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STANDING COMMITTEE ON COAL AND STEEL (2009-2010)

FIFTEENTH LOK SABHA

MINISTRY OF STEEL

DEMANDS FOR GRANTS (2009-2010)

THIRD REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

December, 2009/*Agrahayana,* 1931 *(Saka)*

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STANDING COMMITTEE ON COAL AND STEEL (2009-2010)

(FIFTEENTH LOK SABHA)

MINISTRY OF STEEL

DEMANDS FOR GRANTS (2009-2010)

Presented to Lok Sabha on 18 December, 2009
Laid in Rajya Sabha on 18 December, 2009

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COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL (2009-2010)

Shri Kalyan Banerjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri Adhi Sankar
3. Shri Hansraj G. Ahir
4. Shri Sanjay Bhoi
5. Shri Abu Hasem Khan Choudhury
6. Shri Ismail Hussain
7. Shri Chandrakant B.Khaire
8. Shri Yashbant Laguri
9. Sardar Sukhdev Singh Libra
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14. Shri Ramesh Rathod
15. Shri Rakesh Sachan
16. Shri Pashupati Nath Singh
17. Smt. Rajesh Nandini Singh
18. Shri Rajiv Ranjan Singh *alias* Lalan Singh
19. Shri Shibu Soren
20. Dr. G. Vivekanand
21. Vacant [#]

[#] Shri Jaywant G. Awale ceased to be Member of the Committee *w.e.f.* from 19.10.2009.

Rajya Sabha

22. Ms. Mabel Rebello
23. Shri Dhiraj Prasad Sahu
24. Dr. Dasari Narayana Rao
25. Shri Jai Prakash Narayan Singh
26. Shri Nand Kumar Sai
27. Shri A. Vijayaraghavan
28. Shri Ali Anwar Ansari
29. Shri R.C. Singh
30. Shri Kishore Kumar Mohanty
31. Shri Swapan Sadhan Bose

SECRETARIAT

1. Shri Ashok Sarin — *Joint Secretary*
2. Shri Shiv Singh — *Director*
3. Shri Y.M. Kandpal — *Additional Director*

INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Third Report (Fifteenth Lok Sabha) on Demands for Grants (2009-10) relating to the Ministry of Steel.

2. The Demands for Grants of the Ministry of Steel were laid on the Table of the House on 09.07.2009. Under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Coal and Steel are required to consider the Demands for Grants of the Ministries under their jurisdiction and make Report on the same to both the Houses of Parliament. Thereafter the Demands are considered by the House in the light of the Report of the Committee. However, this year the Demands for Grants (2009-10) of Ministry of Steel were passed by Lok Sabha on 23.07.2009, prior to their consideration by the Standing Committee on Coal and Steel. Nonetheless in pursuance of the observations made by the Chair, the Committee examined Demands for Grants (2009-10) of the Ministry of Steel and issues arising therefrom.

3. The Committee took evidence of the representatives of the Ministry of Steel on 29th October, 2009.

4. The Report was considered and adopted by the Committee at their sitting held on 14th December, 2009.

5. The Committee wish to express their thanks the officials of the Ministry of Steel for the cooperation extended by them in furnishing written replies and for placing their considered views and perceptions before the Committee.

6. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI;
14 *December,* 2009
23 *Agrahayana,* 1931 *(Saka)*

KALYAN BANERJEE,
Chairman,
Standing Committee on Coal and Steel.

CHAPTER I

INTRODUCTORY

Steel is very versatile material, one that touches every aspect of our life right from the houses to the infrastructure around us. The consumption of steel is an indicator of economic development of the country. It reflects growth in infrastructure and the maturing of the manufacturing industry of a nation. An industry like steel has strong forward and backward linkages with other sectors of the economy. Therefore, its own growth pattern cannot remain uninfluenced by what happens in other sectors of the economy.

1.2 The progress of the steel industry has a critical influence on the pace of India's development and as such great importance is attached to capacity expansion in line with expected demand at cost and price which make Indian steel internationally competitive. The existing regime of liberalization, decontrol and deregulation of industry in the country has opened up new opportunities for the expansion of the steel industry. With a view to accelerating the growth of the steel sector and attaining the vision of India becoming a developed economy by 2020, the Ministry of Steel formulated a National Steel Policy in 2005 with an objective to set out a broad roadmap for Indian Steel Industry in its journey towards reform, restructuring and globalization. The focus of the policy is to achieve global competitiveness not only in terms of cost, quality and product-mix but also in terms of global benchmarks of efficiency and productivity. In order to become self reliant and globally competitive in the steel sector, the country would require indigenous production of 110 MT of steel by 2019-20. However, considering the growth of steel sector and various initiatives taken by the Government, it is expected that the largest of 110 MT would be considerably surpassed.

1.3 The Ministry of Steel is expected to play a crucial role in ensuring harmonious and integrated growth of the steel sector in India. It may be appreciated that the environment in which the steel sector operates calls for greater promotional role by the Ministry of Steel as facilitator to remove bottlenecks faced by the Indian steel sector in regard to the availability of raw materials, development of infrastructure, constant interaction with financial institutions for making provision of required capital and interacting with other concerned Ministries and Departments of Government for appropriate policy responses. The main functions of Ministry of Steel are stated to be:—

(a) Formulation of policies in respect of production, distribution, prices, imports and exports of iron and steel and ferro alloys;

(b) Planning, development and facilitation for setting up of iron and steel production facilities;

(c) Development of iron ore mines in the public sector and other ore mines used in the iron and steel industry; and

(d) Overseeing the performance of Public Sector Undertakings and its subsidiaries and a Government managed company functioning in the iron and steel sector.

1.4 Under the administrative control of the Ministry of Steel, the following Public Sector Undertakings are functioning:—

(i) Steel Authority of India Ltd. (SAIL), New Delhi.

(ii) Kudremukh Iron Ore Company Ltd. (KIOCL), Bengaluru.

(iii) NMDC Ltd., Hyderabad.

(iv) Hindustan Steelworks Construction Ltd. (HSCL), Kolkata.

(v) MECON Ltd., Ranchi.

(vi) Manganese Ore India Ltd. (MOIL), Nagpur.

(vii) Sponge Iron India Ltd. (SIIL), Hyderabad.

(viii) Bharat Refractories Ltd. (BRL), Bokaro.

(ix) Rashtriya Ispat Nigam Ltd. (RINL), Visakhapatnam.

(x) MSTC Ltd., Kolkata.

(xi) Ferro Scrap Nigam Ltd. (FSNL) – (a subsidiary of MSTC Ltd.), Bhilai.

Besides, there is Bird Group of Companies which is a Government managed Company, with its headquarters at Kolkata.

1.5 The detailed Demands for Grants (2009-10) of the Ministry of Steel were presented to the Lok Sabha on 09.07.2009. The Ministry has highlighted the Relativity of Outcome Budget (2009-10) with policy initiatives that the schemes proposed to be undertaken by the Ministry and PSUs during the year 2009-10 like Scheme for capacity expansion, Mergers/Acquisitions and strategic alliance/Joint ventures, technological upgradation, Research and Development schemes, Special purpose Vehicle (SPV), higher utilization of Iron and Ore refines, Joint Consultative Mechanism with Railways, fiscal measures etc. that will increase the production of plants, improve quality and product-mix and bring down the cost of production.

1.6 Since this year the Demands for Grants (2009-10) have already been passed by Parliament, the Committee's observations/ recommendations as detailed in the succeeding paragraphs relate to implementation of the plans/projects of the PSUs/Organisations under its administrative control. The Ministry should ensure proper utilization of allotted funds and observations/recommendations of the Committee should be taken into consideration while implementing plans/projects.

1.7 The Steel Industry being a core sector, has a vital role in sustaining the pace of economic development. The sustained growth of steel sector is one of the vital pre-requisite for attaining the level of GDP growth envisaged in the 11th Plan. The Committee have been given to understand that India has risen to be the 5th largest crude steel producer in the world and largest producer of sponge iron. The contribution of the Indian Iron and Steel Industry in our GDP is stated to be around 2% and its weight in India's Industrial production (IPP) is 6.20%.

The Indian Iron and Steel industry which had been bogged down by global recession in the recent past has exhibited its inherent strength by posting a positive growth rate even at the peak of crisis period when all the major steel companies world over exhibited a negative growth. The Committee however, feel that due to expected shortfall in global demand for steel products, excess production capacity may find its way into India and consequently could emerge as an attractive market for global producers, sparking intense competition between domestic players and global players and global suppliers. The Committee, therefore, feel that to meet this challenge abound, the Government ought to give due importance to this sector and accordingly should take necessary policy initiative. The Committee would like to be apprised of the precise steps taken/proposed to be taken in this regard.

CHAPTER II

STATUS OF IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN THE THIRTY THIRD REPORT OF THE STANDING COMMITTEE ON COAL AND STEEL ON DEMANDS FOR GRANTS (2008-09) OF THE MINISTRY OF STEEL

The Parliamentary Standing Committee on Coal and Steel presented their Thirty Third Report on Demands for Grants (2008-09) of the Ministry of Steel on 16 April, 2008. The Committee presented their 38th Report on Action Taken by the Government on the recommendations contained in the Thirty Third Report of the Committee on Demands for Grants (2008-09) of the Ministry of Steel on 12 December, 2008. Out of the 14 recommendations, a total of 11 recommendations (Nos. 1, 2, 3, 5, 6, 7, 9, 10, 11, 12 and 14) were accepted by the Government. In respect of the remaining 3 recommendations (No. 4, 8 and 13), the replies of the Government were of interim nature.

2.2 Based on the Statement made by the Minister under rule 73A of Directions by the Speaker and the Action Taken Note furnished by the Ministry on the observations/recommendations/contained in the thirty eighth Action Taken Report. The Committee while taking note of the action taken by the Ministry on some of its recommendations, desire that the Ministry of Steel should monitor the progress of work in respect of recommendations no. 1.11, 3.18, and 3.38 so as to ensure their early implementation.

CHAPTER III

ANALYSIS OF DEMANDS FOR GRANTS (2009-10)

The Ministry of Steel has presented the Demands for Grants No. 91 for the year 2009-10 to the Lok Sabha. The Demand includes provisions for Non-Plan expenditure for the Ministry proper and its attached/ subordinate offices, and Plan and Non-Plan expenditure of the Public Sector Undertakings (PSUs) under its administrative control. Budgetary Support (BS) is being provided to some of the financially weak and loss making PSUs under the Ministry. Internal and Extra Budgetary Resources (IEBR) are being raised by the profit making PSUs to implement various schemes. The details of Demands under Revenue and Capital sections are shown in *Annexure-I*. Various points arising out of the scrutiny of Demands for Grants of the Ministry are discussed in the following paragraphs:

Annual Plan Outlay for 2009-10

3.2 Based on the Annual Plan (2009-10) proposals of the PSUs under the administrative control of Ministry and the discussions held with the Planning Commission, and within the overall context of the 11th Five Year Plan (2007-2012), the following plan outlay for 2009-10 (BE) of Ministry of Steel has been approved by the Planning Commission:—

(Rs. in crore)

(a)	Gross Budgetary Support (BS)	34.00
(b)	Internal & Extra Budgetary Resources (IEBR)	13722.66
(c)	**Total Outlay (a+b) of Ministry of Steel**	**13756.66**

3.3 The details of budgetary support to the financial weak PSUs like HSCL, BRL and Bird Group of Companies (a Govt. managed company) proposed by the Ministry and approved by the Planning Commission during 2008-09 and 2009-10 is given in the table below:—

(Rs. in crore)

No.	Name of PSU	Budgetary Support 2008-09		Budgetary Support 2009-10	
		Proposed	**Approved**	**Proposed**	**Approved**
1.	HSCL	7.00	6.50	7.00	7.00
2.	Bird Group of Cos.	1.00	1.00	1.00	1.00
3.	BRL	8.00	8.00	0.00	0.00
	Total	**16.00**	**15.50**	**8.00**	**8.00**

Note: In 2008-09, BS to HSCL could not be released as the PSU had defaulted in repayment of loans and grant of special dispensation was not approved by the Ministry of Finance. No proposal from M/s Bird Group for release of BS was received. The proposal for merger of BRL with SAIL was approved on 24.8.2008 and therefor, the PSU did not ask for release of Rs. 8.00 crore. No BS was proposed for BRL in 2009-10.

3.4 When asked to account for the reasons that in the absence of budgetary support, how the HSCL/BGC met their financial requirement in 2008-09 and are likely to meet the same for the year 2009-10, the Ministry of Steel stated as under:—

"Plan outlay of Rs. 35 crore for HSCL during 11th Plan has been approved by Govt. of India for procurement of new and capital repair of old construction equipment. No amount has been released yet as the comprehensive Business, Organisational and Financial Restructuring proposal of the Company is still under consideration by Govt. of India.

HSCL has a target of CAGR 16% in Turnover during 5 years after implementation of the present restructuring proposal. To achieve the target the Company needs to strengthen its equipment base well in advance as the lead time of procurement of major construction equipment is more than one year for most of the equipment of reputed make."

"There was a provision for budgetary support of Rs. 1 crore during 2008-09 for the AMR Scheme of BSLC, a company under BGC. BSLC has defaulted on past repayment of Government loan and Ministry of Finance accordingly linked release of budgetary support to restructuring/revival plan. Budgetary provision for 2008-09 could not be utilized during 2008-09 and the amount of Rs. 1.00 crore has been carried forward for the year 2009-2010. Further, the Note for Cabinet regarding restructuring of Bird Group of Companies has been sent to the Cabinet Secretariat for placing the matter before the Cabinet, which *inter alia* envisages conversion of outstanding Government loan of BSLC into equity/waiver of Government loan and accrued interest thereon. Appropriate action would be taken after approval of the Cabinet on restructuring proposal."

3.5 The Committee note that as against the total plan outlay of Rs. 13,755.66 crore including budgetary support of Rs. 33 crore, the Planning Commission has approved an outlay of Rs. 13756.66 crore with budgetary support of Rs. 34 crore for the year 2009-10. The Committee further note that Budgetary Support (BS) is being provided to some of the financially week and loss making PSUs and Internal and Extra Budgetary Resource (I&EBR) are being raised by profit making PSUs for implementing their schemes. They also note that in case of Hindustan Steel Construction Ltd. (HSCL) an amount of Rs. 7 crore has been sought as Plan Budgetary Support for Capital Repair and procurement of new construction equipment and machinery. The Committee however, are constrained to point out that no amount has been released so far as comprehensive Business Organisation and Financial Restructuring proposal of the Company is still under consideration of the Government. Besides, the Committee has also been given to understand that HSCL is not getting adequate support from SAIL in terms of approval of their plans because of which their plans get delayed. Similarly, the Budgetary Support of 1 crore during 2008-09 for AMR schemes of BSLC, a company under the Bird Group of Companies which could not be utilized due to default by the company on past repayment of Government Loan was linked to restructuring/ revival plans and was carried forward to 2009-10.

3.6 In this connection, the Committee would like to point out in their 25th Report (14th Lok Sabha) the Ministry was asked for early approval of restructuring of HSCL. The fact that the restructuring proposal has still not been approved is regrettable. Similarly, the restructuring proposal of Bird Group of Companies functioning directly under the Ministry of Steel has not been approved and allocation of fund to the company is linked with this proposal. The very survival of these sick companies has put a question mark in the absence of budgetary support which is linked with their restructuring proposal. The Committee deprecate non allocation of funds to these already sick units. The Committee therefore urge upon the Government to approve the restructuring proposals of these Companies without any loss of time and adequate funds be provided to them.

