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STANDING COMMITTEE ON
COAL AND STEEL
(2012-2013)

FIFTEENTH LOK SABHA

MINISTRY OF STEEL

REVIEW OF EXPORT OF IRON ORE POLICY

THIRTY-EIGHTH REPORT



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2013/Bhadrapada, 1935 (Saka)

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Presented to Lok Sabha on 29.8.2013

Laid in Rajya Sabha on 29.8.2013



LOK SABHA SECRETARIAT
NEW DELHI

August, 2013/Bhadrapada, 1935 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON
COAL AND STEEL (2012-13)

Shri Kalyan Banerjee — *Chairman*

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2. Shri Hansraj Gangaram Ahir
3. Shri Sanjay Bhoi
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21. Shri Bansa Gopal Choudhary*

* Nominated *w.e.f.* 13.12.2012.

Rajya Sabha

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31. Vacant

SECRETARIAT

1. Shri S. Balshekar — *Secretary*
2. Shri Shiv Singh — *Director*
3. Shri Arvind Sharma — *Deputy Secretary*
4. Shri Amrish Kumar — *Executive Officer*

INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorized by the Committee to present the Report on their behalf, present this Thirty-Eighth Report (Fifteenth Lok Sabha) on "Review of Export of Iron Ore Policy" pertaining to the Ministry of Steel.

2. The Standing Committee on Coal and Steel (2012-13) had selected the subject for detailed examination and report to the Parliament. The Committee (2012-13) took oral evidence of the Ministry of Steel on 4th January, 2013.

3. The Committee wish to express their thanks to the officials of the Ministry of Steel and Steel Companies for placing before them and in furnishing material/information from time to time as desired by the Committee.

4. The Report was considered and adopted by the Committee at their sitting held on 26.08.2013.

5. The Committee place on record their profound appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

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

NEW DELHI;
26 August, 2013
04 Bhadrapada, 1935 (Saka)

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

REPORT

PART I

CHAPTER I

Introductory

Iron resources are not just raw materials for obtaining metals and alloys like iron and steel but in fact critical and valuable resources for catalyzing the industrial growth and development of any economy. Indeed, the mainstay of the human civilization the level of per capita consumption of steel is treated as an important index of socio-economic development and living standard of the people of any country. All major industrial economies are characterized by the existence of a strong steel industry and the growth of many of these economies has been largely shaped by the strength of their steel industries in this initial stages of development.

1.2 The Indian Steel industry is among the upcoming industries of the world. India has been one of the major producers of steel in the world. Availability of iron ore and coal, low labour wage rates, abundance of quality manpower and mature production base are the few major strengths of Indian Iron and Steel industry. Prior to the economic reforms of the early 1990s, the Steel Industry of India was regulated and controlled by the Government Policies. After liberalization the Indian Steel Industry evolved significantly to conform to international standards. The India Steel Industry is expected to play a significant role in India's economic development in the years to come. Availability of iron ore in the country and well furnished facilities for steel productions are the major aspects which will play a major role in the growth of the steel industry in India.

1.3 Growing domestic demand, exports and unexplored rural market are among the few opportunities, the domestic steel Industry have but at the same time unscientific mining, low productivity, coking coal import dependence, low Research and Development investments, inadequate infrastructure are some of our major weaknesses which the domestic steel Industry need to work upon. The availability of critical inputs such as iron ore and coke is equally important for sustainable

growth of the industry. India has a number of iron ores. Thus, the industry has plenty of resources to draw its raw material from.

1.4 By all projections, the iron ore resources in our country will get exhausted by year 2050 if we keep on freely exporting our iron ores to other countries without any planning for future sustainability and availability of iron resources for domestic use.

1.5 The Committee in this Report have reviewed the policy of the Government to export iron ore and felt that it has become imperative now to restrain the export of iron ores through different measures and alternative policies including increasing export duty on iron ores. There is also an urgent need to step up investments in R&D so as to develop new advanced technologies conducive to higher productivity and improving technology and capacity with respect to beneficiation and pelletisation. The observations and recommendations of the Committee are in succeeding chapter.

CHAPTER II

IRON ORE RESOURCES IN INDIA: AVAILABILITY AND DEMAND

India is an important producer of iron ore in the world contributing more than 7% of the production and ranked fourth in terms of quantity produced followed by China, Brazil and Australia. The total availability of iron ore resources (estimated by Indian Bureau of Mines) as on 01.04.2012 is 28.526 billion tonnes of which only 8.115 billion tonnes of reserve is capable of economic exploitation. The rest is not yet proved to be economically mineable. Indian Steel Industry is primarily based on Haematite resources. Of the total of 28.526 billion tonnes, the Haematite resources are 17.88 billion tonnes and the Magnetite resources are 10.64 billion tonnes (about 37% of the total). Most of the magnetite resources are not available for mining due to orders of Hon'ble Supreme Court prohibiting mining in Western Ghats and similar sensitive environmental zones. Effective resources of iron ore in the country, therefore, are only about 18 billion tonnes, less than half of which has been proved to be economically exploitable. It is also added that increasingly stringent environment and forest laws compliance may further restrict mining possibilities in inhabited and forest areas and the actual availability of iron ore resources for mining may be much less.

2.2 As per Indian Bureau of Mines, the iron ore resources, as on 01.04.2012 are as under:—

(Unit: Million Tonnes)

Grade	Reserves	Remaining Resources	Total Resources as on 1.4.2010
Haematite	8093.5	9788.6	17882.1
Magnetite	21.8	10622.3	10644.1
Total	8115.3	20410.9	28526.2

Growth and Production in Indian Steel Sector

2.3 As regards growth rate, capacity and actual production of Indian Steel Sector over the years and decades, the Ministry of Steel have

submitted the following information before the Committee during a presentation:—

“Growth Rate of steel production in the country

	Number of Years	Production (Million Tonnes)	CAGR (%)	Consumption (Million Tonnes)	CAGR (%)
1982-83 to 1991-92	10	8.48 to 14.23	5.9	9.26 to 14.84	5.3
1992-93 to 2001-02	10	15.20 to 33.38	8.9	15.00 to 28.52	6.8
2002-03 to 2011-12	10	37.17 to 73.40	7.8	30.68 to 70.90	9.5

Source: Economic Research Unit, Ministry of Steel

The crude steel capacity and actual production during the last five years

	2007-08	2008-09	2009-10	2010-11	2011-12
Capacity	59.85	66.34	75.00	80.36	89.29
Actual Production	53.86	58.44	65.84	70.67	73.79

(Source: Joint Plant Committee, Ministry of Steel)“

2.4 In a note furnished to the Committee, Ministry of Steel has informed that Steel sector is a part of infrastructure sector and it has planned huge capacity expansions, both through Greenfield as well as Brownfield route. Iron ore is one of the main raw materials for the steel sector and the successful implementation of these expansion plans depends a lot upon long term availability of iron ore for domestic steel industry. Iron ore is a non-renewable natural resource and is strategic in nature for the steel industry. Indian steel industry has the factor advantage of the domestic availability of quality iron ore, but there are constraints regarding the availability of other important input, namely, coking coal. The competitiveness of Indian steel industry lies in leveraging the strengths provided by natural reserves of quality iron ore. It is, therefore, desirable that the iron ore reserves of the country are conserved for fulfilling long term requirement of domestic steel industry.

