

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

STARRED QUESTION NO:13
ANSWERED ON:25.07.2005
SETTING UP OF STEEL PLANT IN PARADIP
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Will the Minister of STEEL be pleased to state:

- (a) whether the Government has signed a Memorandum of Understanding (MoU) with Pohang Steel Company (POSCO) of South Korea to set up a steel plant at Paradip;
- (b) if so, the salient features of the MoU alongwith the FDI, involved therein;
- (c) whether land is being provided to POSCO at very low prices in the State;
- (d) if so, the details thereof alongwith the reasons therefor;
- (e) whether the rehabilitation aspect and provision of employment of the local people has been taken into account;
- (f) if so, the details thereof; and
- (g) if not, the reasons therefor?

Answer

MINISTER OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) A Memorandum of Understanding (MoU) has been signed between Government of Orissa and Pohang Steel Company (POSCO) of South Korea on 22.6.2005 to set up a steel plant at Paradeep.

(b) Salient features of MoU are annexed.

(c)&(d): As per the MOU, in case of private land, the company shall pay the cost as determined under provisions of the Land Acquisition Act and incidental charges as mutually agreed upon. In case of Govt. land, the company shall pay as per the rates determined by the prevailing Industrial Policy Resolution and for forest land, the company shall pay the rates as determined under the applicable Rules.

(e)to(g): As per the MoU, Rehabilitation and Resettlement Package would be implemented as per prevailing guidelines and practices for rehabilitation of displaced families. It has been stipulated in the MoU that preference will be given to the people of Orissa in the employment subject to need and their possessing the necessary qualifications. Further, POSCO will make every effort to improve their skill levels, if necessary, through specialized training.

Annexure

SALIENT FEATURES OF THE MOU ALONG WITH THE FDI INVOLVED THEREIN.

POSCO has proposed to set up a 12 million tonnes integrated steel plant at Paradeep, district Jagatsinghpur, Orissa.

The project would be implemented in two phases. Each phase will have two modules of 3 million tonnes per annum crude steel capacity.

Proposed investment is of the order of around US \$ 12 billion (Rs.51.000 crores approximately).

First module of phase-I is to be commissioned by July 2010. 3 million tonnes capacity will be added every two years. Whole project is likely to be commissioned by July 2016.

The product mix is slabs, hot rolled coils, plates and cold rolled coils.

POSCO will also set up infrastructure necessary for the integrated steel plant, related projects and related mining of iron ore and other ores.

The company will require approximately 6000 acres of land for steel project, associated facilities, including township.

The cost of the private land will be in accordance with the provisions of Land Acquisition Act and incidental charges as mutually agreed upon. For Govt. land, the company shall pay as per the rates determined by the prevailing Industrial Policy Resolution. For Forest land, the company shall pay the rates determined under the applicable Rules. The Govt. of Orissa will assist the company in acquisition of land.

For rehabilitation of displaced families, Rehabilitation and Resettlement Package would be implemented as per prevailing

guidelines and practices.

The State Govt. will recommend to the Govt. of India for allotment of a suitable coal block and coal linkages until it is ready for mining of its coal block.

The company will need 600 million tonnes of iron ore. The company may swap certain quantities (not exceeding 30% of the total requirement of the Paradeep plant annually) of such iron ore which have high alumina content with equal quantity of low alumina content iron ore. Any export of iron ore by way of swap will be allowed only after an equivalent quantity of ore has been imported for the plant. The extent of the above quantity of iron ore by way of replacement for equal quantity of import of higher grade iron ore, will be within the framework of the Export-Import Policy of the Government of India applicable from time to time. It is clarified that no export of iron ore will be allowed from the captive mine except by way of full replacement through import of equal quantity of high grade ore and within the limits mentioned above.

Prospecting licenses and captive mining leases for 600 million tonnes of iron ore would be granted in accordance with the prescribed procedure and completion of required milestones as specified in the MOU including approvals of GOI.

Recommendation of mining lease will be made in two phases, commensurate with the first two modules and the last two modules of 3 million tonnes each based on progress and investment made therein.

The State Government will assist the company to make arrangement for meeting iron ore requirement of suitable grade from OMC along with other private iron ore leases in the state for initial period under mutually agreeable terms and condition, if required by the company.

Iron ore mining leases shall be granted initially for a period of 30 years and will be considered for renewal on an application by the company before expiry, for another 20 years.

Export of additional 400 million tonnes of iron ore from India for existing steel plants of POSCO in South Korea would be regulated by the prevailing EXIM Policy. No min-able reserves would be provided purely for the purpose of the direct exports.

The Govt. of Orissa agrees to provide all possible assistance to the company for acquiring mineral concession for limestone and dolomite within the ambit of the MMDR Act and MC Rules.

State Government will facilitate suitable long term arrangement with OMC and other leases for supply of chrome ore to meet the requirement of the plant.

Water will be provided from suitable source(s) for construction and operation as per the prevailing rates, subject to availability.

The Govt. of Orissa will ensure supply of 25 MW power during the construction stage. During the operation phase, the State Govt. will make best efforts to meet power requirements.

For captive power plant, the State Govt. will facilitate fuel linkages, if required.

The State Govt. would consider granting to the company such incentives and concessions as are provided in the relevant Industrial Policy Resolution in force on this date.

The State Govt. shall recommend to the Central Govt. and facilitate granting of Special Economic Zone status as required by the company.

The State Govt. shall coordinate with the Ministry of Railways for early completion of Daitari - Banspani rail link, development of Haridaspur - Paradeep rail link and Banspani - Paradeep rail link.

The State Govt. shall provide all support to facilitate the early completion of the National Highway between Haridaspur (Chandikhol) and Paradeep and for upgradation of State Highway from Cuttack to Paradeep to a two lane road.

The State Govt. shall actively consider construction of two lane, free access public roads connecting the steel project, the mine project and the integrated township development to the nearest National Highway or State Highway.

The State Govt. Shall assist for developing a new minor port adjacent to the existing major port of Paradeep and dedicated berth at Paradeep, if required within the existing policy provisions.

The State Government shall establish a special `Single Window Clearance Committee` to ensure clearances under State laws from agencies / departments within specified time limits.