3.7 Details of PSU-wise Plan outlays for Annual Plan 2009-10 proposed by this Ministry and approved by Planning Commission is given in the table below:—

(Rs. in crore)

No.	Name of the PSU/ Organisation	Outlay proposed by the Ministry			Outlay proposed by the Planning Commission		
		BS	IEBR	Total Outlay	BS	IEBR	Total Outlay
A.	**Schemes of PSUs**						
1.	SAIL	0.00	10356.00	10356.00	0.00	10356.00	10356.00
2.	RINL	0.00	2437.00	2437.00	0.00	2437.00	2437.00
3.	SIIL	0.00	0.00	0.00	0.00	0.00	0.00
4.	HSCL	7.00	0.00	7.00	7.00	0.00	7.00
5.	MECON	0.00	2.00	2.00	0.00	2.00	2.00
6.	BRL	0.00	8.00	8.00	0.00	8.00	8.00
7.	MSTC	0.00	5.00	5.00	0.00	5.00	5.00
8.	FSNL	0.00	11.80	11.80	0.00	11.80	11.80
9.	NMDC	0.00	700.00	700.00	0.00	700.00	700.00
10.	KIOCL	0.00	85.00	85.00	0.00	85.00	85.00
11.	MOIL	0.00	102.25	102.25	0.00	102.25	102.25
12.	Bird Group	1.00	15.61	16.61	1.00	15.61	16.61
	TOTAL-A	**8.00**	**13722.66**	**13730.66**	**8.00**	**13722.66**	**13730.66**
B.	**Scheme of M/o Steel**						
	Scheme for promotion of R&D in Iron & Steel sector	25.00	0.00	25.00	26.00	0.00	26.00
	TOTAL-B	**25.00**	**0.00**	**25.00**	**26.00**	**0.00**	**26.00**
	GRAND TOTAL-A+B	**33.00**	**13722.66**	**13755.66**	**34.00**	**13722.66**	**13756.66**

Note:— Ministry of Steel has been exempted from earmarking 10% of its Budget for the North-Eastern Region, including Sikkim.

3.8 From the above table it will be seen that against the total Plan outlay of Rs. 13755.66 crore (IEBR: Rs. 13722.66 crore + BS: Rs. 33.00 crore) proposed by this Ministry, Planning Commission had approved total outlay of Rs. 13756.66 crore, with IEBR of Rs. 13722.66 crore and BS of Rs. 34.00 crore. Thus, while the proposed IEBR component of Plan outlay for 2009-10 has been approved by Planning Commission, there is increase in the allocation of Rs. 1.00 crore under GBS for R&D scheme.

3.9 When the Ministry was asked to state whether the projections made by the PSUs for the year 2009-10 are realistic one and they would be able to utilize the earmarked amount fully in 2009-10, the Ministry has submitted its written reply as follows:—

"Steel Authority of India Limited (SAIL)

Efforts are being made that the Budget Estimates of 2009-10 are fully utilized. However, this shall be reviewed during Sep./Oct.'09 based on progress of various projects including modernization and expansion plan.

Rashtriya Ispat Nigam Limited (RINL)

It is expected that RINL would fully meet the Plan expenditure projected for the year 2009-10.

NMDC Ltd.

An amount of Rs. 700.00 cr. is provided in BE 2009-10 for NMDC. The actual expenditure upto July'09 is Rs 85.59 cr. NMDC expects to fully utilize the amount of Rs. 700.00 crore during 2009-10, subject to getting necessary statutory/non-statutory clearances for its projects from the concerned authorities in time.

Further, Rs. 5 cr. and Rs. 10.00 cr. provided for NMDC's Share in JVs—Rail Vikas Nigam Limited and NMDC–CMDC Ltd. (for development of Bailadila Deposit No.13)—can be utilized, if demand for the same is received by NMDC during the year 2009-10.

Manganese Ore India Limited (MOIL)

Plan expenditure is projected for Rs. 102.25 crore in BE 2009-10. MOIL has initiated measures for implementing the various schemes to utilize the provisions made in the Budget.

Bird Group of Companies

The BE for the year 2009-10 in respect of Bird Group of Companies are based on a set of assumptions including the assumption that OMDC would get requisite approval for mining operation over all of their mining leaseholds.

KIOCL Ltd.

Due to global recession and in order to get competitive offer, the earlier tender was cancelled and KIOCL Ltd. has floated a fresh global tender on 9.2.2009 for setting up DISP Plant at BFU, Mangalore.

3.10 The Committee note that in case of the National Mineral Development Corporation (NMDC) Ltd., out of Rs. 700 crore allotted to them for the year 2009-10, the actual expenditure upto July 2009 is only 85.59 crore. The Committee are unable to understand as to how NMDC will utilize their earmarked funds in the remaining period of the year. The statutory/non-statutory clearances if any for NMDC projects should be obtained expeditiously from concerned Ministries so that they are able to utilize their allotted funds.

Similarly, in case of Bird Group of Companies , the Committee desire that the matter regarding getting requisite approval for mining operations over the total leasehold areas be taken up with the State Government vigorously. They also urge the Ministry to periodically review the progress of fund utilization made by PSUs in this regard and keep them apprised about the status of fund utilisation.

Since the Plan outlay proposed by most of the PSUs for the year 2009-10 has been approved by the Planning Commission without any cut and the plan outlay for the promotion of R&D on Iron and Steel sector has been given due weightage with an increase of Rs. 1 crore, the Committee hope that the funds allotted to PSUs will be fully and prudently utilized by them without surrendering or asking for additional funds.

CHAPTER IV

ELEVENTH FIVE YEAR PLAN: TARGETS AND ACHIEVEMENTS DURING FIRST TWO YEARS (2007-08 AND 2008-09)

For the 11th Five Year Plan (2007-12), Planning Commission has approved total outlay of Rs. 45,607.08 crore [*i.e.* I&EBR of Rs. 45,390.08 crore and Gross Budgetary Support (GBS) of Rs. 217.00 crore]. The PSU/ Scheme–wise break up of GBS of Rs. 217.00 crore approved for 11th Plan (2007-12), actual expenditure during the first two years of 11th plan (*i.e.* 2007-08 & 2008-09) is as below:—

No.	Name of Scheme	Plan BS allocated for 11th Plan (2007-12)	2007-08		2008-09	
			Approved	Actual	Approved	Actual
A.	**Scheme of PSUs**					
	HSCL—Capital repair and procurement of construction equipments & machinery	35.00	1.00	0.00	6.50	0.00
2.	MECON—Infusion of funds for Preference Share Capital*	63.00	63.00	63.00	0.00	0.00
3.	Bird Group—AMR Scheme	1.00	0.00	0.00	1.00	0.00
4.	Bharat Refractories Ltd.—AMR scheme	0.00	1.00	7.00	8.00	0.00
B	**Scheme of the Ministry**					
1.	Scheme for Promotion of R&D in the Iron & Steel sector	118.00	1.00	0.00	18.50	0.00
	TOTAL	**217.00**	**66.00**	**70.00**	**34.00**	**0.00**

* Provided under the restructuring package for MECON.

4.2 During 2007-08, against the allocations of Rs. 66.00 crore in BE, Rs. 63.00 crore was spent towards infusion of funds for Preference Share Capital in MECON Ltd. In addition to this, expenditure of Rs. 7.00 crore was also incurred for AMR schemes of BRL which was approved by Ministry of Finance at RE stage. Though a token provision of Rs. 1.00 crore was provided for HSCL in 2007-08, the same could not be released to the company as the provision was linked to the proposed restructuring scheme for the company which was under consideration of the Government. Therefore, the total expenditure during 2007-08 (Plan) was Rs. 70.00 crore.

4.3 During 2008-09, there was no expenditure because of the following reasons:—

(i) Rs. 6.50 crore plan loan to HSCL could not be released because the company being a defaulter in repayment of loans/interest, Ministry of Finance did not agree to the grant of special dispensation due to restructuring proposal for the company which is under consideration.

(ii) As a proposal for restructuring of Bird Group of Companies (Govt. managed company) is under consideration in the Ministry, the plan loan of Rs. 1.00 crore could not be utilized/released and was surrendered.

(iii) Budgetary provision of Rs. 8.00 crore for AMR scheme of BRL was not released due to its financial restructuring and merger with SAIL approved by the Govt. on 24.4.2008.

(iv) The budgetary provision of Rs. 18.50 crore for 'Scheme for Promotion of Research & Development in Iron & Steel Sector' could not be utilized due to non-implementation of the scheme during 2008-09 as Ministry of Finance had advised this Ministry to initiate this scheme in the financial year 2009-10.

4.4 PSU-wise Plan outlays for annual Plans 2007-08, 2008-09 and actual expenditure are given in the table below:—

Year 2007-08

(Rs. in crore)

No.	Name of the PSU/ Organisation	BE 2007-08			RE 2007-08			Actual Expenditure		
		IEBR	GBS	Total	IEBR	GBS	Total	IEBR	GBS	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
A.	**Scheme of PSUs**									
1.	SAIL	2641.00	0.00	2641.00	2007.00	0.00	2007.00	2181.00	0.00	2181.00
2.	RINL	3056.70	0.00	3056.70	1861.15	0.00	1861.15	1309.18	0.00	1309.18
3.	SIIL	5.00	0.00	5.00	5.00	0.00	5.00	3.32	0.00	3.32
4.	HSCL	0.00	1.00	1.00	0.00	1.00	1.00	0.00	0.00	0.00
5.	MECON	3.00	63.00	66.00	0.00	63.00	63.00	0.00	63.00	63.00
6.	BRL	0.00	1.00	1.00	0.00	1.00	1.00	0.00	7.00	7.00
7.	MSTC	5.00	0.00	5.00	13.60	0.00	13.60	6.54	0.00	6.54
8.	FSNL	12.00	0.00	12.00	12.00	0.00	12.00	13.20	0.00	13.20
9.	NMDC Ltd.	250.00	0.00	250.00	150.00	0.00	150.00	134.34	0.00	134.34
10.	KIOCL Ltd.	75.00	0.00	75.00	45.00	0.00	45.00	7.25	0.00	7.25
11.	MOIL	65.00	0.00	65.00	140.06	0.00	140.06	90.85	0.00	90.85

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
12.	Bird Group	25.00	0.00	25.00	26.00	0.00	26.00	15.35	0.00	15.35
	TOTAL - A	**6137.70**	**65.00**	**6202.70**	**4259.81**	**0.00**	**4324.81**	**3761.03**	**70.00**	**3831.03**
B.	**Scheme of Ministry of Steel**									
1.	Scheme for promotion of R&D in Iron & Steel	0.00	1.00	1.00	0.00	1.00	1.00	0.00	0.00	0.00
	TOTAL - B	0.00	1.00	1.00	0.00	1.00	1.00	0.00	0.00	0.00
	GRAND TOTAL – A + B	6137.70	66.00	6203.70	4259.81	66.00	5325.81	3761.03	70.00	3831.03

Year 2008-09

(Rs. in crore)

No.	Name of the PSU/ Organisation	BE 2008-09			RE 2008-09			Actual Expenditure		
		IEBR	GBS	Total	IEBR	GBS	Total	IEBR	GBS	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
C.	**Scheme of PSUs**									
1.	SAIL	4674.00	0.00	4674.00	4674.00	0.00	4674.00	5233.00	0.00	5233.00
2.	RINL	4166.00	0.00	4166.00	2815.50	0.00	2815.50	2886.02	0.00	2886.02
3.	SIIL	5.00	0.00	5.00	1.04	0.00	1.04	1.04	0.00	1.04

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
4.	HSCL	0.00	6.50	6.50	0.00	6.50	6.50	0.00	0.00	0.00
5.	MECON	0.00	0.00	0.00	16.92	0.00	16.92	0.00	0.00	0.00
6.	BRL	0.00	8.00	8.00	8.00	0.00	8.00	3.33	0.00	3.33
7.	MSTC	5.00	0.00	5.00	11.00	0.00	11.00	5.91	0.00	5.91
8.	FSNL	11.80	0.00	11.80	11.80	0.00	11.80	11.06	0.00	11.06
9.	NMDC Ltd.	400.00	0.00	400.00	400.00	0.00	400.00	335.66	0.00	335.66
10	KIOCL Ltd.	100.00	0.00	100.00	40.00	0.00	40.00	2.70	0.00	2.70
11.	MOIL	117.20	0.00	117.20	84.90	0.00	84.90	46.80	0.00	46.80
12.	Bird Group	30.00	1.00	31.00	2.66	1.00	3.66	0.34	0.00	0.34
	TOTAL - A	9509.00	15.50	9524.50	8065.82	7.50	8073.32	8525.86	0.00	8525.86
D.	**Scheme of Ministry of Steel**									
2.	Scheme for promotion of R&D in Iron & Steel	0.00	18.50	18.50	0.00	18.50	18.50	0.00	0.00	0.00
	TOTAL - B	**9509.00**	**34.00**	**9543.00**	**8065.82**	**26.00**	**8091.82**	**8525.86**	**0.00**	**8525.86**
	GRAND TOTAL—A + B	**9509.00**	**34.00**	**9543.00**	**8065.82**	**26.00**	**8091.82**	**8525.86**	**00.00**	**8525.86**

4.5 As may be seen from the above that the utilization of plan funds during the first two years *i.e.* 2007-08 & 2008-09 has increased distinctly. During 2007-08 the percentage of utilization of funds was 61.75% while in 2008-09 this increased to 89.35%.

4.6 The attention of the Ministry of Steel has been brought to the fact that some of the PSUs have been invariably preparing either inflated or deflated estimates at BE stage or even RE stage every year. For example,

(i) The Revised Estimates of SAIL for the years 2007-08 and 2008-09 were lesser than the actual expenditure incurred during these years;

(ii) RINL during the two consecutive years *i.e.*2007-08 and 2008-09 drastically cut down its BE at RE stage. However, it could not utilise fully even the reduced allocation of Rs. 1861.15 crore allocated in RE 2007-08. Worsening its performance further, for the year 2009-10, the allocation of Rs. 2815.50 crore has been made which is comparatively lower than the Budget Estimates made in last two years;

(iii) In the case of NMDC Ltd., despite the reduction effected from BE of Rs. 250.00 crore to Rs. 150.00 crore, it was unable to fully utilise in 2007-08. Similarly, in 2008-09 also it utilised Rs. 335.66 crore only against the allotted amount of Rs. 400.00 crore;

(iv) The expenditure trend of KIOCL during the last two years was dismal as it spent Rs. 7.25 crore only in 2007-08 as against RE of Rs. 45.00 crore which was reduced from BE of Rs. 75.00 crore. In 2008-09, the performance further worsened as it spent just Rs. 2.70 crore only against Rs. 40.00 crore allotted in RE which was also reduced from BE of Rs. 100.00 crore. Again the BE of 2009-10 has been sharply increased to Rs. 85.00 crore;

(v) In the case of MOIL, in 2007-08, its RE was increased to Rs. 140.06 crore from BE of Rs. 65.00 crore. However, it incurred Rs. 90.85 crore only. Whereas in 2008-09, the BE was not only cut down to Rs. 117.20 crore from BE 2007-08 of Rs. 140.06 crore but the expenditure also came down to Rs. 46.80 crore as against the amount of Rs. 90.85 crore spent in 2007-08; and

(vi) Bird Group of Companies prepared inflated estimates in both the years 2007-08 and 2008-09. The company could utilise Rs. 15.35 crore and Rs. 0.34 crore only against the allocation of Rs. 26.00 crore and Rs. 2.66 crore in the respective years.

