

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:3205

ANSWERED ON:12.08.2010

PRODUCTION OF STEEL

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Gaikwad Shri Eknath Mahadeo;Majhi Shri Pradeep Kumar

Will the Minister of STEEL be pleased to state:

- (a) the details of contribution of Steel Sector in Gross Domestic Production and the number of persons employed in the country;
- (b) the details of the contribution of steel sector to national exchequer during 2009-10;
- (c) whether a Committee has reviewed the structuring, functioning and objectives of Hindustan Steel Works Construction Ltd., MSTC, Ferro Scrap Nigam Ltd. and Kudremukh Iron Ore Company Ltd. and submitted its report;
- (d) if so, the details of the recommendations made by the said Committee; and
- (e) the action taken by the Government on these recommendations?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF STEEL(SHRI A. SAI PRATHAP)

- (a) Steel Sector contributes nearly 2 % of Gross Domestic Product (GDP) and employs over 5 lakh persons.
- (b) The Public Sector Undertakings and Companies under the administrative control of the Ministry of Steel have made a contribution of about Rs.17000 crore (unaudited provisional estimate) to the national exchequer during 2009-10. The Ministry of Steel do not maintain similar data in respect of the private steel sector; steel sector being a deregulated sector.
- (c) Yes, Madam. The Committee has submitted its report to the Government on 2nd September, 2009.
- (d) Major recommendations made by the Committee are given below:

Hindustan Steelworks Construction Limited (HSCL): HSCL should exist an independent entity with due strengthening by the Government of India which will have a defining role in execution and development of Steel Sector as well as infrastructure projects in the country.

MSTC Limited:

- (i) The present business model be reviewed by Board/Government and suitable instructions may be issued to the company for compliance. MSTC should regain its core activity i.e. trading, both domestic and international in physical terms and not just financing as is being done at present. MSTC must stop providing working capital in an unsecured way in a phased manner.
- (ii) The Board of Directors of MSTC may review Memorandum of Agreement, commercial policy, existing business model and Delegation of Power of MSTC.
- (iii) The skill upgradation and necessary human resource development program which are tailor-made for MSTC through institutions like Indian Institute of Management (IIM), Kolkata and Indian Institute of Foreign Trade (IIFT) need to be implemented.
- (iv) There is an urgent need to create market intelligence and business development so that the company constantly reviews the market situation to orient its process in terms of market situations, prices it on a content basis.
- (v) MSTC has definite potential to increase its performance in core areas and also by increasing its activities through sustained marketing efforts and going ahead with proposed business ventures after their viability is established. Since investment in stockyard in Haldia Port has been made, there is a need to speed up the shipyard activity to get adequate return on investment.
- (vi) MSTC must take advantage of the status given by Commerce Ministry as nominated agency and to do actual trading in gold.

Ferro Scrap Nigam Limited (FSNL): FSNL should be made a standalone company with equal equity participation of SAIL, RINL and MSTC.

Kudremukh Iron Ore Company Limited (KIOCL): The better option for KIOCL is to continue on standalone basis with a capex plan to

improve viability of its pellet plant and blast furnace, alongwith certain strategic measures to be adopted in the company.

(e) The action taken on the recommendations are mentioned below:-

Hindustan Steelworks Construction Limited (HSCL): A restructuring-cum-revival is under consideration in consultation with the concerned Ministries/Departments.

MSTC Limited: MSTC has been advised to initiate action on the recommendations of the Committee.

Ferro Scrap Nigam Limited (FSNL): It has been decided that status quo should be maintained in respect of FSNL keeping in view the satisfactory working in existing structure.

Kudremukh Iron Ore Company Limited (KIOCL): Various measures to enable KIOCL to continue as a standalone company are being pursued and these are being closely monitored by the Government.

The Ministry of Steel aim to improve the functioning of its PSUs which is a continuous process. It is in that spirit the Committee was set up. The process of taking decisions as well as implementation of the recommendations of the Committee requires consultation with the other concerned Ministries/Departments/Agencies and the concerned PSUs. It also requires completion of various legal and procedural steps some of which may require decision and action by other Ministries and Departments. Hence, a definite time limit for implementation of the recommendations can not be fixed.