	9.88
Awards to Distinguished Metallurgists [Sub head 2852.80.800.03]	50.00	50.00	31.00
Development of Steel Clusters in India (Token) [Sub head 2852.01.105.34]	1.00	1.00	0.00
Total	147.00	146.00	48.47

1. The reasons for the low utilization of funds under the head 'Other Central Sector Expenditure' are: -

- i. **Information, Education and Communication (IEC):** Under this head, provision was made for the participation of the Ministry of Steel along with CPSEs in the India International Trade Fair (IITF) and also in Vibrant Gujarat Summit. Ministry of Steel had also planned to organize exhibitions/conference like the 'India Steel Exhibition & Conference'. However, India Steel and Vibrant Gujarat were not held due to COVID-19 related restrictions and the Ministry could not participate in the IITF. As a result of the pandemic related restrictions, the IEC provision could not be expended as planned.
- ii. **Membership/Observer fee for OECD and GFSEC:** The provisions were made for Membership/Observer fees for Organization for Economic Co-operation and Development (OECD) and Global Forum for Steel Excess Capacity (GFSEC). The provision for observer fees for GFSEC could not be released as the bills were not received. An expenditure of Rs. 9.88 lakhs was made for the annual contribution fee to the OECD as per the fees bill raised by OECD only.
- iii. **Awards to Distinguished Metallurgists:** The scheme was rationalized and this rationalization resulted in a reduction of the number of awards and award money during the FY 2021-22.

2. As regards, the recommendation of the Committee for investment in capacity building and training, it is submitted that the Ministry has taken several initiatives on skill development like signing MoU with Ministry of Skill Development and Entrepreneurship (MSDE) to facilitate skill development activities through the CPSEs under its administrative control. Similarly, five Steel CPSEs viz. SAIL, NMDC, RINL, KIOCL and MOIL have thereafter signed MoUs with National Skill Development Corporation (NSDC) to collaborate and support skill development initiatives. In house training is being imparted by Steel CPSEs to their own employees.

Recently, a presentation on Skill Development in Steel Sector was made before the Standing Committee on Coal, Mines and Steel.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Recommendation (Serial No.5)

Performance of Steel Sector

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.

Action Taken

The rural per capita steel consumption in the country has been of the order of 21.3 kg in the year 2020-21 against the all India average of 70 kg. Ministry of Steel has been working continuously to improve the domestic consumption of steel to reach the per capita target of 160 kg by 2030-31, as envisaged in NSP-2017. The "Ispatirada" campaign of the Ministry also encourages steel usage in rural areas.

M/o Steel is actively looking at avenues to enhance steel consumption in rural areas. Increase in agricultural implement penetration in rural India (tractors, combine harvesters etc.), creation of permanent houses under Pradhan Mantri Awas Yojana – Gramin along with an increase in steel silos for grain storage and greater rural vehicle penetration will enable a rise in steel use in rural India. A Webinar was organized on 20.10.2020 with M/o Rural Development, M/o Agriculture & Farmers Welfare, Department of Dairying & Animal Husbandry and M/o Food Processing. The Joint Working Group (JWG) has also been set up to develop standardized design and layouts of housing configurations with Steel structure with estimated cost, as adopted in Pradhan Mantri Awas Yojana-Gramin (PMAY-G) houses and States Schemes for circulation to all States.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Recommendation Serial No.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.

Action Taken

Noted

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Recommendation Serial No.7

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

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.

Action Taken

The concern put forth by the Committee has been noted and the concerned project divisions in the Ministry and CPSEs have been requested to ensure equitable quarterly expenditure for CAPEX and avoid heavy expenditure during the last quarter of the Financial Year for better fiscal management.

(i) **Steel Authority of India Ltd.(SAIL):** Quarter-wise distribution of planned expenditure for a Financial Year (FY) is based on the anticipated progress of work/ activities of the projects during the year. However, all efforts will be made by SAIL to avoid heavy expenditure during the last quarter for better fiscal management.

Quarter wise percentage utilisation of plan outlays is attached at **Annexure I.**

(ii) **NMDC Ltd.:** NMDC has spent about Rs.1955 Cr. till 21.03.2022 against the Capex target of Rs.3720 Cr. NMDC is expecting another Rs.300 to 450 Cr in FY. Close follow up is being done with all stake holders to expedite the above Capex.