Demand of Iron Ore for Steel Sector

2.5 As regards demand of iron ore, the Ministry of Steel have furnished the following information to the Committee:—

“Based on the Compounded Annual Growth Rate (CAGR) of about 7.3% per annum of steel production in the country projected by National Steel Policy (NSP) 2005, the cumulative iron ore

requirement for domestic steel industry, along with the corresponding per capita steel output, is shown in the table below:—

Year	Cumulative Iron ore requirement (in Billion Tonnes)	Per Capita Steel Output (Kg)
2020	2	79
2030	3.9	133
2040	11.0	223
2050	23.3	374

Source : ERU, Ministry of Steel

Thus a minimum of 23.3 billion tonnes of iron ore will be required by domestic iron and steel industry to reach a per capita steel output of 374 Kg per annum by Year 2050 (from the present about 59 Kg per annum), which is even less than the present per capita consumption of steel of China (460 Kg), Japan (507 Kg) and South Korea (1157 Kg).

It is added here that steel production has been growing at a much higher rate of about 7.8% per annum during 2005-06 to 2011-12 than projected by National Steel Policy 2005 and already a steel capacity of more than 89 million tonne per annum has been achieved by end of 2011-12, as against the projected production of 110 million tonne by Year 2020 as per NSP 2005. It is expected that the steel production in the country will grow at a much faster pace in the country and therefore, the actual requirement of iron ore by the domestic iron and steel industry may be much higher. Crude steel capacity in the country is expected to increase to about 150 million tonne per annum by the end of Year 2016-17 and is further expected to increase to about 200 MTPA by Year 2020. Successful capacity expansion in this sector is critically dependent on availability of iron ore at reasonable price.”

2.6 As regards the domestic demand for iron ore for 12th Five Year Plan as projected by Working Group on Steel Industry, the Committee were apprised of the following:—

(Unit: Million Tonnes)

	2011-12 MT	2012-13 MT	2013-14 MT	2014-15 MT	2015-16 MT	2016-17 MT
Crude Steel Production	73.7	85.9	94.5	104.0	114.5	125.9
Pig Iron Production	6.1	6.9	7.7	8.5	9.4	10.0
Total Iron Ore Requirement	115.0	135.7	149.4	166.7	185.2	206.2

2.7 As per brief note submitted by Ministry of Steel, the production of iron ore, which was 165.23 MT during 2005-06, grew to 218.55 MT during 2009-10, and come down to 167.29 MT during 2011-12 (P). On being asked as to how would the Ministry improve availability of iron ore, the Ministry of Steel has informed the Committee in a written reply as under:—

“.....although domestic consumption of iron ore by the domestic industries have shown an increasing trend since 2004-05, the production of iron ore has always been much higher than the domestic consumption, due to export led production of iron ore in the country. However, to improve availability of iron ore for the domestic iron and steel industry and to conserve iron ore for future long term domestic requirement, fiscal measures have been taken to discourage export of iron ore and presently, export duty at the rate of 30% ad valorem is levied on all varieties of iron ore (except pellets), which has resulted in significant decrease in exports during 2011-12 and the current year.”

2.8 The Committee were keenly interested to know the availability of iron ore resources in other areas besides Western Ghats and what action has been taken to tap them. In this regard, the Ministry of Steel have informed the Committee in a written reply as under:—

“Haematite and Magnetite are the two main varieties of iron ore. As per Indian Bureau of Mines (IBM), Major resources of Haematite are located in the States of Odisha, Jharkhand, Chhattisgarh, Karnataka and Goa. The balance resources of Haematite are spread in Andhra Pradesh, Assam, Bihar, Maharashtra, Madhya Pradesh, Meghalaya, Rajasthan and Uttar Pradesh. India’s 97% Magnetite resources are located in four States, namely, Karnataka, Andhra Pradesh, Rajasthan and Tamil Nadu. State-wise reserves of Haematite and Magnetite Iron ore in the country as on 1.4.2010 are given in Annexure I.

With new technologies available for exploration of iron ore and for utilization of fines and lower grades of iron ore, the cut-off limit of Fe content for defining iron ore has been revised to 45% by Indian Bureau of Mines (Ministry of Mines) from erstwhile 55%. This is expected to increase resources of iron ore in India significantly. Deeper exploration of ore with modern equipments will further improve availability of iron ore in the country.”

2.9 During evidence on 1 July, 2013 the Committee have desired to know whether the steel industries were being adequately supplied

with iron ore. In reply, Chairman, SAIL and NMDC, informed the Committee as under:—

“Sir, I am quite happy with the demand and supply. We produced up to 225 million tonnes. Even under such depressed market condition, we were able to produce 150 million tonnes and the demand was not more than 115 million tonnes. So, under such depressed market condition also we are exporting about 35 million tonnes.”

CHAPTER III

PRODUCTION, CONSUMPTION AND EXPORT OF IRON ORE

3.1 Regarding export of iron ore, the Ministry of Steel have informed the Committee as under:—

“Export of iron ore increased by about 2.5 times in past decade, from a level of 41.64 million tonnes in 2001-02 to 117.37 million tonnes in 2009-10. However, the export of iron ore had reduced to about 97.66 million tonnes during 2010-11, which further reduced to 61.74 million tonnes (provisional) during 2011-12 (reduction of about 37% as compared to previous year). During the first half of the year 2012-13 (April-September, 2012), the export of iron ore has further declined to 14.4 million tonnes, as compared to 30.75 million tonnes during April-September, 2011.”

3.2 On being asked about the production of finished steel in the country, the Ministry of Steel have apprised the Committee as follows:—

“The production of finished steel has increased since 2007-08. The total production of finished steel increased from 56.08 million tonnes during 2007-08 to 73.42 million tonnes during 2011-12. The real consumption of steel has also increased from the level of 52.12 million tonnes during 2007-08 to 70.92 million tonnes during 2011-12. Data on production for sale, import, export, real consumption of total finished steel in the country during the last five years is shown below:—

Production, Import, Export and Real Consumption of finished Steel during past 5 Years

Year	Total Finished Steel (in million tonnes)			
	Production for sale	Import	Export	Real Consumption
1	2	3	4	5
2007-08	56.08	7.03	5.08	52.12
2008-09	57.16	5.84	4.44	52.35
2009-10	60.62	7.38	3.25	59.34

1	2	3	4	5
2010-11	68.62	6.66	3.64	66.42
2011-12*	73.42	6.83	4.04	70.92
2012-13* (April-Dec.,12)	56.72	5.79	3.78	53.53
2011-12* (April-Dec.,11)	54.74	4.98	3.05	51.64

Source: JPC ; *provisional"

3.3 On being asked by the Committee about the increase/decrease in the export of iron ore during the last decade (2002 to 2012), the Ministry of Steel has furnished the following information to the Committee:—

Production and Export of Iron Ore during last decade

(Quantity in million tonnes)

Year	Production	Export	Export as % of production
2001-02	86.23	41.64	48.3%
2002-03	99.07	48.02	48.5%
2003-04	122.83	62.58	51.0%
2004-05	146	78.14	53.5%
2005-06	165.23	89.27	54.0%
2006-07	180.92	93.79	51.8%
2007-08	213.25	104.27	48.9%
2008-09	212.96	105.87	49.7%
2009-10	218.55	117.37	53.7%
2010-11 (P)	207.16	97.66	47.1%
2011-12 (P)	167.29	61.74	36.9%
2011-12 (P) (Apr.-Sep., 11)	86.46	30.75	35.6%
2012-13 (P) (Apr.-Sep., 12)	71.75	14.4	20.0%

Source: For Production: IBM (Ministry of Mines);
For Export: MMTC (Department of Commerce).