4.7 In this connection, the Ministry of Steel was asked to furnish the reasons for unrealistic preparation of estimates at BE/RE stage by the PSUs. The reasons furnished by the Ministry are given below:—

(i) "NMDC

In respect of NMDC, BE 2007-08 of Rs. 250 cr. was revised to Rs. 150.00 cr. after considering the status of the individual schemes. The actual Capital Outlay during 2007-08 was Rs. 134.34 cr. The main reasons for shortfall are:—

- An amount of Rs. 11.50 cr. was provided in RE 2007-08 for Wind Mill at Karnataka but after finalization of Tender, the Work Order was issued to the Party on 28th March 2008. Hence the amount could not be utilized.
- Out of total provision of Rs. 55.00 cr. for Bailadila Deposit 11 B in RE 2007-08, an amount of Rs. 39.04 cr. was spent. Various clearances for the project were accorded by October 2006 only. Zero date was announced on 01.01.2007. Therefore, due to delay in starting of the Project, the targeted expenditure could not be achieved.

In respect of NMDC, BE 2008-09 of Rs. 400.00 cr. was retained in RE 2008-09 based upon the status of various schemes. The actual Capital Outlay during 2008-09 was Rs. 335.66 cr. The main reason for shortfall is following:—

- An amount of Rs. 80.00 cr. was provided in RE 2008-09 towards acquisition of Sponge Iron India Limited, which could not be completed during 2008-09 due to time taken in completing various statutory procedural formalities. The Merger process is in progress and is expected to be completed shortly.

Manganese Ore India Limited (MOIL)

The original plan outlay of Manganese Ore (India) Ltd. (MOIL) for 2007-08 approved at Rs. 65 crores included Rs. 5 crore towards setting up of Wind Turbine Generator. The expenditure on setting up of Wind Turbine Generator during the entire XIth Five Year Plan period was projected at Rs. 115 crores. A token amount of Rs. 5 crore was provided in the first year *i.e.* 2007-08 of the XIth Plan period assuming that major expenditure would be incurred in the subsequent years. However, the Wind Power generation Project was included in the MOU parameter of the MOIL for the year 2007-08 and accordingly, the company projected an additional expenditure of Rs. 75 crores for this project in RE 2007-08. For this reason there was substantial increase in the RE 2007-08 in respect of MOIL. MOIL could incur total amount of Rs. 90.85 crores during 2007-08 and the balance amount was spilled over to 2008-09.

During 2008-09, MOIL projected an investment of Rs. 74 crores for setting up of Ferro Manganese Plant in joint venture with SAIL. However, due to changes in the original scheme, the project implementation could not be taken up in 2008-09 and the company could utilize Rs. 50.27 crores during 2008-09. The project is proposed to be taken up during 2009-10, with project completion date envisaged in 2011-12.

Bird Group of Companies

	B.E			R.E.			Actual
	IEBR	B.S.	Total	IEBR	B.S.	Total	
2007-08	25	-	25	26	-	26	15.35
2008-09	30	1	31	2.66	1	3.66	0.34

BE/RE in respect of Bird Group of Companies were prepared on the expectation that the mining operations over the total leasehold areas would be allowed by the concerned departments of State Government. In the absence of requisite approvals from concerned departments, the Bird Group of Companies could not achieve the targets.

Steel Authority of India Limited (SAIL)

The Budget estimates for the financial years are prepared after detailed discussions at Plant & Corporate level based on the physical progress of capital projects including modernization & expansion plan under implementation in SAIL. These estimates are further reviewed and Revised Estimates are prepared while finalizing the Budget Estimates for the next financial year.

Rashtriya Ispat Nigam Limited (RINL)

Originally BE was prepared in line with plan for placement of orders and execution of subsequent activities. However, BE was required to be mainly revised due to delay in placement of orders. All the activities of implementation of various schemes under expansion plans, which have been under control of RINL management, were done as per schedule which includes preparation of tender specifications, issue of tenders, techno-commercial discussions after TOD, processing for approval of Board etc. However, activities which were dependent on other agencies, there has been delay which includes submission of tenders by bidders, non-submission of bids in line with specification seeking deviations, delay in response of bidders to freeze techno-commercial bids, opening price bids etc. This extra ordinary situation in finalization of order was faced by companies with expansion plans including RINL mainly due to unprecedented high market condition arising out of simultaneous expansion of steel industry undertaken globally etc., However, now after placement of orders, progress is in line with contractual schedule and expansion in 2009-10 will be fully achieved".

4.8 The Committee regret to observe that out of total outlay of Rs. 45607.08 crore approved by the Planning Commission for the 11th Plan, the expenditure made during the first two years was only Rs. 12356.89 crores. While during the year 2007-08 they could spend only Rs. 3831.03 (61.75%) of the allotted fund, the expenditure during 2008-09 was Rs. 6203.00 crores. The Committee feel that either the estimates prepared for SAIL and RINL were inflated or they have failed to utilize the allotted fund during the first two years in the plan. The reasons cited are mainly administrative in nature and could have been dealt with by the Ministry by way of improvement in their system and speedy disposal of things. The precise reasons for under utilization of funds may be identified and suitable remedial measures need to be taken so that not only all the funds are timely utilized and various projects/programmes of these PSUs are completed without any delay.

CHAPTER V

INVESTMENT IN PUBLIC SECTOR ENTERPRISES (PSEs)

Most of the PSEs meet the capital expenditure on the schemes from their Internal and Extra Budgetary Resources (I&EBR).

A. STEEL AUTHORITY OF INDIA LTD. (SAIL)

It has five major steel plants located at Bokaro, Bhilai, Rourkela, Durgapur and Salem and Alloy Steel Plant at Durgapur. With effect from 16.2.2006, Indian Iron and Steel Company (IISCO), an integrated steel plant at Burnpur/a subsidiary of SAIL, has been merged with SAIL and renamed as IISCO Steel Plant. Maharashtra Elektrosmelt Ltd. (MEL), the only subsidiary of SAIL, is engaged in the production of ferro alloys. The plan outlay of SAIL plants/units and its subsidiary is being met from the I&EBR of SAIL.

Allocation and utilization of I&EBR

I&EBR of SAIL has been increased in BE 2009-10 to Rs. 10356.00 crore from BE/RE of Rs. 4674.00 crore in 2008-09 and the expenditure incurred of Rs. 5233.00 crore in 2008-09. On being asked the reasons for increased allocation of IEBR at BE 2009-10, almost 100% increase of the expenditure incurred in 2008-09 and the justifications of increase in BE 2009-10 at a time when SAIL is reported to have cut down production or delay expansion programme, the Ministry has given its written reply as follows:—

> "The funds against the projects are allocated depending upon projected progress and schedule for completion of identified milestones. In the initial period of modernization & expansion plan of SAIL, the provision had been kept only for expenditure on enabling work and initial milestone payments. In the subsequent year 2009-10, the expenditure increased with the progress of the projects and hence higher budget estimate for 2009-10 has been envisaged as compared to 2008-09.
>
> Consequent to the economic slowdown and in view of changed scenario relating to fund availability and internal accruals, SAIL

has decided to implement the programme in two phases. In the current phase, the hot metal production will be enhanced from present level 15 Million Tonnes Per Annum (MTPA) to 23.46 MTPA by end of 2012. The second phase will be taken after a review of the market conditions. The estimated cost for Phase I is about Rs. 60,000 crore and orders have already been placed for a large number of packages, to the tune of about Rs. 35,000 crore. The expenditure of SAIL in the first quarter of 2009-10 on this programme was 2469 crore. With the current rate of progress it is expected that the plan expenditure Rs. 10,356 crore will be achieved by the end of the financial year".

5.2 The Committee note the annual outlay of the SAIL has been increased in BE 2009-10 to Rs. 10356 crore from BE/RE of Rs 4674 crore in 2008-09 based on projected progress of various schemes/projects. However, the Ministry have stated that the expenditure of SAIL in the first quarter of 2009-10 has been only Rs. 2469 crores. Going by the past experience, the Committee apprehend that in the past PSUs have been unable to overcome the obstacles in utilizing the allotted funds and hope that plan expenditure of Rs. 10,356 crore would be fully utilized by SAIL. The Committee therefore desire the Government to ensure that there is no downward revision in the target and all the programmes/ schemes contemplated in two phases are completed in time bound manner with the help of I &EBR allotted for specific purpose. To ensure full utilization of allotted funds, Committee would like the Ministry to periodically review the utilization of funds and remove procedural bottlenecks, if any. The Committee would like to be apprised of steps taken in this regard.

Modernisation and Expansion Plan of SAIL

5.3 The current expansion plan of SAIL envisages enhanced annual production capacity of 26.2 million tonnes of hot metal by 2010-11 from the current level capacity of 14.6 million tonnes. SAIL has decided to delay its expansion plan by 2 years due to the global economic downturn and a weaker-than-expected pick-up in domestic demand. The Company is now expected to reach the targeted capacity of 26.2 million tonnes of hot metal by 2014 as against the earlier target 2011.

5.4 To a specific query as to why SAIL has decided to delay its expansion programme by another 2 years when the domestic demand is expected to be on higher growth path in the coming years and the effect of global economic meltdown is on the wane, the Ministry has advanced the following reply:—

> "The later part of 2008, particularly Oct.'08 onwards, started witnessing a recessionary trend in the global economic/financial arena affecting the domestic steel sector as well. Therefore, in the light of changed circumstances, SAIL Board felt that there is a need to deliberate upon the overall Modernisation and Expansion plan of SAIL including its funding.
>
> Accordingly, review of overall Modernisation and Expansion plans was carried out by SAIL with assistance from Mecon, the consultant, and it was decided that the production build up in two phases, in the current phase hot metal capacity will be increased to 23.46 mtpa and subsequently ramped up to 26.2 mtpa (based on market situation) as envisaged originally".

5.5 The difficulties faced/being faced by SAIL in contracting and implementing its modernization and expansion projects are given below:—

- "Inadequate response against various tenders; Extension of time limit for submission of tenders on the request of bidders.
- Deviations in offers *vis-à-vis* tender terms and conditions including the desired delivery schedules for completing the projects; Bidders seeking extension in time limit for submitting clarifications. Bidders submitting incomplete clarifications/ maintaining deviations leading to several rounds of techno-commercial discussions.
- Prices bids submitted by bidders higher than Consultant's estimates, in many cases. For some of the packages, SAIL had to go for retender on account of higher prices, lack of adequate response or major deviations from the technical specifications or terms and conditions of the contract."

5.6 Following proactive steps have been taken/are being taken by SAIL for expeditious implementation of Modernization and Expansion Plan:—

- "Pre-bid conferences and consultation with technology suppliers and their partners were organised for ensuring wider participation and increased response in the tenders. Based on their suggestions and due diligence within the organisation, revision/streamlining of project manuals, Standard Bidding Document and procurement procedure etc. was carried out. Also, the content & specifications of packages of major technology areas were split into supply, civil, structural and auxiliary packages etc.

- Strengthening of project management organisation by recruiting/redeploying fresh/experienced project managers.
- Implementation of Integrated Project Management System and online project monitoring system.
- Appointment of Project Management Consultant.
- Enhancing delegation of powers at various levels for faster decision making.
- Standing Committee of Directors constituted to address the issue of coordination across plants in implementation of Expansion Plans of SAIL.
- Issue of steel by SAIL for civil and structural work".

5.7 The Committee understand that SAIL has decided to delay its expansion Plan by 2 years due to the global economic downturn and a weaker than expected pick up in domestic demand. The explanation offered by Chairman, SAIL during the course of evidence for not completing the expansion plan by 2010 is not only unsatisfactory but rather *alibi*. The Committee do not approve such a decision of SAIL. In fact, SAIL has failed to keep the commitment by them to the extent that the modernization would be completed by 2010. The Committee would like to be satisfied whether it was prudent on the part of SAIL to defer expansion of 2 years or expansion programme could have been carried out in phases. Since the steel sector worldwide is coming out of recession and demand for steel is gradually picking up, the SAIL can pursue the expansion plan vigorously. The difficulties/problems/constraints being experienced should be effectively tackled by taking appropriate measures so that expansion and modernisation plan of SAIL could be implemented at the earliest to avoid cost and time overrun.

The Committee appreciate that SAIL propose to carry out plantation work in all the steel plants like Vishakhapatnam Steel Plant.

Since Alloy Steel Plant is serving many strategic sectors in the country, especially, naval warships which are pending, the first effort of SAIL should be to make it profitable and to move ahead with the modernization.

5.8 SAIL is in the process of finishing its growth plan for the period beyond 2010. Tentatively, it is planning to cross 60 million tonnes per annum capacity by 2020. The growth is expected through (a) brown-field expansion (b) green-field expansion (C) merger and acquisitions.

5.9 When asked what would be the estimated domestic and global production capacity *vis-à- vis* consumption in 2020 and the justification for setting up of the capacity target of 60 mt per annum by 2020 by SAIL, the Ministry stated as under:—

> **"Estimated domestic and global production capacity *vis-à-vis* consumption in 2020**
>
> World Steel Association in their medium term forecast projected a global finished steel consumption of 1.7 billion tonnes by 2016. Extrapolating the trend for another 4 years it is estimated that the global consumption of finished steel will be around 2 billion tonnes by 2020. The global crude steel capacity by this period could be around 2.5 billion tonnes, on the assumption of 90% capacity utilization.
>
> According to World Steel Association's India 2020 study the demand for finished steel in India could range from 150 to 180 million tonnes by 2020, whereas the crude steel capacity could be between 175 to 210 million tonnes.
>
> **SAIL's Capacity target of 60 mt per annum by 2020**
>
> India is set to emerge as the second largest steel consuming nation in the world second only to China. It is expected that for next decade or so there would be rapid expansion in domestic steel demand resulting from urbanization, rapid industrial growth and building up of infrastructure facilities. This will provide an unprecedented opportunity for the domestic steel companies to expand and cater to the emerging domestic demand.
>
> A preliminary analysis shows that SAIL can expand substantially at the existing location on the strength of available infrastructure

facilities, full utilization of land at existing location, and higher productivity. Large steel companies across the world have been increasing their capacity through M&A and expansion to attain economies of scale and scope. It is anticipated that in another ten years from now there would be several steel companies with capacity around 50 million tonnes.

Keeping in view the opportunity available to steel companies in India, the ability to expand substantially at the existing locations, and with the aim to be amongst the biggest steel producers globally, SAIL aims for setting up 60 million tonne capacity by 2020".

Setting up of Steel Processing Units (SPUs)

SAIL Board had approved "in-principle" installation of a number of Steel Processing units (SPUs) near the consumption point particularly in States where no steel plant is located and where consumption is low. Presently, SAIL is setting up a SPU at Bettiah, Bihar. It is also proposed to set up SPUs at Mahnar and Gaya in Bihar, Hoshangabad, Ujjain and Gwalior in Madhya Pradesh, Guwahati in Assam, Srinagar in Jammu and Kashmir, Lakhimpur in Uttar Pradesh and Kangra in Himachal Pradesh".

5.10 Regarding the details on time-frame drawn for setting up of the above SPUs and target of similar SPUs proposed to be setup in other States, the Ministry in its written reply stated as below:—

"With a view to meet increased customer demand for tailor made steel products near the consumption points, particularly in a State where no steel plant is located and where steel consumption is low as compared to national average, SAIL proposes to set up Steel Processing Units (SPU) at Bettiah, Mahnar & Gaya in Bihar, Hoshangabad, Ujjain & Gwalior in Madhya Pradesh, Guwahati in Assam, Srinagar in Jammu & Kashmir, Lakhimpur in Uttar Pradesh and Kangra in Himachal Pradesh.

