

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:841
ANSWERED ON:09.07.2009
CAPTIVE IRON ORE MINES FOR VSP
Reddy Shri Anantha Venkatarami

Will the Minister of STEEL be pleased to state:

- (a) whether Rashtriya Ispat Nigam Limited does not have its own captive mines for iron ore for its Vishakhapatnam Steel Plant (VSP);
- (b) whether in the absence of captive iron ore mines VSP is suffering heavy financial losses and is required to procure iron ore from other sources at exorbitant price;
- (c) if so, the details thereof; and
- (d) the corrective action taken by the Government in this regard?

Answer

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

(a) Yes, Sir.

(b)&(c): Rashtriya Ispat Nigam Ltd. (RINL) has to procure its entire iron ore requirements from external sources at prevailing price due to which its per tonne cost of production of steel is higher as compared to other plants which have captive iron ore mines. Despite this higher cost of production, RINL has posted a profit of around Rs. 1300 crore during 2008-09.

(d) RINL has been applying for iron ore mining leases with the State Governments owning these fields. Ministry of Steel has also been taking up with Ministry of Mines and respective State Governments for allotment of iron ore mines to RINL. But these efforts have not borne any fruit so far. The Government has arrived at an option to form strategic partnership of RINL with other companies possessing their own captive iron ore mines as an alternative solution.