3.4 When enquired about the demand-supply gap with regard to production of steel in our country, the Ministry of Steel, in a written reply, submitted the following details to the Committee:—

“As per the report of the Working Group on Steel Industry for the Twelfth Five Year Plan (2012-17), the projected demand and crude

steel production in the country during 12th Five Year Plan period (2012-17) are as below:—

**Projections of Demand and Production of Steel in
12th Five Year Plan**

(Unit: Million Tonnes)

	2012-13 MT	2013-14 MT	2014-15 MT	2015-16 MT	2016-17 MT
Demand for finished steel (in million tonnes)	77.3	85.05	93.6	103.5	113.3
Crude Steel Production (in million tonnes)	85.90	94.50	104.00	114.5	125.90

3.5 As regards the total earnings from export of iron ore during Eleventh Five Year Plan (2007-12) the Ministry of Steel apprised the Committee of the following information as furnished by MMTC, Department of Commerce:—

Value of export during Eleventh Five Year Plan

Year	Export (in million tonnes)	Value (Rs. in crore)
2007-08	104.27	34100.40
2008-09	105.87	34036.67
2009-10	117.37	41794.85
2010-11 (P)	97.66	41295.86
2011-12 (P)	61.74	33911.75

Source : (1) Quantity : GMOEA, KIOCL, MMTC.

(2) Value : Values are only estimates based on the quantities and price trend during the years and information by GMOEA, KIOCL and MMTC."

CHAPTER IV

POLICY ON EXPORT OF IRON ORE

National Steel Policy-2005

4.1 The rapid pace of growth of the industry and the observed market trends called for certain guidelines and framework. Thus was born the concept of the National Steel Policy, with the aim to provide a roadmap of growth and development for the Indian Steel Industry. In the backdrop of review of policy of export of iron ore, the Committee felt it important to have an overview of the National Steel Policy-2005 which had been a guiding policy for steel sector of India till now.

4.2 The National Steel Policy-2005 as approved by the Government projected a demand of 110 MT steel production against 38 MT produced during 2004-05. The expected consumption of steel is about 90 MT for the year 2019-20 as compared to about 38 MT during 2004-05. In this regard, the Committee were informed that the National Steel Policy(NSP) announced in November, 2005 was a basic blueprint for the growth of a self-reliant and globally competitive steel sector. The long-term objective of the National Steel Policy-2005 is to ensure that India has a modern and efficient steel industry of world standards, catering to diversified steel demand. The focus of the policy is to attain levels of global competitiveness in terms of global benchmarks of efficiency and productivity. The National Steel Policy 2005 seeks to facilitate removal of procedural and policy bottlenecks that affect the availability of production inputs, increased investment in research and development, and creation of road, railway and port infrastructure. The Policy focused on the domestic sector, but also envisages a steel industry growing faster than domestic consumption, which will enable export opportunities to be realised.

Strategic Goal

4.3 The long-term goal of the national steel policy is that India should have a modern and efficient steel industry of world standards, catering to diversified steel demand. The focus of the policy therefore, was 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. This will require indigenous production of over 100 million tonnes (MT) per annum by 2019-20 from the 2004-05 level of 38 MT. This implies a compounded annual growth of 7.3 per cent per annum.

4.4 According to the policy, a multi-pronged strategy would be adopted to move towards the long-term policy goal. On the demand side, the strategy would be to create incremental demand through promotional efforts, creation of awareness and strengthening the delivery chain, particularly in rural areas. On the supply side, the strategy would be to facilitate creation of additional capacity, remove procedural and policy bottlenecks in the availability of inputs such as iron ore and coal, make higher investments in R&D and HRD and encourage the creation of infrastructure such as roads, railways, and ports.

Steel supply

4.5 While the country has rich endowments of iron ore and non-coking coal, and has cheap labour, this advantage is neutralized considerably by low material and energy efficiency, poor quality, poor productivity, and high cost of coking coal, power, freight and finance.

Trade Policy

4.6 In the National Steel Policy-2005, it is estimated that the country will achieve an export ratio of around 25 per cent of the total production in 2019-20 from 11 per cent in 2004-05. This is comparable with a 30 per cent share of exports in global production. The Government will support all efforts to make available export credit, provide trade information, and cut transaction costs in general. In view of the slow progress of multi-lateral negotiations, Government would focus on regional trade agreements to broaden the export base. Exports of value-added steel and steel products, including indirect export of steel through project exports, would be encouraged.

Exports

4.7 Although the focus of Indian steel industry is on the domestic market, export will be another window on the demand side. The growth of exports of steel from India has been around 10 per cent per annum over the past decade. That speaks for the international cost competitiveness of the steel sector. It takes assiduous effort to create, and hold on to export markets. While the business decision to export will depend on the prevailing relative prices, the Government would encourage strategic alliances with buyback arrangements and dedicated export production through 100% export-oriented units. A growth rate of around 13 per cent

per annum is envisaged up to 2019-20. The issues related to exports have been discussed in section 13 on Trade Policy.

4.8 *Exports of Iron Ore:* After remaining stagnant at around 35 MT for about a decade (between 1991-92 to 1999-2000), exports of iron ore from India have grown in the last 4 years to 78 MT in 2004-05 on the back of large exports of iron ore fines to China. Fines and concentrates, which have little use in India except as a negative environmental externality, make up about 90 per cent of Indian iron ore exports currently. As investments are made into beneficiation, sintering and pelletization in the country, which will use these fines, the growth in exports of iron ore is likely to decline. Exports have thus been estimated to be around 100 MT by 2019-20. In terms of future policy, exports of iron ore, especially high-grade lumps, would be leveraged for imports of coking coal or for investment in India. Long-term export supply of iron ore would be confined to a maximum of five-year contracts. This duration would be reviewed from time to time. A judicious balance would continue to be maintained between exports and domestic supply of iron ore.

Policy on export of Iron Ore

4.9 Iron ore is a non-renewable resource and is one of the most important strategic raw material for steel industry. Ministry of Steel is of the view that policy measures needs to be taken for curtailing export of iron ore, so as to conserve it for long term requirement of domestic steel industry.

4.10 The issue of conservation of iron ore was also discussed by Group of Ministers constituted to discuss National Mineral Policy. There was an agreement in GoM that iron ore resources of the country should be conserved for the use of domestic steel industry. It has also been decided that although conservation of iron ore resources is of the 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. This was approved by the Government.

4.11 The information regarding export duty on iron ore has been furnished in a brief note to the Committee by the Ministry of Steel which is as under:—

“Export of iron ore is being curtailed through imposition of export duty on iron ore. Since 1st March, 2007 export duty is being imposed on iron ore. The rates of export duty have changed from time to time since then. Presently, an *ad valorem* duty of 30% is levied on export of all grades of iron ore (excluding pellets).”