As directed by the Committee efforts will be made to ensure equitable quarter expenditure wherever possible. However, the following are submitted for kind consideration in this regard.

Major chunk of the project cost is against supply of materials and equipment after approval of drawings for which the payments are made only when the materials are received at site. It takes considerable amount of time in ordering of materials & equipment by contractor after which engineering and manufacturing take place and

finally supplied at site. During the above period payments are not done against above activities and payments are done only on supply of items.

Around 12.5 % payments are against milestone payments like Preliminary Acceptance certificates (PAC), Commissioning, PG tests and Final Acceptance Certificate (FAC) which occurs at end stages of the of the project.

(iii) **Rashtriya Ispat Nigam Ltd.(RINL):** RINL is putting its best efforts to ensure equitable quarterly expenditure. Against Revised Estimate (RE) of Rs. 730 Crs for the year 2021-22, RINL achieved capital expenditure of Rs. 733 Crs in 2021-22. Quarter wise break up is given below: -

CAPEX (RE) Target 2021-22	Q1	Q2	Q3	Q4	Actual
730	126	240	168	198	733
100%	17%	33%	23%	27%	100%

RINL's CAPEX for the year 2022-23 is Rs 910 Crs and utmost care will be taken by RINL to ensure financial prudence as desired by the Committee.

(iv) **MOIL Ltd.:** The company has noted the recommendations to ensure equitable quarterly expenditure to avoid heavy expenditure during the last quarter. The same shall be implemented taking into consideration the delivery schedule of equipments along with schedule of work to be completed. It is highlighted that the company has MoU target of 90% of Capex by 31st December of the financial year.

The details of I&EBR for capital expenditure during last three years and plans for FY 2022-23 is enclosed as **Annexure-II**

(v) **MECON Ltd.:** MECON distributed the planned CAPEX on a quarterly basis to avoid bunching in the last quarter, which is shown below in the table:

CAPEX for the Financial Year - 2022-23					(Rs. In Crores)
Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total(2022-23)	
6.87	1.38	3.51	5.49	17.25	

(vi) **MSTC Ltd.:** IEER for CAPEX under CPSEs During the FY 2021-22 MSTC has made quarterly expenditure of CAPEX as follows:

					Rs. in crores
Q1	Q2	Q3	Q4	Total	
2.51	3.46	9.19	0.14	15.30	

MSTC has made equitable quarterly expenditure of CAPEX with majority of expenditure within 31.12.2021 itself.

CAPEX Target for the FY 2022-23

1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.	Total
1.50	2.25	3.25	3.00	10.00

(vii) KIOCL Ltd.: KIOCL has planned CAPEX for the Financial Year 2022-23 with uniform distribution on quarterly basis to the extent possible and to avoid heavy expenditure on last quarter, as follows: -

Q1	Q2	Q3	Q4	TOTAL (₹ in Crores inclusive of GST)
222.93*	44.16	54.65	62.89	384.63

* Includes ₹200 Crores for stamp duty and registration charges of ML deed execution, on obtaining Stage-II Forest Clearance of Devadari Iron Ore Mine, at Sandur Taluk, Ballari District, Karnataka State.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Comments of the Committee

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

Recommendation Serial No.9

Major Policy Initiatives in Steel Sector

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 'Specialty Steel' and attract significant investment for production of 'Specialty 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.

Action Taken

The Indian steel industry ended on a buoyant note in 2021-22, with leading growth parameters bouncing back to pre-COVID levels and growth rates firming up encouragingly.

Multiple stimulus post covid, specially aggressive stimulus in the infrastructure sector like Highways, Railways, Power sector has helped maintain steel consumption, when the steel consumers from the private sector was still reeling under the Pandemic linked restrictions.

The stimulus package announced by the government for Atmanirbhar Bharat (self-reliant India) was poised to greatly help restart various industries and restore momentum across all economic activities. Infrastructure being one of five pillars emphasized in the program of self-reliant India will augur well for domestic steel demand.

Production Linked Incentive (PLI) Scheme for Specialty Steel aims to boost the domestic production of 'Specialty Steel' and attract significant investment for production of 'Specialty 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 with a likely investment of about ₹ 39,625 Crore with objective of reduction in import and enhanced exports.