The SPU at Bettiah, Bihar is under implementation. The SPU is likely to be completed by Jan.'10.

In case of SPUs at other locations, "in-principle" approval has been accorded by SAIL Board. Tendering activities of various packages are in progress. The time-frame for completion shall be firmed up after completion of tendering process".

5.11 The Committee note with satisfaction that with a view to meet increased customer demand for tailor made steel products near the consumption point, particularly in a State where no steel plant is located and where steel consumption is low, SAIL have proposed to set up Steel Processing Units (SPUs). Some places have already been identified and in some places this is under implementation. While the Committee hope by this initiative of the Ministry would increase the domestic demand and steel consumption in the country, they desire that the scheme should be accorded priority and completed under a time bound programme. The Committee also desire that efforts should be made in future to cover other potential areas also in the country with low steel consumption under this scheme so that all sections of society in far flung areas are also benefitted from the scheme.

Achievement of global benchmarks by SAIL

5.12 SAIL should first achieve global benchmarks in cost and quality to become global leader in steel production and meet a major part of the demand arising out of a massive growth of infrastructure sector. Otherwise, in future, SAIL will not be able to compete against imports.

5.13 When asked about the parameters needed to be achieved by SAIL in attaining global benchmarks and its strategy in this regard, the Ministry of Steel has made the following written submission:—

> "In order to maintain predominance in the steel sector and to face global competitiveness, SAIL has embarked upon a modernization and expansion plan which apart from increasing the production capacity, also addresses the vital issues of elimination of technological obsolescence, installing energy efficient & environment friendly technologies, value addition/product–mix improvement and development of raw material resources in terms of quantity & quality.
>
> With implementation of the above plan, 100% Steel making will be through Basic Oxygen Furnace and 100% Continuous casting while phasing out the energy inefficient ingot route at SAIL plants. Further , secondary steel facilities like VAD, Ladle Furnaces, Desulphurising unit are being installed to produce quality steel.

Iron ore beneficiation facilities at SAIL mines and a Pellet plant are being installed for improvement in input quality of raw material in Blast furnaces which will improve overall techno economics.

Coke Dry quenching, TRT are being installed for waste heat recovery, thus reducing energy consumption at SAIL plants.

With adoption of the above technologies, techno economics shall improve".

5.14 SAIL in its Annual Report 2007-08 has admitted that the current weaknesses of the company stem from dependence on purchased coal from domestic and overseas suppliers. It has also reported that due to historical legacy, the manpower cost in the company is higher than its competitors. Also, being a public sector company adherence to a number of rules and procedures slows down the business decisions in some cases.

5.15 On being asked what corrective measures have been taken/ being taken to get rid of the weaknesses, the Ministry has furnished the reply as follows:—

"(1) Steps taken by SAIL to reduce dependence on imported coking coal

In order to reduce dependence on imported coal, SAIL has planned to increase domestic availability of coking coal. SAIL is taking action for acquiring & developing new coal blocks and entering in to strategic partnership with Coal India Ltd. Details are given below:

A. Acquisition and development of new coal blocks

(i) Tasra Coking Coal Block:

Allocated to SAIL by Ministry of Coal having geological reserves of 252 MT. The mine will have capacity of 4 Mtpa. The Mining Plan was approved by Ministry of Coal in June'09. Grant of environment clearance and tendering for selection of Mine Developer and Operator (MDO) are in progress.

(ii) Sitanala Coking Coal Block:

The coking coal block having 108 MT geological reserves has been allotted to SAIL. Mining plan was approved by Ministry of Coal in January'09. Grant of environment clearance is in progress. Process for selection of MDO is in progress.

5.16 When the Committee during oral evidence enquired about the reasons for not owning coal mines at Jharkhand and West Bengal, the representative of the Ministry of Steel replied as under:—

> "SAIL needs more mines. We have made several applications to the Government of India for allotting more coal mines. The Ministry of Steel has also taken up with the Ministry Coal. Unfortunately, we were not successful in that except for one coking coal block, that is the Sitanala block. It was allotted in 2007. We are in the process of developing that. Outer mining plan for that coal block has already been approved. In addition to that, the erstwhile Iron and Steel Company had one coking coal block, the Tasra Coal Block. The mining plan for that also has been approved. Recently, we have got the environmental clearance also for that block. We are going ahead with the appointment of MDO. Meanwhile, through our departmental action, we are expecting to start mining operations in that coal mine by December, 2009"

B. Partnership with BCCL:

(i) Development of Moonidih Seam 16 Top: SAIL had entered into an MOU with BCCL in April'06 to provide interest bearing fund to the tune of Rs. 166 crores for upgradation of its seam 16 Top of Moonidih mine. Entire output of about 0.66 MTPA (ROM) from the scheme would be for the captive use of SAIL Plants.

(ii) Kapuria Block: The Block has a mineable reserve of about 37 MT, which can be developed into a modern mine of about 2 MTPA capacity. After long persuasion, the Board of Directors of BCCL has cleared the proposal for formation of a joint venture company of SAIL & BCCL for development of Kapuria block. Inspite of continuous efforts, the CIL Board has not approved the JV for development of Kapuria Coal Block.

C. SAIL-Tata Steel Joint Venture:

SAIL & Tata Steel have formed a 50:50 JV Company in the name of "S&T Mining Company Private Limited" for acquisition and development of coal blocks/mines. The company is attempting for acquisition and development of coking coal blocks in CCL & BCCL command areas, set up stand alone washery for beneficiation of non linked washery (NLW) coal and revival of old/ abandoned mines of CIL.

(2) Formation of an SPV for acquisition of coal assets overseas:

In order to tackle the situation, a Company 'International Coal Ventures Private Limited' (ICVL) – SPV of SAIL, CIL, RINL, NMDC and NTPC - was incorporated on 20th May, 2009. The first Board Meeting of ICVL has been held on 18th June, 2009. For the purpose of making acquisitions of coal companies and assets, ICVL has identified Australia, New Zealand, Mozambique, Canada, Indonesia and USA as the target countries.

(3) Efforts to rationalize manpower:

Steel Plants were set up in Public sector in early 60s to give boost to industrialization in the country and one of the social objective was to generate employment. Further, Plants were set up at green field sites in infrastructurally backward areas and therefore manpower was also required for creating infrastructure facilities for employees like housing, medical, transport, education etc.

While comparing SAIL's manpower with competitors it has to be kept in mind that SAIL has a Raw Material Division for its Iron Ore, Lime Stone and Dolomite Mines, the activities/ operation of which requires a large manpower. A Central Marketing Organisation having network of branches, regional offices, stockyards exists which again requires services of a large number of manpower. In addition, the Research & Development Centre for Iron & Steel and Centre for Engineering & Technology involved in research and technological development activities employs Specialists/ Scientists. On the other hand many of its competitors are sourcing raw materials from outside and outsourcing maintenance and other jobs and are thus able to operate with less number of regular employees.

In order to reduce the high manpower cost, SAIL has been rationalizing its manpower in the past and is likely to continue in future also. In the last 3 years, SAIL has been able to rationalize its manpower by around 17000 through judicious manpower planning, multi-skilling, redeployment, selective recruitment etc. Around 20,000 manpower is expected to be rationalized by 2011-12 through natural superannuation, VRS etc.

SAIL shall further continue with its efforts to rationalize its manpower, enhance higher labour productivity and attain higher levels of production.

(4) Overcoming Procedural Impediments:

Through the process of autonomy granted to Navratna companies, SAIL, year-after-year, is trying to come over the procedural impediments and constraints. For faster decision making during 2008-09, SAIL Board further enhanced the powers of Chairman and Managing Directors/Directors for approval of capital projects".

5.17 The Committee have been given to understand that in attaining the global benchmark , the thrust of modernization and expansion plan of SAIL is to adopt technology which is in addition to cost effective is also energy efficient and environmental friendly. However, still many constraints are being faced by the company such as dependence of purchased coal from domestic and overseas suppliers, higher manpower cost and adherence to a number of rules and procedures depriving SAIL to become a global leader in Steel. The Committee would like the Ministry to address these issues seriously.

The Committee have been informed that SAIL have taken certain measures to reduce dependence on imported coking coal and is in the process of acquiring and developing new coal blocks and entering into strategic partnership with Coal India Ltd. and with some other companies, besides formation of an SPV for acquisition of coal assets overseas. In addition to these initiatives, the Ministry should also look for technologies that would reduce the use of coking coal in blast furnaces and also develop their R&D. In this connection, the Ministry may explore the possibility of cutting ash content in coking coal and increasing production, which would meet most of the coking coal requirement through indigenous mines, thereby cut imports and being a cheaper proposition.

The Committee would like the Ministry to pursue their case vigorously with the Ministry of Coal to get more coal mines accordingly urge upon the government to give priority to the requirements of SAIL and consider allotting coal mines particularly in Jharkhand and West Bengal.

B. RASHTRIYA ISPAT NIGAM LTD. (RINL)

5.18 Visakhapatnam Steel Plant (VSP) is the first shore-based Integrated Steel Plant set up in India. The outlay is being met from the internal resources of the company.

5.19 The amount earmarked for the schemes through I&EBR at BE 2008-09 of Rs. 4,166.00 crore was drastically reduced to Rs. 2,815.50 crore at RE stage. In BE 2009-10, it has been further reduced to Rs. 2,437.00 crore.

5.20 While asking the reasons for reduction of funds at RE 2008-09 and BE 2009-10, the Ministry has furnished the reply in *Annexure-II.*

In the RINL's Annual Report (2007-08), the company has listed out the results of Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis. Of these, it has been reported that lack of higher levels of automation as one of the weaknesses and massive expansion plans of existing competitors and heavy order bookings of equipment suppliers thus adverse impact on expansion plans – high costs and delays are identified as threats.

5.21 When asked whether any corrective measures have been taken/ proposed to be taken by RINL to overcome the said weaknesses and threats, the Ministry has stated that:—

> "The anticipated threats projected in 2007-08 mainly regarding expansion plan have been progressively addressed by RINL and has been overcome with the corrective actions. These corrective actions have been instrumental in helping to finalize orders for all the major packages progressively by 2008-09. The corrective actions to the constraints being faced during the implementation at site including equipment supply are also being constantly being tackled by the management with which expansion plan is to be completed. As regards the weakness emanating from lack of captive raw materials, RINL has been making full fledged efforts for acquiring iron ore and coal mines. Parallelly efforts are being made for acquiring overseas coal properties through ICVL wherein RINL is a partner-promoter company. For addressing weaknesses relating to capital repairs and upgradation, the company has already initiated schemes for carrying out repairs and increasing the automation levels in major steel making equipments."

5.22 The Committee note that RINL has been allocated Rs. 4,166 crore in BE 2008-09 which was reduced to Rs. 2,815.50 crore at RE stage. In BE 2009-10 , the amount has further been reduced to

Rs. 2,437 crore. The Committee are constrained to note that out of this Rs. 2,437 crore, the Company was able to utilize a meager amount of Rs. 516.24 crore till July, 2009. While in some schemes/projects, there has been a little progress, many schemes/projects such as Acquisition of iron ore, Coking coal and other mines, BF-1 Category repairs, facilities for Iron ore storage, augmentation of 220 KV power system for receiving 400 MVA power, there has been no progress at all. The corrective measures taken by the RINL to overcome these weaknesses do not seem to have bore any fruit. The Committee feel that underutilization of funds is directly affecting the implementation of important schemes and ultimately the performance of Company. The Committee impress upon the Ministry that RINL should utilize the full allocation made for the year 2009-10 so that schemes do not suffer due to poor utilization of funds. The Committee urge upon the Ministry to address the weakness listed out by RINLs with a sense of seriousness and sincerity, lest the perennial underutilization of fund by the Company should be highly detrimental to the growth of production and improvement in productivity of steel sector. Committee also urge Ministry to facilitate RINL to ensure early acquisition of iron ore, coking coal and other mines.

CHAPTER VI

RAW MATERIAL

A key determinant for attaining the country's enhanced steel production targets is ensuring security of coking coal and iron ore.

6.2 To encourage optimum utilisation of domestic iron ore fines, Ministry of Steel had recommended fiscal and other measures for promotion of beneficiation and agglomeration (sintering & pelletisation) of iron ore in India. However, these had not been provided for in the Budget 2008-09. According to press report the Steel Ministry is in favour of restricting iron ore exports to China, South Korea and Japan to ensure availability of the raw material to steel companies. The press report further states that iron ore exports should be encouraged only in value added form and that too in a limited quantity.

6.3 It would be appropriate to mention here that the Standing Committee on Coal and Steel also in the past had repeatedly recommended for ban on export of iron ore in phases and encouragement of value addition of iron ore rather than export. However, no firm decision appears to have been taken to protect the interests of domestic steel industry. The further delay in the matter would have far reaching consequences as it would certainly affect the Indian steel players in the long run and would also affect the growth of overall Indian economy.

6.4 When asked to furnish the course of action that would be taken up by the Government such as time-bound ban on export of iron ore and concrete plan of action to encourage value-addition of iron ore etc., the Ministry has submitted its written reply as follows:—

- "In the GoM meeting to consider National Mineral Policy, 2007, there was an agreement that iron ore resources of the country should be conserved for the use of domestic steel industry. It was decided that although conservation of iron ore resources of the country is of paramount importance, the same may not be achieved by banning or capping the export of iron ore but by taking recourse to appropriate fiscal measures. Presently, the following rates of export duty are imposed on iron ore:

(i) Iron ore fines (all sorts) - NIL

(ii) Iron ore other than fines (including Lumps & pellets) - 5% ad-valorem

- As regards, concrete plan of action to encourage value-addition of iron ore, it may be mentioned that the Government has approved National Mineral Policy' 2008 which *inter-alia* provides for preference to value adders in the allocation of mineral concession.

- Recently, Ministry of Mines, Government of India has proposed to bring an altogether new legislation called Mines & Minerals (Scientific Development & Regulation) Act to replace the existing Mines & Minerals (Development & Regulation) Act, 1957. The proposed Act seeks to give effect to the recommendations of the Hoda Committee as approved by the Government in March, 2008. Ministry of Mines has sought comments of various stakeholders on the proposed Act and it will take some time to finalise the new Act".

6.5 Considering the manifold increase of their raw material demand and massive capacity expansion, the Ministry of Steel has been asked to suggest whether any mechanism should be in place whereby the steel companies are allowed to access raw materials located in forests without disturbing the environment and to monitor the balance between the environment and development of the steel sector. Responding to the query, the Ministry has submitted its written reply as follows:—

"It is correct that reserves of minerals like iron ore are generally located in forest areas. To maintain a balance between growth/ development of steel industry and the concerns of environment, there are certain technological solutions like inclined mining etc. which may be adopted to develop mines in an environment friendly manner. Ministry of Mines is the nodal Ministry for implementation of these technological solutions".

6.6 Securing metallurgical coal and thermal coal assets from overseas - SAIL, RINL, CIL, NTPC and NMDC signed an MoU on 3rd August, 2007 for a Special Purpose Vehicle (SPV). The Government has accorded its approval on 11th December, 2008 to achieve the main objective of ensuring supply of imported met coal of around 5mtpa by 2011-12 and also to be an owner of about 500 million tonnes of met coke reserves by 2019-20.