4.12 Ministry of Steel in a presentation to the Committee have apprised their policies and stand regarding export of iron ore and decision of the Group of Ministries (GoM) as under:—

“Stand of Ministry of Steel

- Iron ore is a non-renewable and critical raw material for steel industry.
- Considering growth rate, steel sector is poised for a huge capacity expansion. Iron ore security will attract further investment.
- Policy measures needed to conserve this resource for long term requirement of domestic steel industry.
- Measures should be taken to attract investment in beneficiation and pelletisation of iron ore to improve utilization of iron ore fines and low grade iron ores within the country.

Decision of the Group of Ministers: Key Points

- Export of iron ore was discussed by Group of Ministers (GoM) constituted for National Mineral Policy 2008.
- It was agreed that iron ore should be conserved for use of domestic industry.
- It was also decided that the conservation would be achieved through fiscal measures and not through ban on exports.
- The decision of the GoM has been approved by the Government.”

4.13 The Ministry of Steel during a visual presentation before the Committee have submitted Highlights of Foreign Trade Policy regarding Export of iron ore are as under:—

- Exports of iron ore up to 64% Fe content is freely allowed.
- Export of iron ore of Goa origin to China, Europe, Japan, South Korea and Taiwan (irrespective of Fe content) and export of iron ore from Redi region to all markets (irrespective of Fe content) is also freely allowed.

- The export of iron ore with Fe content above 64% is canalized through MMTC.
- KIOCL is the canalizing agency for its own products (iron ore concentrates and iron ore pellets) since it is a 100% E.O.U (export oriented unit).
- High-grade iron ore (Fe content above 64%) from Bailadila in Chhattisgarh is allowed to be exported with restrictions on quantity imposed primarily, with a view to meet domestic demand on priority. Present quantitative ceiling of iron ore in operation, is as under:

Area	Annual Quantity
(a) Bailadila Lumps	Not exceeding 1.81 Million Tonne
(b) Bailadila Fines	Not exceeding 2.71 Million Tonne

- In addition to the above, export of iron ore of above 64% Fe content is also allowed against licences issued by DGFT.

4.14 The Committee have desired to know the details of export of iron ore by NMDC Ltd. In a brief note and presentation, the Ministry of Steel, submitted to the Committee the following information in this regard:—

“Export of Iron ore by NMDC Limited

NMDC is exporting its iron ore to Japan and South Korea for over three decades on long term agreements through MMTC as per the approval given by the Union Cabinet from time to time. Long Term Contracts were being signed for 5 years fixing the minimum and maximum quantity of iron ore to be exported, whereas the prices were negotiated on yearly basis. Last such Long Term Contract has been signed by NMDC/MMTC with Steel Mills of Japan and POSCO, Korea during 2012-13 for export of high grade iron ore for a period of 3 years *i.e.* till 2014-15. As per the Union Cabinet’s approval, export is being done from the NMDC’s mine situated in the Bailadila Sector of Chhattisgarh and Kumaraswamy mines of NMDC (based in Karnataka) is kept out of the purview of these agreements.

Iron ore export by India and NMDC during last 5 years are as under:—

(Qty. in million tonne)

Year	India's Iron ore export	NMDC's iron ore export	%age of NMDC export over India's iron ore export
2007-08	104.27	3.78	3.63%
2008-09	105.87	3.74	3.53%
2009-10	117.37	3.43	2.92%
2010-11	97.66	2.56	2.62%
2011-12	61.74	0.39	0.63%

Export of NMDC's iron ore to Japan and South Korea

- Export of NMDC's ore to Japan and South Korea is being done through MMTC as per decisions of Union Cabinet from time to time.
- Last such Long Term Contract signed in 2012-13 for a period of 3 years *i.e.* till 2014-15.
- Export is being done from NMDC's Bailadila mines in Chhattisgarh.
- NMDC's exports is a very small percentage of the total exports of the country. Also, percentage of NMDC's exports over its total sales is decreasing over the years."

4.15 The total availability of iron ore as on 01.04.2010 is 28.526 billion tonnes of resources of which only 8.115 billion tonnes is reserve capable of economic exploitation and the rest is yet to be proved to be economically viable. In a specific query, as to why the export of iron ore is being made when there were limited resources of iron ore in the country and the iron ore was essentially required for consumption of domestic industry, the Ministry of Steel in a written reply submitted to the Committee has stated as under:—

".....the production of iron ore in the country has been much higher than the domestic consumption during past few years, the main reason of which was the huge demand from export market, mainly from China.

Iron ore is a non-renewable natural resource and is one of the most important strategic raw materials for steel industry. Steel sector of the country has planned huge capacity expansions, both through greenfield as well as brownfield route. Successful implementation of these expansion plans depends a lot upon long term availability of iron ore for domestic steel industry. Ministry of Steel is of the view that the iron ore reserves of the country should be conserved for fulfilling long term requirement of domestic steel industry and that the policy measures need to be taken for curtailing export of iron ore. The policy regarding iron ore export should aim at attracting investment in steel making capacity so that the value additions and export of finished products are promoted instead of exporting raw materials.

Government's view is that conservation of iron ore resources is of the paramount importance, but the same may not be achieved by banning or capping the export of iron ore but by taking recourse to appropriate fiscal measures. Accordingly, export of iron ore is being curbed through fiscal measures by imposition of export duty on iron ore."

4.16 On being asked whether the Ministry of Steel have assessed performance of NMDC, in the matter of export of iron ore, as compared to KIOCL and MMTC, the following information was submitted to the Committee:—

"NMDC's export of iron ore is as per the decision taken by Union Cabinet from time to time and may not be compared with the KIOCL and MMTC. KIOCL is an export oriented company and is primarily in the business of export of iron ore pellets (and not iron ore). Similarly, MMTC is a trading and canalizing company and is exporting iron ore of other producers, including of NMDC."

4.17 Planning Commission in its Draft document for Twelfth Five Year Plan for 2012-17 (Volume-II) observed:—

"Iron ore is the basic raw material used in steel making. Though iron ore is abundantly available in the country, large scale exports of iron ore have raised serious concerns about the future availability."

4.18 When asked as to what were the views of Ministry of Steel and Commerce on the above observation of Planning Commission, the Committee were apprised as under:—

“..... Ministry of Steel is of the view that iron ore is a non-renewable natural resource and is the most important strategic raw material for steel industry.

As per the estimates of Ministry of Steel, the present proven reserves of iron ore in the country may not be sufficient to meet the requirement of iron ore for the domestic iron and steel industry beyond next 25 years. Therefore, taking into account the iron ore requirement for the domestic iron and steel industry, the iron ore resources need to be preserved for its domestic utilization in a long term perspective.

Conservation of iron ore resources is being resorted to by taking recourse to fiscal measures by imposition of export duty on iron ore. Ministry of Steel is taking up matter from time to time for imposition of appropriate export duty on iron ore so as to effectively discourage its export and to improve its availability for domestic steel industry. Presently, an export duty of 30% *ad valorem* is being levied on iron ore of all varieties (except pellets).