Steel Import Monitoring System (SIMS) has been set up with an objective to provide granular data on steel imports to domestic steel industry for capacity & inventory management and also to policy makers to provide enabling measures. The data on imports during last three years is given below:

Period	Import of Total Finished Steel (in Million Ton)
2018-19	7.835
2019-20	6.768
2020-21	4.752
2021-22*	4.669

Domestically manufactured Iron & Steel Products (DMI&SP) policy with indigenous value addition criterion against each product, shall give impetus to indigenous manufacturing through widening of manufacturing base, sharing of know-how, product development as well as technology transfer by way of multi-lateral collaboration. This will also encourage the foreign technology providers and critical

steel plant manufacturers to set up manufacturing shops in India and thereby improving domestic skills and employment generation.

Since the inception of DMI&SP policy in 2017 there has been drastic increase in import substitution through augmented usage of domestically manufactured steel. This has been mainly possible through large scale savings in oil & gas sector. Besides saving precious foreign exchange, it has been able to improve the capacity utilization of Indian steel and steel products' manufacturers.

As part of the country's strategy to promote local products, Government has taken policy decision by which public procurement of up to Rs. 200 cr shall be exclusively reserved for domestic suppliers.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Recommendation (Serial No.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 meticulously adhere to their future and strengthen its roadmap with appropriate investment Plan.

Action Taken

Ministry of Steel comprehends the importance of technological upgradation. However, decision in this regard is taken by the respective Steel Companies in the context of investment required, based on the market scenario, cost benefit analysis & other related factors.

Under the National Green Hydrogen Mission an outlay of Rs 455 crore has been recommended for support for pilot scale steel projects for utilisation of Green Hydrogen in the steel making processes.

Ministry of Steel (MoS) is working on Mission on Green Steel for devising a roadmap, strategy and the action plan for the green transition of Steel Sector in line with India's Cop26 Commitment of attaining net-zero emission by 2070. The green pathways to steel production, as chalked out by MoS, are categorized into 5 pillars of – energy efficiency, resources efficiency, energy transition, process transition and deep decarbonization. There is a strong focus on increased usage of renewable energy, promotion of green hydrogen, CCUS (Carbon Capture Usage and Storage), adoption of breakthrough technologies for fossil-free steel-making as well as promoting circular economy through increased usage of scrap as the raw material policy framework, R&D, Skill Development, International Collaborations and Cooperation, Joint Ventures and Green Finance are few of the key enablers in this director.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Recommendation (Serial No.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.

Action Taken

Coal imports from Russia in the financial year 2021-22 stood at 1.136 million tonnes till January 2022.

After signing the MoU, being commercial decision, companies are trying tie up with Russian suppliers for coal of different varieties.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Comments of the Committee

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

Recommendation Serial No.12

Performance of Steel Sector PSUs

SAIL

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.

Action Taken

SAIL has incurred an expenditure of Rs.6013 Crore during FY2021-22 as against the CAPEX target of Rs.8000 Crore.

The major reasons which can be attributed for the shortfall are:

- Progress of major ongoing projects (Rebuilding of Coke Oven Batteries at BSL, RSP & BSP and New Sinter Plant at BSL) was affected due to poor performance of contractors and other related issues affecting cash-flow
- Progress of ongoing projects and tender finalization for new projects was also affected to an extent due to COVID related issues, particularly the second

- wave of pandemic. Due to this, tenders could not be finalised and orders could not be placed as anticipated, leading to lower cash-flow than expected.
- Closure of contracts under Modernisation and Expansion Plan has got delayed in few cases due to unresolved issues viz. completion of contractual milestones (Commissioning/PG test), levy of LD and settlement of extra claims.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Comments of the Committee

(Please see para 21 of Chapter I of Committee)

Recommendation Serial No.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.

Action Taken

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 a plan which envisages expansion of crude steel production capacity of SAIL to 49.61 Million Tonne in a phase-wise manner.

The road map for achieving envisaged capacity Plant-wise and Phase-wise is placed below: -

Steel Plants	Crude Steel Capacity (Post MEP 2009) – (MTPA)	Tentative planned : Crude Steel (Capacity (MTPA))	
		Post Phase 1	Post Phase 2
Bhilai Steel Plant	6.00	6.80	12.00
Durgapur Steel Plant	2.20	3.70	7.20
Rourlela Steel Plant	3.80	8.70	8.70
Bokaro Steel Plant	4.60	9.10	14.00
IISCO Steel Plant	2.50	6.00	7.30
Alloy Steels Plant	0.23	0.23	0.23
Salem Steel Plant	0.18	0.18	0.18
SAIL	19.51	34.71	49.61

The expansion, however, is subject to the following:

- (i) Increase in domestic steel demand in India in line with projections in National Steel Policy, 2017
- (ii) Ensuring 100% linkage of the Iron ore requirement from Captive Sources
- (iii) Generation of Internal resources to ensure funding of expansion with Debt : Equity ratio of 1:1

SAIL has appointed a consultant to advise SAIL on the product mix for Phase 1 expansion. Further actions will be taken on receipt of report from consultant.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Recommendation Serial No.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.