6.7 When enquired about the benchmark fixed for each PSU for best utilization of iron ore and achievement thereof, the Ministry stated as under:—

"Sponge Iron India Ltd. (SIIL)

(i) As far as SIIL is concerned, there is no specific benchmark fixed for iron ore utilization. The consumption of iron ore depends upon various factors including the type of process and machinery involved, grade and quality of raw material used etc. However, it has been noticed that the specific consumption of iron ore is on higher side in SIIL, as compared to its peers in the sponge iron industry. This is primarily due to non availability of quality iron ore. During Review meetings, the problem of high consumption of iron ore associated with inferior quality and insufficient availability of iron ore, which is hampering the production schedule of SIIL, have been noticed by the Ministry. In this context, Government of India has approved the merger of SIIL with NMDC during 2008-09 and the process for merger of SIIL with NMDC is in advanced stage. After merger, SIIL would get quality iron ore, sufficient in quantity and this is expected to improve the efficient utilization of iron ore.

Steel Authority of India Ltd. (SAIL)

For gainful utilization of iron ore, SAIL has adopted scientific mining so that consistent supply of iron ore may be maintained. Efforts are being made to beneficiate low grade iron ore for utilization. The existing mines are being modernized and new mines will be developed with State-of-art technology to effectively utilize iron ore.

Rashtriya Ispat Nigam Limited (RINL)

The utilization of iron ore depends on a number of factors such as Fe content, Alumina and Alumina/Silica ratio. These factors have a significant bearing on the consumption.

Based on previous supplies from the major supplier of iron ore to RINL, *viz* NMDC, certain assumptions for planned utilization have been made and the actual consumption vs plan for the last three years is given below which shows that actual utilization of iron ore has been within the planned limits.

	2008-09		**2007-08**		**2006-07**	
	Plan	**Actual**	**Plan**	**Actual**	**Plan**	**Actual**
Iron Ore (t/t SS)	1.546	1.495	1.587	1.467	1.567	1.516

Note: Specific consumptions calculated on Net & Dry basis"

6.8 When further asked as to whether the Ministry, during the review meeting, ever noticed shortcomings and if so, what action has been taken to improve the efficient utilization of iron ore, the Ministry in its written reply has stated that:—

"Steel Authority of India Ltd. (SAIL)

The Ministry has conducted a separate review to assess the performance of the Raw Material Division of SAIL. SAIL has been advised to enhance the use of technology, particularly in the area of beneficiation and pelletisation of the low grade iron ore and fines. Technological support has also been sought from foreign suppliers through bilateral cooperation fora.

Rashtriya Ispat Nigam Limited (RINL)

The efficient utilization of iron ore depends mainly on Alumina content and Alumina/Silica ratio.

It is desirable for efficient utilization Alumina is less than 1.5% but not more than 2% and the Alumina/Silica ratio is maintained less than 0.4. Iron ore beyond these values affects BF productivity as well Energy Efficiency. It is therefore necessary to maintain the above factors at optimum values for efficient utilization. Also higher Fe% (above 62%) helps in better utilization of iron ore. During review meetings, the need for securing iron ore with lower alumina content have been deliberated upon and these factors have been brought to the notice of the suppliers".

6.9 The Ministry of Steel has submitted a brief note on the status of mining leases of SAIL, RINL, NMDC and KIOCL which are getting delayed in grant/renewal of leases and statutory clearances for more than a year as follows:—

"Steel Authority of India Limited (SAIL)

Renewal of Mining leases:

SAIL had been granted twenty five mining leases of iron ore in the States of Jharkhand, Orissa and Chhattisgarh. Out of these only 5 leases are valid, 15 are under deemed extension and balance 5 are under dispute as shown below:—

Details	Jharkhand	Orissa	Chhattisgarh	Total
No. of leases	13	7	5	25
Valid	Nil	1	4	5
Under deemed Extension	9	5	1	15
Under dispute	4	1	Nil	5

6.10 From the above table, it is evident that status of renewal of leases in Jharkhand and Orissa is pending. Without valid leases, SAIL is facing difficulty for making an investment for the expansion of its existing mines.

Statutory Clearances:

6.11 In absence of valid forest clearances, production from the Ajitaburu, Budhaburu and Sukri-latur leases of Chiria mines was stopped since June'94, December'05 and March'09 respectively.

6.12 SAIL has submitted all the requisite application for renewal of mining lease/forest clearance in time. However, the forest clearance proposals are taking a long time at the State Government level, before being sent to Government of India for approval. It is apprehended that production of following mines may be stopped in absence of grant of forest clearances.

6.13 When the Committee during evidence enquired about the status of mining leases in Jharkhand, the representative of the SAIL replied as under:—

"We have got ten mining leases in Chiriya area which was given to the erstwhile IISCO . They were very old leases. After the initial validity period they have been under deemed extension. It means, if we apply one year before the expiry of the lease, even if the Government does not formally extend the lease, they are taken as deemed extension. These leases have been going on till about 2004. Of course, all the leases could not be explored by IISCO because it never came to the full capacity and became a sick company. They were not in a position to invest money in the mining leases. In 2004, the Government of Jharkhand decided to cancel four out of these 10 leases on the plea that they need their resources back for allocating it to other intending purchasers who have to put investment in the State. We first reasoned out with the State Government. Since they did not agree to our plea, we made an appeal to the Central Mining Tribunal which ruled in our favour and directed the Government of Jharkhand to review their decision of cancellation asking them to reconsider and restore the mines to SAIL. But the Government of Jharkhand did not do that. They appealed to the Jharkhand High Court and the matter is pending with the Court."

6.14 The Committee in the meanwhile has come to know through press reports that the Jharkhand Government was willing to renew leases for the Chiria mines to meet the public sector unit's current needs. Jharkhand government is reported to have provided a written confirmation approving 810 MT of mineable iron ore reserves and talks were on for another 200 MT.

"Rashtriya Ispat Nigam Limited (RINL)

No iron ore mining lease has been granted to RINL so far.

NMDC Ltd.

NMDC has made a number of applications for mining leases for iron ore and other minerals with various State Governments, on which decision is yet to be made by the concerned State Government. However, following is the status of mining lease of NMDC which are getting delayed in grant/renewal of lease and statutory clearances for more than a year:—

(i) Bailadila Deposit No. 13—iron ore mine in Chhattisgarh

Mining Lease area: 4.13 sq. km

Ministry of Mines, Government of India conveyed grant of approval to Chhattisgarh Government for grant of mining lease for Bailadila Deposit—13 iron ore mine in favour of NMDC, for 30 years. NMDC submitted the Mining Plan approved by IBM to Forest Department along with application for Forest Clearance on 16.03.2009. Since then the matter is pending with Principal Chief Conservator of Forests (PCCF), Raipur."

6.15 When the Committee during evidence enquired about the reasons that the matter is still pending with the Chief Conservator of Forests, Raipur and efforts being made to expedite the process of getting forest clearance, a representative for NMDC replied as under:—

"There is no much of problem. What happens is that forest clearance is almost available but at the last stage, normally what we do is that the Principal Conservator of Forests give an instruction that you follow the guidelines of National Wildlife Body in respect of wildlife conservation. But then in our case, he has made a little change in his observation. He said that you appoint a consultant and within a month or so prepare a report in respect of wildlife conservation in that area. So the file has come back. We are appointing a consultant. By December, I hope that forest clearance will be obtained."

(i) Panna Main Mine Mining Lease for Diamond in Madhya Pradesh

Mining Lease area: 1.13 sq.km

Mining Lease for the area was valid upto14-07-2005. NMDC had applied to the State Government of Madhya Pradesh for 2nd renewal on 17-07-2003. The matter is pending with the Government of Madhya Pradesh.

KIOCL Ltd.

A brief on mining leases of KIOCL Ltd. is given below:

(i) Chikkankanahalli

Ministry of Mines, Government of India has given prior approval for mining of iron and Manganese ore for 30 years at Chikkankanhalli on 12.6.2008. Government of Karnataka has also given consent for the same on 2.8.2008 for mining of Hombalghatta and Hosahalli iron ore deposit. Mining plan has been approved by Indian Bureau of Mines on 23.9.2008. KIOCL Ltd. has submitted de-reservation proposal to Forest Department, Govt. of Karnataka on 25.10.2007. De-reservation proposal for diversion of forest land for the purpose of mining is under final process with State Forest Department. Public Hearing has been completed before Ministry of Environment and Forests (MoEF), GOI and environment clearance has been obtained. Now, the joint survey is under progress.

(ii) Ramandurga

The Company had applied for mining lease in Ramandurga, Karnataka. In principle, Government of Karnataka has agreed for allotment of 50% of the deposit to KIOCL through NMDC who is first applicant as PSE. However, the matter was delayed due to stay by High Court. High Court of Karnataka has pronounced its judgement on 27.11.2006. On 12.3.2009, Hon'ble High Court has dismissed the Appeal of Karnataka Government and other parties thereby the earlier order passed by the High Court is confirmed. As a result, M/s NMDC will get preferential rights for allotment of Ramandurga deposits. It is learnt that Ministry of Mines is in the process of allotting the same of M/s MMTC, M/s Ramagad Minerals Mining Ltd. has submitted an SLP in the Hon'ble Supreme Court against the judgement pronounced by Hon'ble High Court of Karnataka on 12.3.2009. NMDC have also filed counter SLP in Hon'ble Supreme Court and the matter is pending in the Hon'ble Supreme Court. The Ministry of Steel is continuously pursuing the matter with Govt. of Karnataka.

(iii) Khandadhar Iron Ore Deposit, Sundergarh, Orissa

KIOCL had applied for mining lease at Khandadhar in Orissa. The drilling/ exploratory work has been done by Directorate of Geology, Bhubneshwar. KIOCL has paid an amount of Rs. 1.11 crore for this work. Suddenly, Govt. of Orissa has decided not to allow M/s KIOCL for setting up beneficiation/ pelletisation plant for the Iron Ore reserves in Khandadhar and recommended to allot mining lease in favour of M/s. POSCO. KIOCL has filed a Writ Petition in the High Court of Orissa in the matter. High Court on 16.4.2007 directed that the objection filed by KIOCL against the orders of the Orissa Govt. may be considered as a Revision Petition by the Mining Tribunal under the Ministry of Mines and disposed off within 3 months. The Tribunal, in the Ministry heard the matter on 5th July, 2007 and directed the Govt. of Orissa to dispose off all the applications received for mining lease prior to the POSCO. Department of Mines, Government of Orissa conducted the hearings on 11.1.2009 and has recommended Prospecting License (PL) in favour of M/s POSCO Ltd. KIOCL Ltd. has filed a Writ Petition in the High Court of Orissa against the State of Orissa and others. On 20.3.2009, Hon'ble High Court passed an order for maintaining *status quo* and issued direction to Ministry of Mines, Govt. of India not to pass any order on the application of POSCO Ltd. for PL. The matter is being heard and Hon'ble High Court extended the interim stay. In the meantime, Deptt. of Steel and Mines, Govt. of Orissa has passed an order to reject KIOCL application for PL and grant of mining lease for Iron and Manganese Ore in Barsuan, Rajabasha, Khandadhar and Rantha in the district of Sundargarh. Against this, the KIOCL Ltd. has filed Revision application before the Central Govt. Mines Tribunal challenging the order of Govt. of Orissa. The writ petition of High Court has been disposed of as the matter is pending in the Mines Tribunal."

6.16 The Committee note that the availability of critical inputs *e.g.* iron ore and coking coal are key determinants for attaining country's steel production target. The Government have admitted that iron ore resources of the country should be conserved for the use of domestic steel industry and have taken recourse of certain fiscal initiatives. However, no firm decision appears to have been taken to protect the interests of domestic steel industry. The Committee would like to draw the attention of the Ministry to their earlier recommendation for banning on export of iron ore in phases and encouragement of value addition of iron ore rather than export in order to not only protect the interests of domestic steel industry. They therefore, reiterate their earlier recommendation that export of iron ore should be gradually stopped altogether and encourage value addition of iron ore rather than export.

6.17 The Committee further note that financial strength of Steel PSUs beyond 2012 would mainly depend on renewal of existing mining leases pending with state governments of Chhattisgarh, Jharkhand and Orissa. They also note that SAIL had been granted 25 mining leases

of iron ore in the States of Jharkhand, Orissa and Chattisgarh. Out of these only 5 leases are valid , 15 are under deemed extension and balance 5 are under dispute. Without valid leases, SAIL is facing difficulty for making an investment for the expansion of its existing mines. The Committee express their dissatisfaction over the delay in granting the mining leases for iron ore and allotment of coal blocks to Public Sector companies and feel that Ministry has also failed to play its role as facilitator in getting these mining leases renewed. The Committee further note that Jharkhand Government have reportedly agreed to renew the leases of Chiria mines in favour of SAIL, the Committee desire that Ministry to constantly pursue this matter and impress upon the State Governments for granting for lease of remaining mines on priority basis.

6.18 The Committee observe that for production of steel, SAIL needs more coal block in the State of Jharkhand and West Bengal. The Committee recommend that the Ministry of Steel should take up the matter with the Ministry of Coal for considering the prayer of SAIL for allotment of coal blocks for increase of production. The Committee desire that SAIL should get priority in the case of allotment of coal blocks in the State of West Bengal and Jharkhand being a Public Sector Undertaking for meeting the steel production target prescribed by the Ministry if such coal blocks have not been allotted to CIL.

6.19 Taking note of the manifold increase in the requirement of the raw material to meet the future demands and massive capacity expansion plans, there is a necessity to look for alternate reserves in forests without disturbing the environment and to monitor a balance between the environment and development of steel sector. They therefore, desire that possibilities of inclined mining in an environment friendly manner may be explored to tap the mineral reserves in forests and urge the government to accord a serious thought to this proposal and want Ministry also to pursue this matter with the concerned Ministry. The Committee also urge the Government to make a survey in the North-Eastern States of the country to explore the possibilities of getting iron ore and Mineral.

6.20 The Committee note that the Orissa Government have since decided not to allot Khandadhar iron ore deposit in Sundergarh district to KIOCL on which drilling/exploratory work cost has already been borne by the Company and instead recommended to allot the mining lease in favour of M/s POSCO. Against this, KIOCL is reported to have

filed revised petition before the Mining Tribunal under the Ministry of Mines. The Committee consider the allotment of this mining lease to KIOCL very essential as this would help the company to overcome its crisis. It is pertinent to note that Supreme Court has imposed a complete ban on mining activities at Kudremukh. The Committee would like the Ministry to forcefully plead the case on behalf of KIOCL before the Mining Tribunal for the allotment of above Mining Lease. They also expect that the Ministry would protect the interest of the Company by impressing upon the Orissa Government for allotment of above mine to KIOCL.

CHAPTER VII

ISSUES RELATING TO STEEL SECTOR

A. STEEL PRICES

Government has taken the following fiscal measures during the post September 2008 period for sustained growth of steel sector in the country:—

(a) Export duty on all steel items withdrawn from 31.10.2008.

(b) Re-imposition of import duty on steel items at 5% (except steel melting scrap) on 18.11.2008.

(c) Re-introduction of Duty Entitlement Pass Book (DEPB) Scheme on steel items on 14.11.2008.

(d) Reduction of Excise Duty on steel items from 14% to 10% in December 2008 and further to 8% in February, 2009.

(e) Re-introduction of Countervailing Duty on TMT bars and rods.