It is felt that continuation of higher export duty on all varieties of iron ore will help in curbing export of iron ore and in conserving it for the long term utilization of the domestic steel industry. This will also encourage the process of pelletization in the country for optimum utilization of this precious natural resource.”

4.19 The Committee have desired to know as to how far has the present rate of export duty on iron ore been successful in discouraging export of iron ore and whether it needed further revision. When a specific query was made to the Ministry of Steel in this regard, the Committee were apprised as under:—

“With the increase in export duty to 20% *ad valorem* with effect from 1st March, 2011, the export of iron ore reduced by about 37% to 61.74 million tonnes during 2011-12 as compared to 97.66 million tonnes during the year 2010-11. With further increase of export duty on iron ore to 30% *advalorem* from 30th December, 2011, the export has further reduced. During the first half of the year 2012-13, the export has declined by more than 50% to 14.4 million tonnes as compared to 30.75 million tonnes during the same period previous year. Ministry of Steel has been taking up the matter

regularly with the Ministry of Finance for levying of appropriate export duty on iron ore in order to discourage its export effectively and to improve availability of iron ore for the domestic iron and steel industry at affordable price.”

4.20 As regards the imperatives and measures for restraining export of iron ore for long term sustainability and domestic use, the Ministry of Steel have furnished information to the Committee in a brief note and presentation as under:—

“It has been decided that although conservation of iron ore resources is of the 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. Accordingly, it is felt that continuation of higher export duty on all varieties of iron ore may curb export of iron ore and will help in conserving the precious natural resources of iron ore for the long term utilization of the domestic steel industry and for sustaining the growth of the domestic steel industry. This will also encourage the process of pelletization in the country for optimum utilization of the precious natural resources of the country.”

Measures for Restraining Export of Iron for Future Sustainability

4.21 There is need for conserving the iron ores for domestic use and hence alternative measures are required to be taken to ensure their long term sustainability. The Ministry of Steel have furnished the information to the Committee regarding alternative measures and policies for restraining iron ore exports as follows:—

“The export of iron ore is being curtailed through imposition of export duty on iron ore. Since 1st March, 2007 export duty is being imposed on iron ore. The rates of export duty have changed from time to time since then. Presently, an *ad valorem* duty of 30% is levied on export of all grades of iron ore (excluding pellets).

Export duty on Iron Ore since 1st March, 2007

Effective Date	Rates of Export Duty per metric tonne			
	Iron Ore Fines Fe upto 62%	Iron Ore Fines Fe content 62% and above	Iron Ore Lumps (all sorts)	Iron Ore Concentrates (all sorts)
1	2	3	4	5
1.3.2007	Rs. 300 per tonne	Rs. 300 per tonne	Rs. 300 per tonne	Rs. 300 per tonne

1	2	3	4	5
3.5.2007	Rs. 50 per tonne	Rs. 300 per tonne	Rs. 300 per tonne	Rs. 300 per tonne
13.6.2008	15% ad-valorem	15% ad-valorem	15% ad-valorem	15% ad-valorem
31.10.2008	Rs. 200 per tonne	Rs. 200 per tonne	15% ad-valorem	15% ad-valorem
7.11.2008	8% ad-valorem	8% ad-valorem	15% ad-valorem	15% ad-valorem
7.12.2008	Nil	Nil	5% ad-valorem	5% ad-valorem
24.12.2009	5% ad-valorem	5% ad-valorem	10% ad-valorem	10% ad-valorem
29.4.2010	5% ad-valorem	5% ad-valorem	15% ad-valorem	15% ad-valorem
1.3.2011	20% ad-valorem	20% ad-valorem	20% ad-valorem	20% ad-valorem
30.12.2011	30% ad-valorem	30% ad-valorem	30% ad-valorem	30% ad-valorem

(a) Higher rate of export duty on iron ore

From the above table, it is evident that with the increase in export duty to 20% *ad valorem* from 1st March, 2011, the export of iron ore reduced by about 37% to 61.74 million tonnes during 2011-12 as compared to 97.66 million tonnes during the year 2010-11. With the increase of export duty on iron ore to 30% *advalorem* from 30.12.2011, the export has further reduced. During the first half of the year 2012-13, the export has declined to 14.4 million tonnes as compared to 30.75 million tonnes during the same period previous year.

Imposition of higher export duty on iron ore is as per the policy of Government. Ministry of Steel has been taking up the matter regularly with the Ministry of Finance for levying of appropriate export duty on iron ore in order to discourage export of iron ore and to improve availability of iron ore for the domestic iron and steel industry at affordable price.

(b) Utilisation of iron ore fines in the country

A large quantity of iron ore, mainly fines, are being exported from the country on the plea that the country does not have

adequate facilities for use of fines and therefore, these fines have to be exported for economic and environmental reasons. In fact, till recent past, the domestic steel industry was mainly using higher grades of iron ore due to their easy availability. However, due to rapid depletion of high grade reserves, steel industry is investing in beneficiation and agglomeration (sintering and pelletization) facilities for utilizing low grade iron ore fines also. SAIL and TATA Steel, which earlier were using upto 60% Fe content iron ore, are now using even iron ore fines having +57% Fe content. Most of the upcoming steel capacities are based on technologies, which can utilize iron ore fines. With more depletion of resources, all steel companies will invest more in beneficiation and agglomeration facilities and even lower grades of iron ore will be utilized domestically. While higher grades of fines can be directly sintered, lower grades can be beneficiated and pelletized.

As per a study done by Economic Research Unit under Ministry of Steel during 2007 on “Iron ore fines utilization in India” –

- (i) There will be rapid demand increase of iron ore fines by domestic steel industry as the technology matrix of the various capacity expansion plans and new steel plants is heavily biased towards technologies using agglomerated fines.
- (ii) This will result in sharp increases in incremental demand for fines and that itself will take care of the surplus that is supposed to have been generated in the process of mining.

As per this study, the share of fines in steel making in country is further likely to increase from 52.2% during 2005-06 to an estimated about 72% by 2019-20.

(c) Growth in Beneficiation and Pelletization

Pelletization and sintering capacities are building up in the country in a big way. Government has also taken various measures to encourage beneficiation and pelletization in the country. To encourage beneficiation and pelletization, import duty on plants and equipments used for initial setting up and substantial expansion of beneficiation and pelletization

plants has been reduced from 7.5% to 2.5% in the General Budget for year 2012-13. Besides, export duty on pellets has been reduced to zero. Earlier there was a little incentive for iron ore producers to set up beneficiation and agglomeration plants due to attractive export market and huge cost for setting up of these plants. Imposition of higher export duty on iron ore fines and exemption from export duty to pellets will give an impetus to setting up of pelletization plants in the country by the stand alone miners. Setting up of more pelletization plants will also generate more and more employment opportunities and will generate more revenue in terms of value added products.

- Pelletization capacity increased from about 18 MT in 2006 to about 48 MT in 2012 (JPC)
- Sintering Capacity increased from about 30 MT in 2006 to about 57 MT in 2012 (JPC).
- Pelletization and Sintering capacities likely to go up to 84 Mt and 86 MT respectively by 2015 (Industry Sources)“.