Action Taken

The latest status of physical as well as financial progress and issues hindering progress of projects of SAIL Plants/Units is being regularly reviewed by SAIL Board.

For the project of New Sinter Plant at BSL, besides other factors, poor progress by the contractor (M/s BEC) responsible for civil, structural and erection work is the main reason for delay in completion. In view of this, physical as well as financial assistance was extended to the contractor (such as permission for fabrication inside the plant, issuance of interest bearing revolving credit against bank guarantee etc.). However, the performance of contractor could not improve to the desired levels.

Regarding COB-8 at BSL, poor mobilization of resources and delay in supply of critical items by the contractor (MECON) are the main reasons for delay in completion of the project. To expedite the progress, regular follow-up is being done by Bokaro Steel Plant with the contractor. Review meetings are also being held at the highest level of MECON, SAIL and Ministry of Steel. The last review meeting in the Ministry of Steel was held under the Chairmanship of Secretary (Steel) on 04.03.2022 and the meeting was attended by SAIL and MECON.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Comments of the Committee

(Please see para 22 of Chapter I of Committee)

Recommendation Serial No.15

RINL

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.

Action Taken

A) Cost Cutting Measures

In RINL, cost reduction is achieved by improvement in processes, technological up-gradation and innovative practices. Various cost cutting measures taken by RINL include.

- **Labour productivity:**

With ramp up of production from Expansion and Modernisation units, the Company has attained new peaks in most of the major areas in 2021-22. The Hot Metal production of 5.774 Mt achieved in the year is the best for any year since inception and it is 23% higher than the previous year. With this, the Company achieved best ever Labour Productivity of 535 tCS/man-year.

- **Substitution of low cost materials for cost advantage:**

Many innovations have been carried out for utilizing alternative cheaper materials without compromising on quality of output and the same is being pursued vigorously. Some of which are as under:

- Nut coke & Pulverized coal Injection (PCI) in partial replacement of costlier metallurgical coke in Blast Furnaces.
- Usage of Iron ore slime in partial replacement of Iron ore fines in Sinter Plant was stepped up from an average of 9% in 2019-20 to 21% in 2021-22
- Usage of Anthracite Coal in place of coke breeze in Sinter making.
- Coal blend optimization for reduction in cost of Metallurgical Coke.

- **Recovery of waste material and recycling:**

Waste material generated in various processes of the plant is identified and is gainfully utilized for improving the environmental condition as well as cost saving continuously. The major items are:

- Generation of Auxiliary power by using Waste gases and Waste energy for the reduction in import of power from external grid. Power generation of 120 MW using 100% BF gas.
 - Power generation of 10 MW from Coke Oven Waste Heat based COB-V Power Plant.
 - The total Waste Heat and Waste Energy based power generation increased to 147.5 MW during the year 2021-22 from 97.1 MW during the previous year.
- **Measures taken in Logistics & Dispatch of Material:**
 - Direct delivery to customers on FOR basis has also been continued to avoid various extra costs like additional handling charges enabling RINL to quote competitive prices to its customers.

B) Value Added Production

RINL has established itself as a major player among the country's Value added Steel Producers. High Carbon Steel grade, Medium Carbon Steel grades, Medium and High Manganese Steel, Spring Steel, Low Alloy steel grades in longs or Non-flat products like Rounds and Squares are called High End Value Added Steel (HVAS) products. RINL is continuously striving to improve their share of High End VAS products by focusing on production of High End Value Added Steel products for increased realization.