7.2 When asked about the net effect so far as a result of the steps taken as outlined above for controlling the demand and supply, the Ministry of Steel has stated that:—

"As a result of various fiscal, administrative and economic stimulus measures taken by the Government, steel industry in India has remained the least affected by the global financial meltdown. There were initial effects of global financial meltdown on the Indian steel industry during October-December 2008-09, when the steel production and consumption in the country decreased by (-) 7.8% and (-) 13.6% respectively. However, Government initiated various steps to enable the steel sector to manage itself during the economic slowdown. These measures along with the economic stimulation packages resulted in a revival of steel demand during January-March period of 2009 (Q4). During this period (Q-4) the production and consumption finished steel in the country grew by 2.67% and 2.21% respectively, on year-on-year basis. The growth in production and consumption of finished steel has also continued in the first quarter of the current year *i.e.* 2009-10 compared to the first quarter of the previous year as may be seen in the table below:—

Production, Export, Import & Consumption

Apr-June 2009-10 vs. 2008-09

(In million tonnes)

Finished Steel	Apr-June 2008	Apr-June 2009	% Change
Production	13.527	13.982	3.4%
Import	01.493	01.414	-5.3%
Export	01.032	0.642	-37.8%
Real Consumption	12.200	12.830	5.2%

Source: JPC (Figures are provisional)"

7.3 During the course of evidence, when the Committee wanted to know how far these fiscal measures helped to achieve the objectives, the representative of the Ministry of Steel replied as under:—

"It was meant to stabilize the price of steel, and to achieve the objective, this helped the steel industry in India".

7.4 The Ministry of Steel has furnished a brief note on present situation of steel prices as follows:—

"Steel prices in the domestic market have remained stable since January 2009. A table depicting prices for various representative categories of steel items is given below:—

Retail Steel Price Movement in Delhi Market during January 2008 to July 2009

Month	HR	CR	TMT	Wire Rod	Pig Iron	Pencil Ingot	Sponge Iron
	2.0 mm	0.63mm	10mm	8mm		100mm	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Jan-08	35350	38700	37450	35000	24250	30725	20000
Feb-08	38100	40575	40200	37500	26000	33000	21200
Mar-08	44000	48000	43775	43450	31000	40000	28000
Apr-08	49000	52000	46000	43600	34500	38300	25700
May-08	43000	45000	38200	38000	32400	33000	26000
Jun-08	50045	51232	47451	45925	32900	39650	29437
Jul-08	45327	48145	43335	43738	35397	38168	32212

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Aug-08	45477	48145	42727	43073	36873	35366	26703
Sep-08	45327	48700	41934	43664	36000	35300	24200
Oct-08	44984	47119	40253	41726	34947	29300	20000
Nov-08	41977	42392	38846	39400	26600	25690	17000
Dec-08	36498	36039	36565	37858	24500	27551	15500
Jan-09	34718	38603	35931	37995	23500	28000	14853
Feb-09	33847	36209	34538	36795	25000	26300	16500
Mar-09	34491	36968	34218	37357	23618	26300	16705
Apr-09	34450	35828	34262	33398	22000	26300	15500
May-09	34349	36328	35403	34587	22500	25900	16500
Jun-09	34289	36568	35479	35249	23200	25700	15300
Jul-09 (10.07.09)	34459	36848	33939	33604	23300	23800	15000

* Monthly prices as on 15th of the corresponding month.

As can be seen in the table, there is a price stability in the domestic steel market".

7.5 The Ministry took measures like launching of a National Steel Promotion Campaign in March, 2007, constitution of Steel Promotion Coordination Committee (SPCC) and in 2008, initiated a study on "Assessment of steel demand in rural India" to stimulate domestic demand, particularly in rural areas and for creation of incremental consumption pattern.

7.6 When asked about the above measures stimulated steel demand in urban and rural areas, the Ministry replied as under:—

"Promotion of steel demand is a long term mission in order to create awareness among the various steel users in the country regarding the innovative use of steel in the country. 'National Steel Promotion Campaign' was launched in March 2007 aimed at the rural and semi-urban segments to create awareness and disseminate knowledge regarding the affordability and superior use of steel in low cost rural housing, construction and other consumer applications such as steel buildings, steel bullock carts, stainless steel dhabas etc. However, this campaign has now been discontinued. Regarding a study on the 'Assessment of steel demand in rural India' it is expected that Joint Plant Committee will soon engage a competent Agency to carry out the work and submit the findings".

7.7 The per capita consumption of steel in the country is just 47 Kg which is very low in comparison to US and China. When the Committee enquired about the reasons for low per capita consumption of Steel. The representative from the Ministry of Steel replied as under:—

> "It is due to lack of infrastructure development. Our infrastructure, namely buildings bridges, ports etc. compared to other countries is much lower than those countries".

7.8 The Committee note that the prices of steel in the country are determined by the domestic and international market forces and the cost of essential raw materials. They also note that the Government has taken certain fiscal measures for sustained growth in the steel sector resultantly the steel industry in India has remained least affected by the global financial meltdown and the growth in production and consumption of finished steel has also continued in the first quarter of current year. According to the Ministry there has been a price stability on domestic steel market because of these initiatives. The Committee however, reiterate their earlier recommendation that the Ministry of Steel should take a lead and Steel PSUs should not only maintain price line but also pass on the benefits of lower cost of production to consumers. The Committee hold the view that in order to boost the consumption of steel in rural and semi-urban areas, the affordability of the product is essential. They feel that one of the major reasons for our low per capita steel consumption is the lack of focus on vast rural sectors. An endeavour should be made by the Ministry for steel to be acceptable, in preference to other replacements, as affordable and cost effective. The Committee desire Industry to focus on improving distribution in the remote and rural areas and an intensity oriented growth in addition to volume of growth.

The Committee have also been given to understand that to study on the assessment of steel demand in rural India, it is expected that the Joint Plant Committee will soon engage a competent agency to carry out study. The Committee may be apprised of its findings and action initiated thereon by the Ministry.

B. RESEARCH AND DEVELOPMENT (R&D)

7.9 A new scheme *i.e.* 'Scheme for Promotion of R&D in Iron and Steel Sector' was included in the 11th Five Year Plan with an outlay of

Rs. 118.00 crore. The objective of the scheme is to evolve a mechanism to promote and accelerate R&D for development of innovative and appropriate technologies for cost effective production of quality steel in an environment friendly manner. The scheme has been approved for implementation on 23.1.2009. For the scheme, Rs. 18.50 crore was provided in BE 2008-09 but the same could not be utilized due to non-implementation of the scheme during 2008-09 as Ministry of Finance had advised the Ministry of Steel to initiate this scheme in the financial year 2009-10. For the year 2009-10, Rs. 26.00 crore has been allotted.

7.10 When asked whether the objective of the said Scheme could be achieved with full utilization of earmarked amount of Rs. 118.00 crore during the 11th Plan period itself, the Ministry has stated as under:—

> "To operationalise the scheme on "Promotion of R&D in Iron and Steel Sector", Expenditure Finance Committee (EFC) in its meeting held on 21.11.2008 identified following three areas:—
>
> (i) Development of innovative/pathbreaking technologies utilizing Indian iron ore fines and non-coking coal.
>
> (ii) Improvement of quality of steel produced through induction furnace route.
>
> (iii) Beneficiation of raw materials like iron ore, coal etc. and agglomeration (e.g. Pelletisation).
>
> The above projects have a broad national perspective and it is expected that successful results would go a long way in meeting the objective of the proposals stated above covered under this scheme".

7.11 The Empowered Committee constituted under the Chairmanship of Secretary (Steel) has approved 59 R&D projects costing Rs. 408.00 crore, of which Steel Development Fund (SDF) contribution is Rs. 165.00 crore. So far approx. Rs. 13 crore has been disbursed and 26 R&D projects completed, and results implemented yielding benefits to the industry. During the year 2008-09, a sum of Rs. 7.29 crore has been disbursed from SDF for different new and ongoing R&D projects. The Ministry is in the process of selection of specific R&D projects and agencies so as to start actual research work during the year 2009-10.

7.12 In this connection, the Ministry has furnished the following details:—

"Number of R&D projects proposals received under the Empowered Committee (EC) mechanism during the years 2007-08, 2008-09 and 2009-10 are as follows:—

Year	2007-08	2008-09	2009-10
No. of received R&D proposals	7	11	8

Regarding funds allocated and utilized during the said year and reasons for shortfall, if any, they have replied as under;

(Rs. in crore)

Year	2007-08	2008-09	2009-10 *(upto 15.7.09)
Fund allocated	24.207	NIL	NIL
Fund released from SDF	10.12	7.27	0.55

* Funds for newly approved Projects/Schemes not included.

Reasons for shortfall in the release of fund from Steel Development Fund (SDF) are as under:

(a) Some projects could not be started and had to be stopped with the approval of the EC.

(b) In some cases, it was found that progress of the projects was slow and hence, actual disbursement of fund was lower.

Reasons for completion of less number of R&D projects:

Completion of the research projects within the stipulated time period depends on various factors such as finalization of specification of the required equipment, cost of the equipment, support system from the other supporting research agencies, nature and objectives of the research projects etc. Some of these factors have resulted in extension of completion date of the projects. Some of the projects were dropped either in starting or midway.

As per the information furnished by Joint Plant Committee, total amount disbursed since inception of EC mechanism as on 15.7.2009 is Rs. 114 crore".

7.13 The Committee note that a new R&D scheme for promotion of R&D in the Iron and Steel sector has been included in the 11th Plan with an outlay of 118 crores with an objective to evolve a mechanism to promote and accelerate R&D for development of innovative and appropriate technologies for cost effective production of quality steel in an environmental friendly manner. However, the Committee are surprised to find that the amount of Rs. 18.50 crore provided in BE 2008-09 for this scheme, could not be utilized. According to the Secretary of the Ministry of Steel, it is a matter of concern that out of 59 R&D projects costing Rs. 408 crore approved by the Empowered Committees under the chairmanship of Secretary of Steel so far Rs. 13 crore has been disbursed and only 26 R&D projects completed. It clearly indicate the lack of concern by the Ministry of Steel for the research and development work. The Committee feel that Research and Development programmes are investments futuristic and underutilization of meagre allocation would certainly effect the productivity and efficiency of the Steel industry. The Committee feel that to meet with increasing competition in Steel sector both nationally and internationally, R&D focus needs to be increased, as technological upgradation in the steel sector has become unavoidable in order to make better and cheaper steel for all sections of society. The Committee would like the Ministry of Steel to step up the request thrust to R&D sector in 11th Plan.

C. STEEL USAGE

7.14 The per capita consumption of Steel in India is much lower than that of developed nations. Therefore, there is a huge potential for growth of Steel consumption in the country. While, steel use will improve with rising income levels, urbanization and infrastructure development, conscious efforts are needed to stimulate domestic demand, particularly in rural areas and for creation of incremental consumption pattern.

7.15 The Ministry of Steel took measures like launching of a National Steel Promotion Campaign in March, 2007, constitution of Steel Promotion Coordination Committee (SPCC) and in 2008, initiated a study on "Assessment of steel demand in India" to stimulate domestic demand, particularly in rural areas and for creation of incremental consumption pattern.

7.16 When asked to what extent these measures stimulated steel demand in urban and rural areas and about further efforts needed to be taken to increase the per capita steel consumption, the Ministry replied as under:—

> "Promotion of steel demand is long term mission in order to create awareness among the various steel users in the country regarding the innovative use of steel in the country. 'National Steel Promotion Campaign' was launched in March 2007 aimed at the rural and semi-urban segments to create awareness and disseminate knowledge regarding the affordability and superior use of steel in low cost rural housing, construction and other consumer applications such as steel buildings, steel bullock carts, stainless steel dhabas etc. However, this campaign has now been discontinued. Regarding a study on the 'Assessment of steel demand in rural India', it is expected that Joint Plant Committee will soon engage a competent Agency to carry out the work and submit finding".

7.17 Regarding further efforts needed to be taken in this regard, the Ministry added:—

> "Improvement in steel consumption is a mission item and will be a continuous job. During the next phase of steel promotion campaign, it is planned to target the rural, semi urban and the large scale engineering sectors simultaneously with an integrated approach and dissemination of information through media, seminars, Conferences and other forms of campaign. Institute of Steel Development & Growth (INSDAG) will play a major role in the further steel promotion campaign".

7.18 The Committee during the oral evidence was informed that reasons for low consumption of steel in India in comparison to USA and China is due to lack of infrastructure development e.g. Buildings, bridges etc. compared to these countries. Describing further steps being taken in this regard, the Chairman, Steel Authority of India during oral evidence *inter-alia* informed as under :

> "...........The institute for Steel Development and Growth is primarily doing the job of promoting the usage of steel within the country. Now they are collaborating with universities for curriculum relating to steel based structures. Several presentations have been made to various authorities how steel intensive structure can be used instead of RCC structure..........But , as you have rightly said, much needs to be done. A campaign was undertaken with all the steel producers pooling their resources. It cost almost 20 crore and it was taken out in print media as well as in electronic media. It did help in promoting the usage of steel.

…..So the best way is that all the producers must fan out to the semi-urban and rural areas and open more and more distribution centers. My company has done. We have now 2000 authorized distributors all over the Country. In most districts of the country, at least we have one authorized distributor. We are going to increase this number. Ultimately, the pressure due to additional capacity will only help increasing the consumption. When people have surplus steel, then they will go to the interior and try and market their steel. If there is a shortage, then producers are very happy to market it in the city limits Why do they go to the interiors".

7.19 The Committee note that the National Steel Policy 2005 sets out the Government's vision for future of Steel industry and one of the major objectives of the Policy is to augment the demand and consumption of the Steel in the Country by conscious promotion of Steel usage. The Committee feel that to attain the goals envisaged in the National Steel Policy, the promotion of steel usage is imperative.

The per capita consumption of steel in India is little in comparison to China and USA due to lack of infrastructure, namely, buildings, bridges, ports etc. as compared to other countries. The Institute for Steel Development and Growth must take effective steps in this regard. Publicity of utility of steel must be increased by all sectors. All steel producers must span out to be semi-urban and rural areas and open more and more centre.