Higher Railway Freight For Export of Iron Ore

4.22 In a presentation to the Committee during evidence, the Ministry of Steel also informed that Railways are levying a higher freight since April 2008 on iron ore for exports in comparison to that meant for domestic consumption, and the railway freight was presently higher by about Rs. 1600 per tonne for iron ore exports for Bailadila to Vizag sector.

4.23 The Foreign trade policy regarding export of iron ore mentions that export of iron ore upto 64% Fe content is freely allowed and export of iron ore of Goa Origin is also freely allowed irrespective of Fe content. When asked as to how the Ministry proposed to protect the interest of domestic iron and steel industry for availability of iron ore, the Ministry of Steel submitted reply to the Committee as under:—

“The production of iron ore in the country has been much higher than the domestic consumption. However, to improve domestic availability of iron ore for the domestic iron and steel industry and to conserve iron ore for future long term domestic requirement, fiscal measures have been taken to discourage export of iron ore and presently, export duty at the rate of 30% ad valorem is levied on all varieties of iron ore (except pellets), which has resulted in

significant decrease in exports during 2011-12 and the current year. Ministry of Steel is also of the view that due weightage/preference should be given to the iron and steel industry for allocation of captive iron ore mines under the new MMDR Bill.”

4.24 An argument has been raised that low grade iron ore has no use in India. However, large capacities for pelletization and beneficiation aimed at utilizing this lower grade are presently under way. At present, pelletization capacity stands at 48 million tonnes. In this context, during evidence , the Committee desired to know if any study on the impact of the free export of pellets had been done. The Committee were also interested to know about feasibility of conservation of iron ore and fines possibly for domestic consumption through fiscal measures if a duty was put on pellets being exported out of the country. In this regard, the Committee during evidence were informed as under:—

“Currently pellets are being exported without duty.....currently the Ministry’s view is that there should be some value addition. So, right now we are not discouraging pellets. We have not done a study as to what would be the impact on this..... actually the quantity of pellets which are exported now is not very significant. We see pelletization as a necessary form of upgrading the existing low quality ore.”

4.25 The Committee enquired to know whether the continuance of export of iron ore and entry of foreign steel companies like POSCO would not threaten the availability of raw materials for the use of domestic companies, the Ministry of Steel has furnished the following reply to the Committee:—

“The entry of foreign steel companies like POSCO in India will help in increasing investment in steel sector and increasing the steel production capacity of the country. The steel production from these plants will not only provide steel for domestic requirements, but may also lead to exports of value added steel items as well as manufactured goods, thereby contributing to forex earning for the country. The iron ore supply to these steel plants will thus help in increasing steel production in the country, which will be in the interest of domestic steel sector.”

4.26 To a specific query regarding the basis of capping 64% Fe for export of iron freely and the reasons for allowing Goa/Redi region to export iron, irrespective of iron contents, the Ministry of Steel have

forwarded the following reply of Department of Commerce to the Committee:—

“As per the present iron ore export policy, iron ore export with Fe content upto 64% is free. Iron ore with Fe content +64% is termed as high grade iron ore. In view of limited beneficiation and agglomeration facilities, it was found beneficial for domestic steel industry to use high grade iron ore and therefore export of high grade iron ore has been permitted only through State Trading Enterprise, *i.e.* MMTC Ltd.

Iron ore of Goa and Redi Region is of below 64% Fe content. Therefore, as export of iron ore upto 64% is free as per policy, export of iron ore from Goa and Redi Region is also free.”

PART II

OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

1. The existence of strong steel industry is crucial to the development of any modern economy. The growth of steel industry largely depends on the availability of critical raw materials in required quantity and quality. Therefore, as managers of raw materials, it is the responsibility of the Ministry of Steel to ensure the availability of inputs in required quantity as well as quality at least for a period of fifty years. The aim of steel policy should, therefore, be directed towards production of iron ore not only from the existing mines with innovative mining technologies but also exploration from untapped sources.

2. The Committee observe that against the 28.526 billion tonnes (17.84 billion tonnes Haematite, 10.64 billion tonnes Magnetite) of iron ore resources in the country, most of the magnetite resources (about 37%) of the total iron reserves are not available for mining due to prohibition imposed by Hon'ble Supreme Court in Western Ghats and similar other sensitive environmental zones. The Committee have been further given to understand that only about 18 billion tonnes *i.e.* less than half of the proved reserves are economically exploitable. The Committee find that at present the production of steel in the country more or less commensurate with the demand, but at the same time, the Working Group on steel industry for the 12th Plan has projected the requirement of 206.2 million tonnes by the year 2016-17, against the total iron ore requirement from 135.7 million tonnes in 2012-13. Taking note of the fact that millions of tonnes of iron ore is still being exported and the iron ore in the country will not last more than 25 years and keeping in view the production, demand projections, compounded with annual growth rate of 7.8%, the Committee strongly recommend that there is an immediate need for reduction of export of iron ore for the purpose of serving of our steel Industries for future.

3. The Committee are anguished to note that although the Planning Commission have observed that the present proven reserves of iron ore in the country may not be sufficient to meet the requirement of iron ore for the domestic iron and steel industry beyond next 25 years, 486.91 million tonnes of iron ore worth Rs. 1,85,139.91 crore were exported from the country during the 11th Plan Period. The

Committee are further unhappy to note that the export of iron ore from the country was 117.37 million tonnes and 97.66 million tonnes during 2009-10 and 2010-11 against 78.14 million tonnes during 2004-05. Although, the Committee find a declining trend in respect of export of iron ore which was reduced to 61.74 million tonnes during 2011-12 and during the first half of 2011-12, the export of iron ore was just 30.75 million tonnes. What still perturbs the Committee is the fact that more than one third (36.9%) of iron ore produced in the country was exported during 2011-12. The Committee further note that though the export duty has been hiked to 30% *ad-valorem* from 30.12.2011 on export of iron ore excluding pellets, 14.4 million tonnes out of a total 71.75 million tonnes iron ore produced in the country (20 per cent of the production) were exported during April to September, 2012-13. In view of the huge export of iron ore from the country, the Committee disapprove the present iron ore export policy of the Government where it was decided that although conservation of iron ore resources is of the 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. Although, the Government have claimed that imposition of higher rate of export duty on iron ore has resulted in an effective measure to discourage iron ore export from the country, the Committee feel that this will not help for long term conservation of iron ore as required by steel industries in the country. The Committee therefore, strongly recommend that the Government should take appropriate measures either by further increasing the export duty beyond 30% or gradually reducing the export of iron ore to ensure that this scarcely available national asset is reserved for the growth of the country. If possible, the Committee recommend total banning of export of iron ore for the purpose of saving steel industries in future.

4. The Ministry of Steel have apprised the Committee that Haematite and Magnetite are the two main varieties of iron ore. As per Indian Bureau of Mines (IBM), major resources of Haematite are located in the States of Odisha, Jharkhand, Chhattisgarh, Karnataka and Goa. The balance resources of Haematite are spread in Andhra Pradesh, Assam, Bihar, Maharashtra, Madhya Pradesh, Meghalaya, Rajasthan and Uttar Pradesh. India's 97% Magnetite resources are located in four States, namely, Karnataka, Andhra Pradesh, Rajasthan and Tamil Nadu. The Committee feel that exploration of ore with modern technology will further improve the qualitative availability of iron ore in the country. The Committee therefore, recommend that Ministry of Steel should prepare a time bound action plan for detailed exploration of untapped potential sources of iron ore for mining to enhance production. The encouragement for introducing state-of-art technology and scientific approach in the existing iron ore mines for

enhancing the production is essentially required and therefore, the Committee strongly feel that funds may be allocated towards expansion and exploration of new iron ore mines in this regard.