Unit: Million tonne			
Item	2019-20	2020-21	2021-22
High End Value Added Steel	0.81	0.69	0.89

Also, development of new grades is a focused activity for RINL. Keeping in view the market demand and to cater to specific customer requirement, various New grades are being developed. RINL has taken up programs on new product development and has developed steels like:-

- Boron Steel for automotive sector & High tensile fasteners
- CO₂ grade for making electrode wire for continuous welding applications
- Earthquake resistance steel for construction sector
- Spring Steel for Railway purpose (Rail Clips)
- Chromium grade steel (20MnCr5 & 40/41 Cr4) for forging applications in Automobile sector
- Corrosion resistant steel for Construction works (Reinforcing bars)
- Cold headed Quality for production of Fasteners
- Medium Carbon Steel for Automobile applications & General Engineering.

- High carbon steel for producing Wire Ropes, Pre-Stressed Concrete Sleepers for Railways and other drawing applications
- Continuous Cast Rounds as input for making Railway Wagon Wheels at Forge Wheel Plant
- Electrode quality steel for making Electrodes
- General engineering steel for flanges etc.,
- Chromium based spring steel (SUP series) for Automobile applications
- CAQ grade for Cable Armored Quality
- Vanadium Steel – C18HMn for High Tensile Structural.
- Boiler Grade Steel.

At present, a few more special grade steels (ACSR, TBQ, LRPC etc.) are being developed in collaboration with IIT, Kharagpur.

C) Achievements in operations

In spite of the various challenges faced by on account of lower market demand, Covid-19 pandemic and volatility in International Coking Coal market, RINL achieved record production performance during the last two to three years. Production performance during the FY 2021-22 in Hot Metal, Liquid Steel, Saleable Steel and others as given below is the BEST performance since inception;

Production

Sl	Item	Unit	2021-22	Previous BEST	% improvement over Previous BEST
1	Oven Pushings	Nos./day	375	340	10
2	Sized Ore preparation	'000 t	2166	1897	14
3	Basemix preparation	'000 t	8929	8446	6
4	Gross Sinter	'000 t	8004	7692	4
5	Hot Metal	'000 t	5774	5769	0.1
6	Liquid Steel-Total	'000 t	5518	5517	0
7	Liquid Steel - SMS-2	'000 t	2681	2435	10
8	Avg. Heats from SMS-2	Nos./day	48	44	10
9	Crude Steel-Total	'000 t	5272	5233	1
10	Crude Steel - SMS-2	'000 t	2592	2354	10
11	STM Products	'000 t	413	382	8
12	Saleable Steel	'000 t	5138	5000	3

13	Value Added Steel	'000 t	4323	3677	18
14	Value Added Heats	Nos.	32453	28637	13
15	Avg. Power generation - CPP-2	MW	109	104	5
16	Avg. Power generation – COB-5	MW	10	7	49

Technical Parameters:

Optimized operations in the Plant yielded BEST performance in the following Techno Economic Parameters:-

SI	Item	Unit	2021-22	Previous BEST	% improvement over Previous BEST
1	BF Coke rate – Shop	Kg/t HM	405	417	3
2	- BF-1	Kg/t HM	402	417	4
3	Nut Coke rate – Shop	Kg/t HM	41	34	19
4	- BF-1	Kg/t HM	44	32	38
5	- BF-3	Kg/t HM	35	28	27
6	PCI rate – Shop	Kg/t HM	100	98	2
7	- BF-1	Kg/t HM	107	104	3
8	Labour Productivity	tCS/ Man-year	535	489	9

Sales achievements in 2021-22

- Sales Turnover of Rs.28,082 Cr was achieved with a growth of 56% over Rs.17,981 Cr achieved in the previous year and 35% over the previous best of Rs.20,844 Cr achieved in 2018-19.
- The Saleable Steel Sales Volume of 5.225 Mt achieved is the best for any year since inception, with a growth of 17% over the previous year and 6% over the previous best of 2018-19.
- Exports Turnover of Rs.5,607 Cr was achieved with a growth of 37% over the previous best of Rs.4,095 Cr achieved in 2020-21.

D) Efforts made by RINL for increasing Revenues and improving business

- Maximizing sales of TMT Rebars for Projects:

With the focus of the Government of India on Infrastructure, the demand for TMT Rebars of the Company has increased and the realisations have also been higher. Keeping this in view, the production and sales of TMT Rebars was maximized. The sale of TMT Rebars achieved during the year was 1.747 Mt, which is 36% higher than the previous year.