NEW DELHI; KALYAN BANERJEE,
14 December, 2009 *Chairman,*
23 Agrahayana, 1931 (Saka) *Standing Committee on Coal and Steel.*

STATEMENT OF OBSERVATIONS/RECOMMENDATIONS OF THE STANDING COMMITTEE ON COAL AND STEEL CONTAINED IN THE REPORT

Serial No.	Reference Para No. of the Report	Observations/Recommendations
1	2	3
1.	1.6	Since this year the Demands for Grants (2009-10) have already been passed by Parliament, the Committee's observations/ recommendations as detailed in the succeeding paragraphs relate to implementation of the plans/projects of the PSUs/Organisations under its administrative control. The Ministry should ensure proper utilization of allotted funds and observations/ recommendations of the Committee should be taken into consideration while implementing plans/projects.
2.	1.7	The Steel Industry being a core sector, has a vital role in sustaining the pace of economic development. The sustained growth of steel sector is one of the vital pre-requisite for attaining the level of GDP growth envisaged in the 11th Plan. The Committee have been given to understand that India has risen to be the 5th largest crude steel producer in the world and largest producer of sponge iron. The contribution of the Indian Iron and Steel Industry in our GDP is stated to be around 2% and its weight in India's Industrial Production (IPP) is 6.20%. The Indian Iron and Steel industry which had been bogged down by global recession in the recent past has exhibited its inherent strength by posting a positive growth rate even at the peak of crisis period when all the major steel companies world over exhibited a negative growth. The Committee however, feel that due to expected shortfall in global demand for steel products, excess production capacity may find its way into India and consequently could emerge as an attractive market for global producers, sparking intense

1	2	3
		competition between domestic players and global players and global suppliers. The Committee, therefore, feel that to meet this challenge abound, the Government ought to give due importance to this sector and accordingly should take necessary policy initiative. The Committee would like to be apprised of the precise steps taken/proposed to be taken in this regard.
3.	2.2	Based on the Statement made by the Minister under rule 73A of Directions by the Speaker and the Action Taken Note furnished by the Ministry on the observations/ recommendations contained in the thirty eighth Action Taken Report. The Committee while taking note of the action taken by the Ministry on some of its recommendations, desire that the Ministry of Steel should monitor the progress of work in respect of recommendations no. 1. 11, 3.18, and 3.38 so as to ensure their early implementation.
4.	3.5	The Committee note that as against the total plan outlay of Rs. 13,755.66 crore including budgetary support of Rs. 33 crore , the Planning Commission has approved an outlay of Rs. 13756.66 crore with budgetary support of Rs. 34 crore for the year 2009-10. The Committee further note that Budgetary Support (BS) is being provided to some of the financially week and loss making PSUs and Internal and Extra Budgetary Resource (I&EBR) are being raised by profit making PSUs for implementing their schemes. They also note that in case of Hindustan Steel Construction Ltd.(HSCL) an amount of Rs. 7 crore has been sought as Plan Budgetary Support for Capital Repair and procurement of new construction equipment and machinery. The Committee however, are constrained to point out that no amount has been released so far as comprehensive Business Organisation and Financial Restructuring proposal of the Company is still under consideration of the Government. Besides, the Committee has also been given to understand that HSCL is not getting adequate support from SAIL in terms of approval of their plans because of which their plans get delayed. Similarly, the Budgetary Support of 1 crore during

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		2008-09 for AMR schemes of BSLC, a company under the Bird Group of Companies which could not be utilized due to default by the company on past repayment of Government Loan was linked to restructuring /revival plans and was carried forward to 2009-10.
5.	3.6	In this connection, the Committee would like to point out in their 25th Report (14th Lok Sabha) the Ministry was asked for early approval of restructuring of HSCL. The fact that the restructuring proposal has still not been approved is regrettable. Similarly, the restructuring proposal of Bird Group of Companies functioning directly under the Ministry of Steel has not been approved and allocation of fund to the company is linked with this proposal. The very survival of these sick companies has put a question mark in the absence of budgetary support which is linked with their restructuring proposal. The Committee deprecate non allocation of funds to these already sick units. The Committee therefore urge upon the Government to approve the restructuring proposals of these Companies without any loss of time and adequate funds be provided to them.
6.	3.10	The Committee note that in case of the National Mineral Development Corporation(NMDC) Ltd., out of Rs. 700 crore allotted to them for the year 2009-10, the actual expenditure upto July 2009 is only 85.59 crore. The Committee are unable to understand as to how NMDC will utilize their earmarked funds in the remaining period of the year. The statutory/non-statutory clearances if any for NMDC projects should be obtained expeditiously from concerned Ministries so that they are able to utilize their allotted funds. Similarly, in case of Bird Group of Companies , the Committee desire that the matter regarding getting requisite approval for mining operations over the total leasehold areas be taken up with the state government vigorously. They also urge the Ministry to periodically review the progress of fund utilization made by PSUs in this regard and keep them apprised about the status of fund utilisation.

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		Since the Plan outlay proposed by most of the PUSs for the year 2009-10 has been approved by the Planning Commission without any cut and the plan outlay for the promotion of R&D on Iron and Steel sector has been given due weight-age with an increase of Rs. 1 crore, the Committee hope that the funds allotted to PSUs will be fully and prudently utilized by them without surrendering or asking for additional funds.
7.	4.8	The Committee regret to observe that out of total outlay of Rs. 45607.08 crore approved by the Planning Commission for the 11th Plan, the expenditure made during the first two years was only Rs. 12356.89 crores. While during the year 2007-08 they could spend only Rs. 3831.03 (61.75%) of the allotted fund, the expenditure during 2008-09 was Rs. 6203.00 crores. The Committee feel that either the estimates prepared for SAIL and RINL were inflated or they have failed to utilize the allotted fund during the first two years in the plan. The reasons cited are mainly administrative in nature and could have been dealt with by the Ministry by way of improvement in their system and speedy disposal of things. The precise reasons for under utilization of funds may be identified and suitable remedial measures need to be taken so that not only all the funds are timely utilized and various projects/ programmes of these PSUs are completed without any delay.
8.	5.2	The Committee note the annual outlay of the SAIL has been increased in BE 2009-10 to Rs. 10356 crore from BE/RE of Rs. 4674 crore in 2008-09 based on projected progress of various schemes/projects. However, the Ministry have stated that the expenditure of SAIL in the first quarter of 2009-10 has been only Rs. 2469 crores. Going by the past experience, the Committee apprehend that in the past PSUs have been unable to overcome the obstacles in utilizing the allotted funds and hope that plan expenditure of Rs. 10,356 would be fully utilized by SAIL. The Committee therefore desire the Government to ensure that there is no downward revision in the target and all the programmes/schemes contemplated in two phases are completed in time bound manner with

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		the help of I &EBR allotted for specific purpose. To ensure full utilization of allotted funds, Committee would like the Ministry to periodically review the utilization of funds and remove procedural bottlenecks, if any. The Committee would like to be apprised of steps taken in this regard.
9.	5.7	The Committee understand that SAIL has decided to delay its expansion Plan by 2 years due to the global economic downturn and a weaker than expected pick up in domestic demand. The explanation offered by Chairman, SAIL during the course of evidence for not completing the expansion plan by 2010 is not only unsatisfactory but rather *alibi*. The Committee do not approve such a decision of SAIL. In fact, SAIL has failed to keep the commitment by them to the extent that the modernization would be completed by 2010. The Committee would like to be satisfied whether it was prudent on the part of SAIL to defer expansion of 2 years or expansion programme could have been carried out in phases. Since the steel sector worldwide is coming out of recession and demand for steel is gradually picking up, the SAIL can pursue the expansion plan vigorously. The difficulties/problems/constraints being experienced should be effectively tackled by taking appropriate measures so that expansion and modernisation plan of SAIL could be implemented at the earliest to avoid cost and time overrun. The Committee appreciate that SAIL propose to carry out plantation work in all the steel plants like Vishakhapatnam Steel Plant. Since Alloy Steel Plant is serving many strategic sectors in the country , especially, naval warships which are pending, the first effort of SAIL should be to make it profitable and to move ahead with the modernization.
10.	5.11	The Committee note with satisfaction that with a view to meet increased customer demand for tailor made steel products near the consumption point, particularly in a State where no steel plant is located and where steel consumption is low , SAIL have proposed to set up Steel Processing Units (SPU). Some places have already been

1	2	3
		identified and in some places this is under implementation. While the Committee hope by this initiative of the Ministry would increase the domestic demand and steel consumption in the country, they desire that the scheme should be accorded priority and completed under a time bound programme. The Committee also desire that efforts should be made in future to cover other potential areas also in the country with low steel consumption under this scheme so that all sections of society in far flung areas are also benefitted from the scheme.
11.	5.17	The Committee have been given to understand that in attaining the global benchmark, the thrust of modernization and expansion plan of SAIL is to adopt technology which is in addition to cost effective is also energy efficient and environmental friendly. However, still many constraints are being faced by the company such as dependence of purchased coal from domestic and overseas suppliers, higher manpower cost and adherence to a number of rules and procedures depriving SAIL to become a global leader in Steel. The Committee would like the Ministry to address these issues seriously.
		The Committee have been informed that SAIL have taken certain measures to reduce dependence on imported coking coal and is in the process of acquiring and developing new coal blocks and entering into strategic partnership with Coal India Ltd and with some other companies, besides formation of an SPV for acquisition of coal assets overseas. In addition to these initiatives, the Ministry should also look for technologies that would reduce the use of coking coal in blast furnaces and also develop their R&D. In this connection, the Ministry may explore the possibility of cutting ash content in coking coal and increasing production, which would meet most of the coking coal requirement through indigenous mines, thereby cut imports and being a cheaper proposition.
		The Committee would like the Ministry to pursue their case vigorously with the Ministry of Coal to get more coal mines accordingly urge upon the government to

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		give priority to the requirements of SAIL and consider allotting coal mines particularly in Jharkhand and West Bengal.
12.	5.22	The Committee note that RINL has been allocated Rs. 4166 crore in BE 2008-09 which was reduced to Rs. 2815.50 crore at RE stage. In BE 2009-10 , the amount has further been reduced to Rs. 2437 crore. The Committee are constrained to note that out of this Rs. 2437 crore, the Company was able to utilize a meagre amount of Rs. 516.24 crore till July, 2009. While in some schemes/projects, there has been a little progress, many schemes/projects such as Acquisition of iron ore, Coking coal and other mines, BF-1 Category repairs, facilities for Iron ore storage, augmentation of 220 KV power system for receiving 400 MVA power, there has been no progress at all. The corrective measures taken by the RINL to overcome these weaknesses do not seem to have borne any fruit. The Committee feel that underutilization of funds is directly affecting the implementation of important schemes and ultimately the performance of Company. The Committee impress upon the Ministry that RINL should utilize the full allocation made for the year 2009-10 so that schemes do not suffer due to poor utilization of funds. The Committee urge upon the Ministry to address the weakness listed out by RINLs with a sense of seriousness and sincerity, lest the perennial underutilization of fund by the Company should be highly detrimental to the growth of production and improvement in productivity of steel sector. Committee also urge Ministry to facilitate RINL to ensure early acquisition of iron ore, coking coal and other mines.
13.	6.16	The Committee note that the availability of critical inputs e.g. iron ore and coking coal are key determinants for attaining country's steel production target. The Government have admitted that iron ore resources of the country should be conserved for the use of domestic steel industry and have taken recourse of certain fiscal initiatives. However, no firm decision appears to have been taken to protect the interests of domestic steel

1	2	3
		industry. The Committee would like to draw the attention of the Ministry to their earlier recommendation for banning on export of iron ore in phases and encouragement of value addition of iron ore rather than export in order to not only protect the interests of domestic steel industry. They therefore, reiterate their earlier recommendation that export of iron ore should be gradually stopped altogether and encourage value addition of iron ore rather than export.
14.	6.17	The Committee further note that financial strength of Steel PSUs beyond 2012 would mainly depend on renewal of existing mining leases pending with state governments of Chattisgarh, Jharkhand and Orissa. They also note that SAIL had been granted 25 mining leases of iron ore in the States of Jharkhand, Orissa and Chattisgarh. Out of these only 5 leases are valid, 15 are under deemed extension and balance 5 are under dispute. Without valid leases, SAIL is facing difficulty for making an investment for the expansion of its existing mines. The Committee express their dissatisfaction over the delay in granting the mining leases for iron ore and allotment of coal blocks to Public Sector companies and feel that Ministry has also failed to play its role as facilitator in getting these mining leases renewed. The Committee further note that Jharkhand Government have reportedly agreed to renew the leases of Chiria mines in favour of SAIL, the Committee desire that Ministry to constantly pursue this matter and impress upon the State Governments for granting for lease of remaining mines on priority basis.
15.	6.18	The Committee observe that for production of steel, SAIL needs more coal block in the State of Jharkhand and West Bengal. The Committee recommend that the Ministry of Steel should take up the matter with the Ministry of Coal for considering the prayer of SAIL for allotment of coal blocks for increase of production. The Committee desire that SAIL should get priority in the case of allotment of coal blocks in the State of West Bengal and Jharkhand being a Public Sector

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		Undertaking for meeting the steel production target prescribed by the Ministry if such coal blocks have not been allotted to CIL.
16.	6.19	Taking note of the manifold increase in the requirement of the raw material to meet the future demands and massive capacity expansion plans, there is a necessity to look for alternate reserves in forests without disturbing the environment and to monitor a balance between the environment and development of steel sector. They therefore, desire that possibilities of inclined mining in an environment friendly manner may be explored to tap the mineral reserves in forests and urge the government to accord a serious thought to this proposal and want Ministry also to pursue this matter with the concerned Ministry. The Committee also urge the Government to make a survey in the North-Eastern States of the Country to explore the possibilities of getting iron ore and mineral.
17.	6.20	The Committee note that the Orissa Government have since decided not to allot Khandadhar iron ore deposit in Sundergarh district to KIOCL on which drilling/exploratory work cost has already been borne by the Company and instead recommended to allot the mining lease in favour of M/s POSCO. Against this, KIOCL is reported to have filed revised petition before the Mining Tribunal under the Ministry of Mines. The Committee consider the allotment of this mining lease to KIOCL very essential as this would help the company to overcome its crisis. It is pertinent to note that Supreme Court has imposed a complete ban on mining activities at Kudremukh. The Committee would like the Ministry to forcefully plead the case on behalf of KIOCL before the Mining Tribunal for the allotment of above Mining Lease. They also expect that the Ministry would protect the interest of the Company by impressing upon the Orissa Government for allotment of above mine to KIOCL.
18.	7.8	The Committee note that the prices of steel in the country are determined by the domestic and international market forces and the cost of essential raw

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		materials. They also note that the Government has taken certain fiscal measures for sustained growth in the steel sector resultantly the steel industry in India has remained least affected by the global financial meltdown and the growth in production and consumption of finished steel has also continued in the first quarter of current year. According to the Ministry there has been a price stability on domestic steel market because of these initiatives. The Committee however, reiterate their earlier recommendation that the Ministry of Steel should take a lead and Steel PSUs should not only maintain price line but also pass on the benefits of lower cost of production to consumers. The Committee hold the view that in order to boost the consumption of steel in rural and semi-urban areas, the affordability of the product is essential. They feel that one of the major reasons for our low per capita steel consumption is the lack of focus on vast rural sectors. An endeavour should be made by the Ministry for steel to be acceptable, in preference to other replacements, as affordable and cost effective . The Committee desire Industry to focus on improving distribution in the remote and rural areas and an intensity oriented growth in addition to volume of growth.
		The Committee have also been given to understand that to study on the assessment of steel demand in rural India, it is expected that the Joint Plan Committee will soon engage a competent agency to carry out study. The Committee may be apprised of its findings and action initiated thereon by the Ministry.
19.	7.13	The Committee note that a new R&D scheme for promotion of R&D in the Iron and Steel sector has been included in the 11th Plan with an outlay of 118 crores with an objective to evolve a mechanism to promote and accelerate R&D for development of innovative and appropriate technologies for cost effective production of quality steel in an environmental friendly manner. However, the Committee are surprised to find that the amount of Rs. 18.50 crore provided in BE 2008-09 for this scheme, could not be utilized. Accordingly to the

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		Secretary of the Ministry of Steel, it is a matter of concern that out of 59 R&D projects costing Rs. 408 crore approved by the Empowered Committees under the chairmanship of Secretary of Steel so far Rs. 13 crore has been disbursed and only 26 R&D projects completed. It clearly indicate the lack of concern by the Ministry of Steel for the research and development work. The Committee feel that Research and Development programmes are investments futuristic and underutilization of meagre allocation would certainly effect the productivity and efficiency of the Steel industry. The Committee feel that to meet with increasing competition in Steel sector both nationally and internationally, R&D focus needs to be increased, as technological upgradation in the steel sector has become unavoidable in order to make better and cheaper steel for all sections of society. The Committee would like the Ministry of Steel to step up the request thrust to R&D sector in 11th Plan.
20.	7.19	The Committee note that the National Steel Policy 2005 sets out the Government's vision for future of Steel industry and one of the major objectives of the Policy is to augment the demand and consumption of the Steel in the Country by conscious promotion of Steel usage. The Committee feel that to attain the goals envisaged in the National Steel Policy, the promotion of steel usage is imperative.
		The per capita consumption of steel in India is little in comparison to China and USA due to lack of infrastructure, namely, buildings, bridges, ports etc. as compared to other countries. The Institute for Steel Development and Growth must take effective steps in this regard. Publicity of utility of steel must be increased by all sectors. All steel producers must span out to be semi-urban and rural areas and open more and more centre.