5. The Committee note that the Scheme 'Promotion of Research and Development in Iron and Steel Sector' has been continued in 12th Plan with an allocation of Rs. 200 crore by the Planning Commission. The Committee also note that the scheme on 'Promotion of beneficiation and agglomeration of low grade iron ore and ore fines' is proposed to be implemented during 12th Five Year Plan. The Committee are, however, dismayed to note that during 2013-14 (BE), the fund allocation for Scheme for Promotion of Research and Development in Iron and Steel sector on on-going R&D projects was Rs. 12 Crore and for Development of innovative iron/steel making process/technology, it is Rs. 2 crores only. What further perturbed the Committee is that for Scheme for promotion of beneficiation and agglomeration of low grade iron ore and ore fines, the allocation was nil. The Committee are not only surprised but also unable to comprehend the rationale behind not pursuing these much needed R&D schemes which will help in utilization of lower grade iron ore available in the country. As the funds so earmarked for such schemes forms only a minuscule of the huge overall budget of PSUs under administrative control of Ministry of Steel, the Committee are deeply anguished by the neglect of these important R&D projects by the Ministry and allocation of negligible funds for the innovative schemes. The Committee, therefore, strongly recommend that Ministry of Steel should take necessary steps to ensure allocation of sufficient funds towards research and development, innovation, technological advancement and promotion of pelletisation technology in the country. The Committee would like to be apprised of the measures taken by the Ministry in this regard.

6. The Committee note that as per the estimates of Ministry of Steel, the present reserves of iron ore in the country may not be sufficient to meet the requirement of domestic iron and steel industry beyond next 20 to 25 years. The Committee feel that the policy regarding exploitation of iron ore reserves should aim at attracting investment in steel making capacity in the country so that the value additions and export of finished products are promoted instead of exporting raw materials. Conservation of iron ore, particularly of higher quality should be the most critical component of this policy. Though the Government have contended that there is no shortage of iron ore at present for domestic iron and steel industry, the recent developments in India's mining sector have given rise to uncertainties in regard to adequate supply of raw material potential, especially of iron ore and have brought the issue of long term raw material security for India's burgeoning

steel industry to the centrestage. The currently assessed reserves for iron ore seems inadequate if the steel industry capacity expansion and production potential are to be fully utilized. The committee expresses concern over uncertain situation regarding availability of raw materials and their imprudent utilization for domestic iron and steel industries. Therefore, taking into account the iron ore requirement for the domestic iron and steel industry which from the present level of 135.7 MT in 2012-13 is likely to be 206.2 MT by 2016-17, the Committee recommend that iron ore resources need to be preserved for domestic utilization as a long term measure. The Committee, therefore, would like the Ministry of Steel to draft a new Steel Policy keeping in view the long term goals of future sustainability of iron ores in the country.

7. The Committee note that a large quantity of iron ore, mainly fines, are being exported from the country on the plea that the country does not have adequate facilities for use of fines and therefore, these fines have to be exported for economic and environmental reasons. The Committee find that to encourage optimum utilization of iron ore resources of the country and to improve domestic utilization of low grade iron ore and fines through beneficiation and pelletization, import duty on plants and equipments used for initial setting up and substantial expansion of beneficiation and pelletization plants has been reduced from 7.5% to 2.5% in the General Budget for year 2012-13. Besides, export duty on pellets has been reduced to zero. Though, appreciating the Ministry of Steel for this prudent measure of reducing import duty on plants and equipments used for initial setting up and substantial expansion of beneficiation and pelletization plants, the Committee do not concur with the decision of the Government to reduce export duty on pellets to zero. The Committee are of the opinion that imposition of higher export duty on iron ore fines and non-exemption from export duty to pellets will give an impetus to setting up of pelletization plants in the country by the stand alone miners. Setting up of more pelletization plants will also generate employment opportunities and will also generate more revenue in terms of value added products. The Committee have been informed that Pelletization capacity increased from about 18 MT in 2006 to about 48 MT in 2012 and Sintering Capacity increased from about 30 MT in 2006 to about 57 MT in 2012. Also, Pelletization and Sintering capacities are expected to go up to 84 MT and 86 MT respectively by 2015. In the context of pelletisation capacity, the Committee desire that a comprehensive study on the impact of the free export of pellets should be carried out by the Ministry of Steel, and the Committee would also like to be apprised of the facts and progress in this regard. At the same time, taking note of the present pelletization capacity in the country which is highly inadequate, the Committee would like the Ministry to take immediate

steps to create sophisticated iron ore beneficiation facility followed by pelletisation so that lower quality of iron ore produced in the country is fully utilized by domestic steel plants.

8. Till recent past, the domestic steel industry was mainly using higher grades of iron ore due to their easy availability. As per a study done by Economic Research Unit under Ministry of Steel during 2007 on 'Iron ore fines utilization in India', there will be rapid demand of iron ore fines by domestic steel industry as the technology matrix of the various capacity expansion plans and new steel plants is heavily biased towards technologies using agglomerated fines. The Committee has taken note that as per this study, the share of fines in steel making in country is further likely to increase from 52.2% during 2005-06 to an estimated about 72% by 2019-20. Taking note of the rapid depletion of high grade iron ore reserves in the country, the Committee feel that steel industry should come up with an investment plan in beneficiation and agglomeration (sintering and pelletization) facilities for utilizing low grade iron ore fines also. The Committee, therefore, recommend that the Government should come with a policy measure to ensure that all the upcoming new steel plants and expansion of existing steel plants should be based on technologies, which can utilize iron ore fines and desire that 100% utilization of iron ore fines be achieved by the end of 12th Plan period.

9. The Committee have been informed that iron ore export of NMDC's is being done through MMTC as per decision taken by the Union Cabinet from time to time and last such long term contract was signed in 2012-13 for a period of 3 years *i.e.* till 2014-15. Though Ministry of Steel have apprised the Committee that NMDC exports a very small percentage of the total exports of the country and the quantum of export has decreased from 3.78 MT in 2007-08 to 0.39 MT during 2011-12, the Committee are not in agreement with the views of the Ministry and desire that NMDC's iron export contract be reviewed immediately so as to make the availability of iron ore for the domestic industry in required quantity.