The supply of steel to Projects Segment increased to 0.922 Mt, which is 81% higher than the previous year. Most of the projects of national importance, such as Mumbai- Ahmedabad High Speed Rail Corridor, Delhi-Mumbai Expressway, Mumbai-Nagpur Samruddhi Expressway, Delhi-Meerut Regional Rapid Transit System, Mumbai Trans Harbour Project and Polavaram and Bhadradi Irrigation Projects have been serviced during the year. The supplies have also been made to major National Highway projects, major Housing Projects under PMAY and major Metro Rail projects.

- Maximizing sales of Finished Steel and Value Added Steel:

The sale of Finished Steel was increased to 3.85 Mt with a growth of 30% over the previous year. The share of Finished Steel improved to 74% of total sales from 66% of total sales during the previous year.

The sale of High End Value Added steel was increased to 0.910 Mt with a growth of 18% over the previous year.

- Improving Global Presence, cash flow and Profitability through Sales in Export Markets:

RINL exported 1.22MT of Saleable Steel during 2021-22, which works out to 9% of Total Steel exports of 13.494 MT Steel from the country. The company made foray in Egypt by exporting 79,960 MT of Steel billets for the first time.

Country wise exports during FY21-22

2021-22 Country Wise Breakup		
Country	Quantity(Mt)	Country Wise Distribution
China	461,676	38
Egypt	79,960	7
Indonesia	97,080	8
Kenya	105,100	9
Nepal	248	0
Philippines	9,932	1
Sri Lanka	334,857	28
Taiwan	28,670	2
Tanzania	7,303	1
Thailand	10,496	1
Turkey	79,490	7
Grand Total	1,214,812	102

- To support the Cash inflow requirement during pandemic, emphasis was for finalization of Export orders against Advance payment terms.
- With continuous monitoring of International Demand and Price Trends, RINL was able to gradually improve its realization.
- Reduction of Inventory:
The company could reduce the Inventory of Saleable Steel for 2nd year in succession to end the year at 1.02 lakh tonnes, which works out to 7 days of sale.

E) Effective utilization of funds

1. The company entered into Bill Discounting Arrangement for the Iron Ore procurement from NMDC. With this, the Company could obtain 38 days' extra interest free credit period and also 135 days with nominal interest rates besides managing the cash flow issues.
2. In order to manage the additional cash outflows on account of surge in Imported Coking Coal prices, Short Term Loan of Rs.960 Cr. was obtained from SBI at competitive interest rates.
3. With the above initiatives, the company could repay higher interest rate working capital borrowings and bargain for reduction in interest rates.
4. With the cash profit generated during the year and with the liquidation on inventory, the working capital borrowings of the Company reduced to Rs.7,268 Cr at the end of FY 2021-22, with a reduction of Rs.3,539 Cr from Rs.10,807 Cr at the beginning of the year.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Recommendation Serial No.17

KIOCL Ltd.

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.

Action Taken

Low utilisation of funds have been attributed to delay in Blast Furnace Unit tendering and operationalisation and delay in Devadarilron Ore Mining project due to delay in issuing permission from State Forest Department for study on Wildlife Management, Catchment Area Treatment Plan, identification of degraded forest land for compensatory afforestation.

After installation of 04 (four) Nos. of Vertical Pressure Filters, "capacity utilisation" of the Plant will be improved.

KIOCL has taken necessary steps to speed up the progress of ongoing projects to reach the targets of the CAPEX.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Recommendation Serial No.18

MOIL Ltd.

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.

Action Taken

The company has plans to achieve production level of 24.90 lakh Metric Tonne by 2025-26 and 30.00 lakh Metric Tonne by 2030.

To achieve this goal, following steps have already been taken :

1. Sinking of additional vertical shafts
2. Sinking of large diameter high speed vertical shafts
3. Large scale development in opencast and underground mines

In this direction, MOIL has taken up/completed following shaft sinking projects mainly for sustaining the production levels.

Sr. No.	Name of project	Project cost (Rs. in Crores)	Date of completion
1	Sinking of 2nd vertical shaft at Chikla mine	48.70	Feb-2019
2	Sinking of 2nd vertical shaft at Munsar mine	51.32	Feb-2021
3	Sinking of 2nd vertical shaft at Ukwa mine	77.15	* In progress

* In progress. The project was initially delayed due to delay in acquiring tribal land. Due to Covid-19 pandemic, the progress was hampered mainly in Mar-May'20 and Apr-May'21. Shaft sinking is completed. Equipping and allied excavation is in progress. Scheduled to be completed in FY 2022-23.