ANNEXURE I

DETAILS OF DEMANDS FOR GRANTS (2009-10) AT A GLANCE

Demand No: 91- Ministry of Steel

A. The Budget Allocation, Net of Recoveries are given below:— *(Rs. in crore)*

No.	Details		BE 2008-09			RE 2008-09			BE 2009-10		
		Major Head	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		Revenue	18.50	85.52	104.02	18.49	488.61	507.10	26.00	89.01	115.01
		Capital	15.50	0.00	15.50	7.51	260.04	267.55	8.00	0.00	8.00
		Total	34.00	85.52	119.52	26.00	748.65	774.65	34.00	89.01	123.01
1.	Secretariat—Economic Services	MH-3451	0.00	13.91	13.91	0.00	16.31	16.31	0.00	19.71	19.71
	Iron and Steel Industries										
2.	Scheme for Promotion of Research & Development in Iron & Steel sector	MH-2852	18.50	0.00	18.50	18.49	0.00	18.49	26.00	0.00	26.00
3.	Subsidies										
3.01	Interest subsidy to HSCL		0.00	56.02	56.02	0.00	56.00	56.00	0.00	55.48	55.48
3.02	Interest subsidy to MECON		0.00	5.60	5.60	0.00	5.60	5.60	0.00	5.24	5.24
4.	Waiver of Guarantee fee										
4.01	HSCL		0.00	6.10	6.10	0.00	6.10	6.10	0.00	6.10	6.10

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
4.02	BRL		0.00	0.54	0.54	0.00	0.40	0.40	0.00	0.00	0.00
4.03	MECON Ltd.		0.00	1.65	1.65	0.00	1.65	1.65	0.00	1.55	1.55
	Less-Receipts netted		0.00	-8.29	-8.29	0.00	-8.15	-8.15	0.00	-7.65	-7.65
5.	Write off of loan										
5.01	BRL		0.00	0.00	0.00	0.00	175.46	175.46	0.00	0.00	0.00
6.	Write down of Equity										
6.01	BRL		0.00	0.00	0.00	0.00	226.04	226.04	0.00	0.00	0.00
	Less-Receipts netted		0.00	0.00	0.00	0.00	-401.50	-401.50	0.00	0.00	0.00
7.	Issue of Bonus shares by NMDC Ltd.	MH-4852	0.00	0.00	0.00	0.00	260.04	260.04	0.00	0.00	0.00
8.	Conversion of Loan into Equity and 7% non-cumulative preference share into Equity										
8.01	BRL		0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00
9.	Investment in Public Enterprises		15.50	0.00	15.50	7.50	0.00	7.50	8.00	0.00	8.00
10.	Other Programme	MH-2852									
10.01	DCI&S, Kolkata		0.00	1.58	1.58	0.00	0.93	0.93	0.00	0.81	0.81
10.02	Awards to Distinguished Metallurgists		0.00	0.12	0.12	0.00	0.12	0.12	0.00	0.12	0.12
	Total (Net)		**34.00**	**77.23**	**111.23**	**26.00**	**339.00**	**365.00**	**34.00**	**81.36**	**115.36**
	Total (Gross)		**34.00**	**85.52**	**119.52**	**26.00**	**748.65**	**774.65**	**34.00**	**89.01**	**123.01**

(Rs. in crore)

No.	Details		BE 2008-09			RE 2008-09			BE 2009-10		
B.	**Investment in Public Enterprises**	**Head of Division**	**Budget Support**	**IEBR**	**Total**	**Budget Support**	**IEBR**	**Total**	**Budget Support**	**IEBR**	**Total**
9.01	SAIL	12852	0.00	4674.00	4674.00	0.00	4674.00	4674.00	0.00	10356.00	10356.00
9.02	RINL		0.00	4166.00	4166.00	0.00	2815.50	2815.50	0.00	2437.00	2437.00
9.03	SIIL		0.00	5.00	5.00	0.00	1.04	1.04	0.00	0.00	0.00
9.04	HSCL		6.50	0.00	6.50	6.50	0.00	6.50	7.00	0.00	7.00
9.05	MECON Ltd.		0.00	0.00	0.00	0.00	16.92	16.92	0.00	2.00	2.00
9.06	BRL		8.00	0.00	8.00	0.00	8.00	8.00	0.00	8.00	8.00
9.07	MSTC		0.00	5.00	5.00	0.00	11.00	11.00	0.00	5.00	5.00
9.08	FSNL		0.00	11.80	11.80	0.00	11.80	11.80	0.00	11.80	11.80
9.09	NMDC Ltd.		0.00	400.00	400.00	0.00	400.00	400.00	0.00	700.00	700.00
9.10	KIOCL Ltd.		0.00	100.00	100.00	0.00	40.00	40.00	0.00	85.00	85.00
9.11	MOIL		0.00	117.20	117.20	0.00	84.90	84.90	0.00	102.25	102.25
9.12	Bird Group of Companies		1.00	30.00	31.00	1.00	2.66	3.66	1.00	15.61	16.61
	Total		15.50	9509.00	9524.50	7.50	8065.82	8073.32	8.00	13722.66	13730.66
C.	**Plan Outlay**										
1.	**Iron & Steel**		**34.00**	**9509.00**	**9543.00**	**26.00**	**8065.82**	**8091.82**	**34.00**	**13722.66**	**13756.66**

ANNEXURE II

Statement showing the reasons for reduction of funds at RE 2008-09 and BE 2009-10

Name of PSU : Rashtriya Ispat Nigam Limited/Visakhapatnam Steel Plant *(Rs. in crores)*

Sl. No.	Name of the Scheme/Project	Objective and Nature of the Scheme (in brief)	Approved Out lay in Annual Plan & Actuals								Status of the Scheme	Reasons for shortfall
			2007-08 (BE)	2007-08 (RE)	2007-08 (Actual)	2008-09 (BE)	2008-09 (RE)	2008-09 (Actual)	2009-10 (BE)	2009-10 (Actual till July'09)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1.	Expansion to 6.3 Mtpa Liquid Steel	To increase the plant capacity	2500.00	1500.00	1131.05	3000.00	2500.00	2640.77	1800.00	397.51	Orders for all the major packages under expansion programme of RINL have already been placed. The execution of various packages at site including civil, structural, equipment supply and erection have already commenced and are at various stages. As per contractual schedule, stage-I of expansion which includes installation of new Blast Furnace, new Steel Melting shop and a finishing mill along with associated units are to be completed progressively by Feb 2010. Efforts are being made to complete the erection work as per schedule so as to commission and stabilise the	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
											units during March - September 2010. Additional two finishing mills under stage-2 expansion are scheduled to be completed progressively by June 2011-December 2011 and are under implementation. The first mill *i.e.* new Special Bar mill is planned to be commissioned and stabilised during January - July 2011 and second mill *i.e.* new structural mill will be commissioned and stabilised by December 2011 as per plan. Revised Estimated cost of Rs.12228 crores is under examination in Ministry.	
2.	COB - 4	To meet the coke requirements and gas balance, it is essential to have a replacement battery to maintain hot metal & liquid steel production at current levels even during capital repairs of other three coke oven batteries.	131.20	76.00	29.90	100.00	53.00	39.64	45.00	11.46	Coke oven battery-4 commissioned and is under regular operation.	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
3.	Pulverised Coal Injection System for BF-1 & BF-2	Injection system for reduction in consumption of expensive BF coke with less expensive	80.00	5.00	-	60.00	10.00	0.74	50.00	20.82	Detailed engineering completed and civil works in progress Equipment inspection to start for imported items. Indigenous equipment worth Rs. 16 Crs. received at site.	
4.	Air Separation Plant (ASU-4&5)	Additional facility to meet shortfall of argon for combined blowing process of LD converters. Oxygen produced is used in BF.	70.00	5.00	-	50.00	10.00	3.61	50.00	23.32	Order placed and site activities progressing as per contractual schedule.Unit will be ready for operation before requirement of over all commissioning of expansion unit.	
5.	Acquisition of Iron Ore, Coking Coal & Other Mines	To achieve self-reliance for raw material	65.00	0.15	0.10	60.00	-	-	20.00	-	No suitable proposals received.	
6.	BF-1 Category repairs	To carry out the Category-I capital repairs & enhance the volume to 3850 CuM from the existing 3200 CuM capacity.	-	-	-	-	-	-	50.00	-	Package has been re-tendered due to inadequate response.	
7.	Addition, Modification & Rectification (AMR)	Schemes aimed at optimising productivity/ cost reduction and maintain good health of plant.	100.00	100.00	88.88	100.00	100.00	101.37	100.00	41.04	Continuous	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
8.	Facilities for Iron Ore Storage	To increase iron storage facility.	-	40.00	-	300.00	5.00	-	50.00	-	Placement of order has commenced. The implementation of the scheme is required for enhancing the storage capacity of iron ore only. There has been initial delay in taking up the job. However, it has no bearing on overall operation of the plant.	
9.	330 TPH (6th) Boiler with Auxiliaries	To supplement steam requirement.	-	55.00	20.32	145.00	50.00	30.61	50.00	5.42	Work is in progress as per schedule.	
10.	67.5MW TG-5. Power Evacuation System	To meet addl. power requirement.	-	60.00	19.47	145.00	50.00	31.86	50.00	13.54	Work is in progress as per schedule.	
11.	Waste Water Treatment and Re-use	Zero water discharge	-	-	-	80.00	-	-	-	-	Merged with 6.3 Mtpa Expansion.	
12.	Augmentation of 220KV power system for receiving 400MVA power	Strengthening the internal systems of VSP like substations etc. to enable to receive 400MVA power to meet the expansion needs.	-	-	-	-	-	-	65.00	-	Tendering in progress.	
13.	Sinter plant productivity enhancement.	To increase the Production of Sinter to support	-	-	-	-	-	-	20.00	-	To be put up for Board Approval.	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
		the increase in the volume of BF. This is to meet the present pollution control norms.										
14.	SMS converter Revamp.	To improve the reliability of the 3 converters as the existing estimated life is almost over. This is to meet the present pollution control norms.	-	-	-	-	-	-	20.00	-	Feasibility of the scheme is being prepared.	
15.	R & D	To enhance productivity/ achieve cost reduction.	15.00	15.00	17.93	15.00	17.50	17.35	12.00	3.13	Continuous	
16.	3Mt Stage (Incl Mines)	Production of 3 Mt Liquid Steel.	-	1.00	1.17	1.00	6.00	5.29	-	-		
17.	Others		2.00	4.00	0.36	110.00	14.00	14.78	55.00			
	Total		**2963.20**	**1861.15**	**1309.18**	**4166.00**	**2815.50**	**2886.02**	**2437.00**	**516.24**		

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 29TH OCTOBER, 2009 IN COMMITTEE ROOM 'D', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1400 hours to 1700 hours.

PRESENT

Shri Kalyan Banerjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri Adhi Sankar
3. Shri Hansraj G. Ahir
4. Shri Sanjay Bhoi
5. Shri Ismail Hussain
6. Shri Chandrakant B. Khaire
7. Sardar Sukhdev Singh Libra
8. Shri Narahari Mahato
9. Shri Govind Prasad Mishra
10. Ms. Saroj Pandey
11. Shri Rakesh Sachan
12. Dr. G. Vivekanand
13. Shri A. Vijayaraghavan
14. Shri R.C. Singh

SECRETARIAT

1. Shri Shiv Singh — *Director*
2. Shri Y.M. Kandpal — *Additional Director*
3. Md. Aftab Alam — *Under Secretary*

WITNESSES

Ministry of Steel

1. Shri Pramod Kumar Rastogi, Secretary
2. Shri B.S. Meena, Special Secretary & FA
3. Dr. Dalip Singh, Joint Secretary
4. Shri G. Elias, Joint Secretary
5. Shri Udai Pratap Singh, Joint Secretary

Steel Public Sector Undertakings

1. Shri S.K. Roongta, Chairman, Steel Authority of India Ltd. (SAIL)
2. Shri P.K. Bishnoi, CMD, Rashtriya Ispat Nigam Ltd. (RINL)
3. Shri D. Rath, CMD, MECON Ltd.
4. Shri K. Ranganath, CMD, Kudremukh Iron Ore Company Ltd.
5. Shri Rana Som, CMD, National Mineral Development Corporation Ltd. (NMDC)
6. Shri Malay Chatterjee, CMD, Hindustan Steelworks Construction Ltd. (HSCL)
7. Shri S.K. Tripathi, CMD, MSTC Ltd.
8. Shri K.J. Singh, CMD, Manganese Ore (India) Ltd. (MOIL)

2. At the outset, the Chairman, welcomed the Secretary and other representatives of the Ministry of Steel and Steel Public Sector Undertakings to the sitting of Committee. The Chairman mentioned that the sitting of the Committee has been convened to take oral evidence of the representatives of the Ministry of Steel on Demands for Grants (2009-10).

3. Thereafter, the Secretary, Ministry of Steel briefed the Committee regarding functioning of the Ministry and Public Sector Undertakings (PSUs) under its jurisdiction followed by the visual presentation on Demands for Grants (2009-10) on focus areas and initiatives, and key policy concerns. The points discussed during the sitting broadly related to the issues such as production and consumption of steel in India *vis-a-vis* global scenario, implementation of on-going schemes/projects of Steel PSUs, utilization of funds earmarked for the scheme "Research and Development (R&D)" during 11th Five Year Plan, Export of iron ore, early disposal of forest and environment cases, allotment of mines to Steel PSUs pending with the Government, increase in steel prices and

availability of steel products to common man at an affordable prices, acquisition of coal mines for captive consumption by Steel PSUs, physical and financial performance of the Steel PSUs, restructuring of loss-making PSUs, disinvestment of Steel Authority of India Ltd. (SAIL), etc.

A verbatim record of the proceedings has been kept.

The Committee then adjourned.

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2009-10) HELD ON 14.12.2009 IN COMMITTEE ROOM 'E' PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1500 hrs. to 1530 hrs.

PRESENT

Shri Kalyan Banerjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri Sanjay Bhoi
3. Shri Ismail Hussain
4. Shri Chandrakant B. Khaire
5. Sardar Sukhdev Singh Libra
6. Shri Govind Prasad Mishra
7. Shri Rakesh Sachan
8. Shri Pashupathi Nath Singh
9. Smt. Rajesh Nandini Singh
10. Dr. G. Vivekanand
11. Ms. Mabel Rebello
12. Shri Jai Prakash Narain Singh
13. Shri Nand Kumar Sai
14. Shri R.C. Singh
15. Shri Kishore Kumar Mohanty

SECRETARIAT

1.	Shri Ashok Sarin	—	*Joint Secretary*
2.	Shri Shiv Singh	—	*Director*
3.	Smt. Sunita	—	*Deputy Secretary*
4.	Md. Aftab Alam	—	*Under Secretary*

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

3. The Committee then considered and adopted the following Draft Reports subject to some minor modifications:—

(i) *** *** *** *** ***

(ii) *** *** *** *** ***

(iii) 3rd Report (15th Lok Sabha) on Demands for Grants (2009-10) of the Ministry of Steel.

4. The Committee authorized the Chairman to finalize the Reports after making consequential changes arising out of factual verifications by the concerned Ministry or otherwise and to present this Report to both the Houses of Parliament.

The Committee then adjourned.

*** Do not pertain to this Report.