10. The Committee note that iron ore, a non-renewable and critical raw material for steel industry is poised for huge capacity expansion and according to the Ministry of Steel, policy measures are needed to conserve this resource for long term requirement of domestic steel industry. The Committee are, however, concerned to note that as per the present foreign trade policy regarding export of iron ore, iron ore upto 64% Fe content is freely allowed. Further, export of iron ore of Goa origin is freely allowed to China, Europe, Japan, South Korea and Taiwan (irrespective of Fe content) and export of iron ore from Redi

region to all markets (irrespective of Fe content) is also freely allowed. As regards export of iron ore with Fe content above 64%, the Committee find that these exports were canalized through MMTC and high grade iron ore not exceeding 1.8 million tonnes (lumps) and 2.7 million tonnes (fines) from Bailadila, Chhattisgarh is allowed to be exported. In view of the free trade of iron ore upto 64% Fe content and even export of higher grade of iron ore, the Committee recommend that the Government should take immediate necessary policy measures not only to ban the export of iron ore reserves of higher grade but also those upto 64% Fe content which are presently freely allowed. In view of the limited beneficiation agglomeration facilities in the country, the Committee feel that the high grade iron ore with Fe content more than 64% from Bailadila, Chhattisgarh which can be used by the existing steel plants should not be permitted for export and be made available to meet the requirement of domestic steel industry.

NEW DELHI;
26 August, 2013

04 Bhadrapada, 1935 (Saka)

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

ANNEXURE I

State-wise Reserves/Resources of Iron Ore (Haematite) as on 1.4.2010 (P)

(Thousand tonnes)

State	Reserves	Resources	Total Resources
All India	8,093,546	9,788,551	17,882,098
Andhra Pradesh	152,217	229,261	381,478
Assam	0	12,600	12,600
Bihar	0	55	55
Chhattisgarh	900,110	2,391,714	3,291,824
Goa	469,844	457,328	927,172
Jharkhand	2,304,142	2,292,478	4,596,620
Karnataka	876,866	1,281,811	2,158,678
Madhya Pradesh	56,814	174,632	231,446
Maharashtra	13,414	269,795	283,209
Meghalaya	0	225	225
Odisha	3,313,000	2,617,232	5,930,232
Rajasthan	7,139	23,420	30,560
Uttar Pradesh	0	38,000	38,000

State-wise Reserves/Resources of Iron Ore (Magnetite) as on 1.4.2010 (P)

(Thousand tonnes)

State	Reserves	Resources	Total Resources
Andhra Pradesh	0	1,463,541	1,463,541
Assam	0	15,380	15,380
Bihar	0	2,659	2,659
Goa	15,675	206,998	222,673
Jharkhand	912	9,629	10,541
Karnataka	0	7,801,744	7,801,744
Kerala	0	83,435	83,435
Maharashtra	875	486	1,361
Meghalaya	0	3,380	3,380
Nagaland	0	5,280	5,280
Odisha	54	145	199
Rajasthan	4,240	522,590	526,831
Tamil Nadu	0	507,037	507,037

(P): Provisional figures

Source: National Mineral Inventory as on 1.4.2010.

ANNEXURE II

MINUTES OF THE SITTING OF THE STANDING COMMITTEE
ON COAL AND STEEL HELD ON 04.01.2013 IN COMMITTEE
ROOM 'C', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1130 hours to 1300 hours.

PRESENT

Shri Kalyan Banerjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri Hansraj G. Ahir
3. Shri Sanjay Bhoi
4. Shri Ganeshrao Nagorao Dudhgaonkar
5. Shir Vishwa Mohan Kumar
6. Shri Yashbant N.S. Laguri
7. Shri Pakauri Lal
8. Shri Babu Lal Marandi
9. Shri Govind Prasad Mishra
10. Kumari Saroj Pandey
11. Shri Gajendra Singh Rajukhedi
12. Shri Pashupati Nath Singh
13. Smt. Rajesh Nandini Singh
14. Shri Uday Pratap Singh
15. Shri Om Prakash Yadav

Rajya Sabha

16. Shri Ali Anwar Ansari
17. Dr. Pradeep Kumar Balmuchu
18. Smt. Smriti Zubin Irani
19. Shri Jugul Kishore
20. Shri Sanjay Raut
21. Shri Dhiraj Prasad Sahu
22. Shri Dilip Kumar Tirkey

SECRETARIAT

1. Shri R.S. Kambo — *Joint Secretary*
2. Shri Shiv Singh — *Director*
3. Shri Arvind Sharma — *Deputy Secretary*

WITNESSES

Ministry of Steel and PSUs

1. Shri R.H. Khwaja, Secretary (Steel)
2. Shri E.K. Bharat Bhushan, AS&FA
3. Dr. Dalip Singh, Joint Secretary
4. Shri Syedain Abbasi, Joint Secretary
5. Shri A.C.R. Das, Industrial Advisor
6. Shri C.S. Verma, Chairman, SAIL
7. Shri N.K. Nanda, Director (Tech.), NMDC
8. Shri A.P. Choudhary, CMD, RINL
9. Shri Malai Chatterjee, CMD, KIOCL

Ministry of Commerce

1. Shri Madhusudan Prasad, Additional Secretary
2. Smt. Aditi Das Rout, Director

Ministry of Mines

1. Shri Naresh Kumar, Joint Secretary
2. Shri Rokhum Lalremruata, Director

2. At the outset, the Chairman, welcomed the Secretary and other officers of the Ministries of Steel, Commerce and Mines to the sitting of Committee convened in connection with the briefing by the representatives of these Ministries on the subject, 'Review of Export of Iron Ore Policy'.

3. Thereafter, the representatives of Ministry of Steel gave a Power Point Presentation on the subject which covered the broad areas regarding steel policy, production, consumption and export pattern of iron ore and measures taken by the Government to conserve iron ore for use of domestic steel industry in future.

4. The Members then raised various issues relating to conservation of iron ore and fines, long term sustainability of iron ore for domestic use, long term agreement for export of iron ore, environmental conservation during mining operations, steps taken by the Government to discourage export of iron ore, utilization of new and modern technologies to ensure maximum exploration of iron ore etc.

5. The Committee also decided to undertake a study tour to Cochin, Munnar, Kumarakom and Chennai during January/February, 2013 in connection with the examination of the subjects selected by the Committee.

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 HELD ON 26 AUGUST, 2013 IN ROOM
NO. '112', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1500 hrs. to 1530 hrs.

PRESENT

Shri Kalyan Banerjee—*Chairman*

MEMBERS

Lok Sabha

2. Shri Hansraj G. Ahir
3. Smt. Jyoti Dhurve
4. Shri Ganeshrao Nagorao Dudhgaonkar
5. Shri Vishwa Mohan Kumar
6. Shri Yashbant N.S. Laguri
7. Shri Pakauri Lal
8. Shri Govind Prasad Mishra
9. Shri Rajaram Pal
10. Kumari Saroj Pandey
11. Shri Gajendra Singh Rajukhedi
12. Shri Pashupati Nath Singh
13. Shri Om Prakash Yadav

Rajya Sabha

14. Shri Dilip Kumar Tirkey

SECRETARIAT

1. Shri Shiv Singh — *Director*
2. Shri Arvind Sharma — *Deputy Secretary*

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

3. The Committee thereafter took up for consideration the following Draft Reports:—

- (i) Report on “Review of Export of Iron Ore Policy” pertaining to the Ministry of Steel;
- (ii) *** *** *** *** ***
- (iii) *** *** *** *** ***

4. The Committee adopted the Reports without any changes/modifications. The Committee then authorized the Chairman to finalise the Reports on the basis of factual verification from the concerned Ministry and present the same to both the Houses of Parliament.

The Committee then adjourned.

*** Do not pertain to this Report.

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