Further, for quantum jump in production, the following high speed shaft sinking projects have been taken up :

Sr. No.	Name of project	Project cost (Rs. in Crores)	Original date of completion	Expected date completion ^
1	High speed vertical shaft (HSS) at Balaghat mine	265.96	Jul-21	Jan-24
2	High speed vertical shaft (HSS) at Gumgaon mine	194.92	Jan-21	Jul-24

The above two projects are being implemented by CC3, China – a Chinese company.

^ Note on delays :

Balaghatmine :

- The HSS project is being executed by a Chinese Company. Progress upto Mar'20 was satisfactory. The expats returned in March, 2021. Pre-start

activities alongwith dewatering works were taken up and completed and the work of sinking started from June-21.

- On 17.11.2021, during construction of loading chamber at 26th level (680 mtr), heavy inrush of water was encountered. Hence work is stopped since 17.11.2021. The contractor has made preparatory arrangements for pre-grouting. Dewatering of shaft is in progress. Thereafter, pre-grouting work will be taken up to commence regular shaft sinking. Till then, the sinking work is under temporary suspension for safety reasons. The contractor has applied for extension upto Jan-24.

Gumgaonmine :

- The HSS project is being executed by the same Chinese Company. Progress upto Mar'20 was satisfactory. The expats returned in Nov'21 and physical activities on the project were NIL during this period.
- After completion of dewatering/pre-start activities, shaft sinking work restarted on 18.12.2021 and now is progressing at normal pace.
- The contractor has applied for extension upto Jul-24.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

CHAPTER-III

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

-NIL-

CHAPTER-IV

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

-NIL-

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

Recommendation Serial No.8

PLI Scheme.

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 'specialty 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 specialty grade steel within the Country, to attract significant investment in 'Specialty 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.

Action Taken

The process for online submission of applications to participate in the PLI scheme for specialty steel has been ongoing since 29th Dec 2021. Till March 2022, 20 registrations were received following which the Ministry engaged with the industry associations and other stakeholders during as many as 8 consultative sessions including a National Conference for the Secondary steel sector and a Parliamentary Consultative Committee. Post consultations, a proposal to modify the scheme with approval of the Empowered Group of Secretaries is under process to simplify the scheme and to align with Government's objective of being 'Aatmanirbhar'. Due to continuous engagement with the industry, as on date, 67 companies have registered their interest to participate in the scheme and the application window is open till 31st Jul 2022. No beneficiary has been approved and no benefits have been disbursed at this stage, after which the implementation phase would commence.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

Comments of the Committee

(Please see para 13 of Chapter I of Committee)

Recommendation Serial No.16

NMDC Ltd.

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.

Action Taken

Regarding NMDC Integrated Steel Plant at Nagarnar, heating up of Coke Oven battery is in progress. It is planned to achieve the commissioning of Coke Oven battery with First coke pushing in Apr-22 and progressively start up the other units like sinter, Blast furnace and to produce hot metal from SMS and 1st coil from TSC & HSM in this year. All efforts are being put in to expedite the above.

Regarding the new projects like Screening Plant -II at Donimalai, New Crushing plant & Downhill system at Dep-14 & 11C the statutory clearances are in process. Clearances for Screening plant -II is taking long time and close follow-up being done in this regard. Also, the issue is flagged in PMG (Project Monitoring Group) portal to expedite the clearances. Regarding township the work is in advance stage of tendering process.

Tendering process is in progress for new projects and the packages will be awarded in sequential manner on receipt of statutory clearances and all efforts will be made to complete the project within schedule.

[Ministry of Steel O.M. No.11013(4)/2022-Parl. dated 22/07/2022]

NEW DELHI;
02 August, 2022
11 Sravana, 1944(Saka)

RAKESH SINGH
Chairperson
Standing Committee on Coal, Mines
and Steel

ANNEXURE-I

Quarter wise percentage utilisation of plan outlays:

(Unit: Rs. Crore)

Financial Year	Q1			Q2			Q3			Q4		
	Plan Outlay	Utilization of fund	% Utilisation	Plan Outlay	Utilization of fund	% Utilisation	Plan Outlay	Utilization of fund	% Utilisation	Plan Outlay	Utilization of fund	% Utilisation
2021-22	869	747	85.96	1409	1392	98.79	2960	2380	80.49	2763	1494	54.10

ANNEXURE-II

Capex during last three year, FY 2021-22 (upto Feb-2022) and plan for FY 2022-23

(Rs. in Crores)

Sr. No.	Name of major project	2018-19		2019-20		2020-21		2021-22 *		2022-23 ^
		Plan outlay	Actual utilisation	Plan outlay	Actual utilisation	Plan outlay	Actual utilisation	Plan outlay	Actual utilisation	Plan outlay
1	Deepening of Holme's shaft at Balaghat Mine.	0.00	3.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Deepening Vertical Shaft at Kandri Mine	3.33	3.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Sinking of 2nd vertical shaft at Chikla Mine.	9.61	8.16	5.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Sinking 2nd vertical shaft at Munsar Mine.	8.00	14.65	10.00	9.89	2.50	6.55	0.00	0.00	0.00
5	Sinking 2nd vertical shaft at U kwa Mine	10.00	8.37	15.00	14.53	15.00	15.91	10.00	17.02	7.00
6	Sinking of large Dia High speed Vertical Shaft at Balaghat Mine.	5.00	6.20	15.00	43.49	95.00	6.15	60.00	27.15	70.00
7	Sinking of High Speed Vertical Shaft at Gumgaon Mine.	5.00	2.54	15.00	18.18	75.00	1.35	50.00	4.59	60.00
8	AMR and other minin/development projects	149.55	161.29	149.74	157.76	192.29	106.70	173.71	149.14	167.58
	Total	190.49	208.30	209.74	243.85	379.79	136.66	293.71	197.90	304.58

ANNEXURE-III

MINUTES OF THE TENTH SITTING OF THE STANDING COMMITTEE ON COAL, MINES AND STEEL (2021-22) HELD ON 02 AUGUST, 2022 FROM 1530 HRS TO 1620 HRS IN HON'BLE CHAIRPERSON'S CHAMBER, ROOM NO. '210', B-BLOCK, PHA EXTENSION BUILDING, NEW DELHI

PRESENT

Shri Sunil Kumar Singh - In the Chair

Lok Sabha

2. Shri Kunar Hembram
3. Shri Chandra Prakash Joshi
4. Shri Saumitra Khan
5. Shri C. Lalrosanga
6. Shri S. Muniswamy
7. Shri Ajay Nishad
8. Smt. Riti Pathak
9. Shri S.R. Parthiban
10. Shri Chunni Lal Sahu
11. Shri Arun Sao
12. Shri Pashupati Nath Singh
13. Shri Sushil Kumar Singh
14. Dr. Beesetti Venkata Satyavathi
15. Shri Ashok Kumar Yadav

Rajya Sabha

16. Shri Samir Oraon
17. Shri Deepak Prakash
18. Shri Prabhakar Reddy Vemireddy
19. Shri B. Lingaiah Yadav

SECRETARIAT

1. ~~Shri J.M. Baisakh~~ - ~~Joint Secretary~~
2. Shri Arvind Sharma - Director
3. Shri Uttam Chand Bharadwaj - Additional Director

In the absence of Hon'ble Chairperson, the Committee chose Shri Sunil Kumar Singh, MP to preside over the sitting of the Committee under rule 258(3) of the 'Rules of Procedure and Conduct of Business in Lok Sabha'.

2. The Committee, thereafter, considered and adopted the following draft Reports without any amendments/changes:-

(i) Draft Report on Action Taken by the Government on the Observations/ Recommendations contained in the 28th Report (Seventeenth Lok Sabha) on Demands for Grants (2022-23) relating to the Ministry of Steel.

(ii) ****

(iii) ****

(iv) ****

(v) ****

3. ****

4. The Committee also authorised the Chairperson to finalise other 4 Action Taken Reports and present/lay all the five Reports in both the Houses of Parliament.

5. ****

The Committee, then, adjourned.

***Not related to the Report.**

(Vide Para IV of Introduction)

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE
TWENTY-EIGHTH REPORT OF THE STANDING COMMITTEE ON
COAL, MINES AND STEEL**

I.	Total No. of Recommendations made:	18
II.	Observations/Recommendations that have been accepted by the Government (<i>vide</i> recommendation at Sl. Nos. 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 17 and 18:	16
	Percentage of total	89%
III.	Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies -Nil-	00
	Percentage of total	0%
IV.	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee -Nil-	00
	Percentage of total	0%
V.	Observations/Recommendations in respect of which final replies of the Government are still awaited (<i>vide</i> recommendation at Sl. Nos. 8 and 16):	02
	Percentage of total	11%